

Complementary Summary of Q3 2008 Financial Results

This complementary financial and statistical information will include forward-looking statements subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied. For a more detailed description of the risks that impact these forward-looking statements, please refer to the information under the heading "Risk Factors" and under the heading "Management's Discussion and analysis of financial condition and results of operations" in the Omnicell annual report on Form 10-K filed with the SEC on March 14, 2008, as well as our more recent filings with the SEC. Please be aware that you should not place undue reliance on any forward-looking statements made today.

In the third quarter of 2008 we're happy to report that we experienced record bookings, posted record revenues, and that profits exceeded expectations. We saw strength in every product line, in every geography, and in every size and type of hospital. Our US Government business was strong, as it traditionally is in the third quarter of the year, and we remain a leading provider of acute care automation to Government healthcare facilities. We also saw good sales development in the UK, both in orders and in the sales pipeline, indicating that medication safety and supply automation are becoming increasingly important outside the United States. While this is a developing market for us and orders were still less than 4% of our business, we believe international opportunities will be a good source of growth in the future. We were pleased to see some larger deals that were delayed earlier in the year close during the quarter, driving an increase in orders from new customers to 45% of our total orders for the quarter. New customers are comprised of a combination of competitive conversions and "Greenfield" accounts, or accounts installing automation for the first time. The split between Greenfield and competitive conversions was about 50/50. The new customer volume was very broad-based and was not driven by any one particular new customer. Needless to say, we are pleased with the continued strength of our new business volume. Omnicell solutions, such as our new SinglePointe™ feature, are finding high degrees of receptivity in the market and are helping to attract new customers. And while the credit markets became challenging for some of our leasing partners during the quarter, we were able to shift our business to other leasing partners that are not as challenged by the current markets. Providing financing alternatives to our customers remains an important part of our business and one that we have, so far, been able to manage with no disruption to the sales process.

Financial Performance

Following this paragraph we discuss our financial performance in accordance with Generally Accepted Accounting Principals with year to year comparisons. We then discuss our performance excluding stock compensation expense. Stock compensation expense includes the estimated future value of employee stock options, restricted stock, and our employee stock purchase plan. Since stock compensation expense is a non-cash expense, we use financial statements internally that exclude stock-based compensation expense in order to measure some of our operating results. We use these statements in addition to GAAP financial statements, and we feel it is useful to investors to understand the non-cash stock compensation expenses that are a component of our reported results. In covering our results for the quarter, we will first discuss our GAAP performance, and then we will discuss our non-GAAP financial performance without stock compensation expenses.

Our financial results for the third quarter met or exceeded consensus. Along with revenues slightly higher than expectations, our Non-GAAP earnings were \$0.18 per share excluding stock compensation expenses, two cents per share above analyst expectations. As a reminder, we are now fully taxed as compared to 2007 when we enjoyed a benefit from tax valuation allowances.

The expansion of our sales staff has been a success, and we are pleased with the performance of our sales team during the quarter. Our total employee headcount is now 845 full time employees, a reduction of 35 from last quarter after completion of the closure of our South Carolina facility. We believe this staffing level is appropriate to maintain our customer satisfaction ratings and to continue new product development. We do not expect to expand headcount further until the economic environment has improved.

Revenue for the third quarter of fiscal 2008 was \$64.3 million, up 17% year-over-year and up \$1.0 million from the second quarter of 2008.

GAAP

On a GAAP basis, Gross Margins were roughly flat quarter to quarter at 50.9%. This is down from 54.1% in the third quarter of 2007 due to the dilutive effect of the acquisition of the Rioux Vision mobile cart business and costs incurred in the Elgin shut down. Operating expenses were \$28.5 million including stock compensation expenses, an increase of \$4.0 million, or 16%, from \$24.6 million in Q3 2007. Included in our results this quarter are the costs of the closure of our Elgin, South Carolina facility that was added during the Rioux Vision acquisition. We absorbed a one time charge of \$0.4 million for the shut down, inclusive of operational savings realized during the quarter. We expect future savings of \$1.3M annually from this site closure.

Net earnings after taxes are \$2.9 million or \$0.09 per share which compares to \$6.9 million, or \$0.19 per share in Q3 2007 when the effective tax rate was only 6%. In the current third quarter, our tax rate was 40.5%, and our YTD effective tax rate is 42.5%.

Since there are multiple tax adjustments to GAAP earnings in both last year and this year's results, we believe a good measure of our continued profitability is in EBITDA, or earnings before Interest, Taxes, Depreciation and Amortization. EBITDA was \$9.8 million, up \$2.1 million, or 27% from the second quarter of 2007.

EBITDA, or earnings before Interest, Taxes, Depreciation and Amortization, was \$9.2 million, up \$0.1 million, or 1% from the third quarter of 2007.

For comparison purposes, here is our EBITDA history as conformed to the definition above and complete EBITDA table:

Q1 2006, EBITDA was \$ 4.1 million
Q2 2006, \$ 4.8 million
Q3 2006, \$ 6.0 million
Q4 2006, \$ 6.9 million
Q1 2007, \$ 7.2 million
Q2 2007, \$ 7.7 million
Q3 2007, \$ 9.1 million

Q4 2007, \$ 9.9 million
Q1 2008, \$ 10.0 million
Q2 2008, \$ 9.8 million,
Q3 2008, \$ 9.2 million, a 1% increase from Q3 2007

Non-GAAP

Below we will cover our non-GAAP results excluding stock compensation expenses and one time tax benefits. The only adjustment to GAAP results is the exclusion of stock compensation expense. Stock compensation expense includes the estimated future value of employee stock options, restricted stock, and our employee stock purchase plan. Since stock compensation expense is a non-cash expense, we use financial statements internally that exclude stock-based compensation expense in order to measure some of our operating results. We use these statements in addition to GAAP financial statements, and we feel it is useful for investors to understand the non-cash stock compensation expenses that are a component of our reported results. A full reconciliation of our GAAP to non-GAAP results is included in our press release and will be posted to our web site.

Our Q308 non-GAAP net income was \$5.7 million, or \$0.18 per share, which exceeded analyst consensus by two cents per share. Our Q3 2008 non-GAAP net income was down \$4.1 million, or 42% year to year from Q3 2007 non-GAAP income of \$9.8 million driven primarily by increases in the effective tax rate.

Our balance sheet remains strong. Our cash and short term investments were \$125 million at the end of Q3 2008, a modest increase of \$2M from last quarter. Our Days Sales Outstanding were 70, an increase of 9 days. As we have seen in the past, there was a lower percentage of installations that were lease deals during Q3, driving longer collection cycles. Despite our use of cash in increased working capital, our other results of operations generated \$9 million in cash flow, more than offsetting the increase in accounts receivable. Our Inventories were \$13.9, down \$1.7M from Q208.

Orders and Backlog

Our backlog continues to allow us stability in our financial performance, and we remain within our backlog objective of six to nine months. We continue to drive customer satisfaction through our high touch sales, service and installation processes, and we continue to complete installations on the customer's timetable.

Business Discussion

The number of customers that chose to move forward with Omnicell solutions during Q3 demonstrates that our solutions remain an important element in providing patient safety. While there was a delay in buying decisions for larger capital purchases in the first half of the year, we saw increased order rates for our products in the third quarter. For instance, we saw good traction in our first full quarter of delivering our SinglePointe feature, which allows up to 100% of medications to be available and managed at a single point of medication administration.

Our solutions continue to differentiate us in the market. And our new customer and competitive conversion success this quarter shows that we continue to fair well in head to head competitive situations.

Another exciting area of growth potential for Omnicell is in the operating room. There is a large opportunity to significantly improve safety and efficiency with our Anesthesia Workstation for medication control and with our OptiFlex cath lab and surgical services line of supply management systems. The increased interest in these solutions demonstrates the need for the safety our systems provide in every department of the hospital.

We have also seen more activity from our international distributors who have placed our systems at large hospital institutions in geographies that are just starting to embrace medication and supply automation. The Guy's and St Thomas hospital trust in London, comprised of two of the largest hospitals in the UK, and the Kings College Hospital trust, one of the most renowned teaching hospitals in the UK, recently announced the initiation of a joint project to automate the stocking and management of supplies and medications. Omnicell medication and supply systems are the cornerstone of a \$10 million total inventory control project that includes an entirely new logistical management process. We received initial orders in Q3 and we believe the portion of the budget to be spent on Omnicell solutions will be several million dollars over the next year. We are encouraged by this and other emerging opportunities we have to improve the healthcare experience around the world.

Looking forward, we continue to see a pipeline that is robust, including excellent opportunities at large multi-hospital organizations. Our success through Q4 with these large deals will influence our revenue run rate in 2009. We believe we are positioned well competitively and we are optimistic about our ability to close these opportunities. We are keeping an eye on the credit market and making sure we have leasing partners that can continue to support our customers. And we have the cash resources to support our customers' financing requirements, if necessary. We saw no additional effect on buying behavior from these economic conditions in Q3, but since our sales cycles are very long, it is too early to tell what effect, if any, the financial market events of the last month will have on our customers in Q4 and beyond. We believe our solutions are important components of safety in healthcare today; essentially a standard of care that every patient will eventually receive. Regulatory agencies continue to impose increased safety requirements that drive broader adoption of medication management technology. We believe that the majority of the hospitals in the United States have only partially implemented these types of medication management solutions. We believe our high marks in customer satisfaction and new features, such as our SinglePointe solution, will drive higher rates of penetration in hospitals of every size over time and I'm very confident in the long range prospects for Omnicell.

2008 Revenue and Profit Guidance Reaffirmed

Our third quarter was strong in just about every respect and we are reaffirming our previous revenue and profit guidance ranges for 2008. Our guidance for the rest of 2008 now incorporates better information on the mix of orders over the past six months and our customer's installation needs. We had previously guided Revenue to a range of 17% to 20% growth for all of 2008 over 2007 and now expect ourselves to fall in the middle of that range at approximately 18% growth. We have several orders in our installation schedule that are either tied to physical

construction projects, are large installations of automation, or, as with our most recent orders, are new customers. All of these types of customers generally require longer installation cycles, and this is influencing our expectations for revenue in Q4. In terms of earnings, we continue to expect to be towards the high end of our previously guided range of \$0.65 to \$0.70 non-GAAP EPS, excluding stock compensation expense. We see a strong order pipeline with several larger purchases in process, but we do not yet know how the current economic conditions may affect the timing of those orders. Consequently, we are now widening the range of expected year-end 2008 backlog to be between \$125 million and \$140 million.

Looking Ahead

For 2009, we believe it is possible that some capital equipment purchases and installations may be delayed until the current financial turmoil has settled and the overall credit markets become more accessible. Therefore, for the first two quarters of 2009 we expect only modest revenue growth year to year in the range of 5%. Regarding profitability, we are managing costs and expenses and we still expect to achieve 15% operating margins, excluding stock options expense, by the middle of 2009. 15% operating margins equates to earnings growth from 2007 of between 15 and 20%. We are not seeing a change in the competitive landscape and we believe medication safety has only become a more important concern in healthcare. We expect industry growth to return to historical levels once the economic environment has improved, and our own growth rates to return to levels that we have seen in the past. We will give more detailed guidance for 2009 as economic conditions begin to stabilize.

Summary

We would like to summarize the call by reiterating that our business is doing well with record bookings and revenue in the quarter. We're profitable and cash flow positive. We are managing our expenses and making sure our leasing partnerships are in tact. The market for medication management, driven by regulatory safety requirements, continues to drive adoption of our solutions. Thanks for joining us on the call today.

Forward-Looking Statements

To the extent any statements contained in this disclosure deal with information that is not historical, these statements are necessarily forward-looking. As such, they are subject to the occurrence of many events outside Omnicell's control and are subject to various risk factors that could cause actual results to differ materially from those expressed or implied in any forward-looking statement. The risk factors are described in the Company's Securities and Exchange Commission (SEC) filings and include, without limitation, the continued growth and acceptance of our products and services and the continued growth of the clinical automation and workflow automation market generally, the potential of increasing competition, grow product backlog, retain key personnel, cut expenses, develop new products and integrate acquired products or intellectual property in a timely and cost-effective manner, and improve sales productivity. Prospective investors are cautioned not to place undue reliance on forward-looking statements.

The date of this disclosure is July 21, 2008, and all forward-looking statements made on this call are made based on Omnicell beliefs as of this date only. Future events or simply the passage of time may cause these beliefs to change.

Use of Non-GAAP Financial Information

This disclosure contains financial measures that are not calculated in accordance with generally accepted accounting principles in the United States. (GAAP). The SEC defines a "non-GAAP financial measure" as a numerical measure of historical or future financial performance, financial positions, or cash flows that excludes amounts, or is subject to adjustments that effectively exclude amounts, included in the most directly comparable measure calculated and presented in accordance with GAAP in financial statements. Non-GAAP financial measures include amounts or may be subject to adjustments that effectively include amounts that are excluded from the most directly comparable measure so calculated and presented.

Pursuant to the requirements of Regulation G, whenever we refer to a non-GAAP financial measure, we will also generally present, on our Web-site, the most directly comparable financial measure calculated and presented in accordance with GAAP, along with a reconciliation of the differences between the non-GAAP financial measure we reference with such comparable GAAP financial measure.

Our management evaluates and makes operating decisions using various performance measures. In addition to Omnicell GAAP results, we also consider non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net income (loss), and non-GAAP earnings (loss) per share diluted. These non-GAAP results should not be considered as an alternative to gross margin, operating expenses, net income, earnings per fully diluted share, or any other performance measure derived in accordance with GAAP. We present these non-GAAP results because we consider them to be important supplemental measures of Omnicell's performance.

Our non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net income, non-GAAP earnings per fully diluted share are exclusive of certain items to facilitate management's review of the comparability of Omnicell core operating results on a period to period basis because such items are not related to Omnicell's ongoing core operating results as viewed by management. We define our "core operating results" as those revenues recorded in a particular period and the expenses incurred within that period that directly drive operating income in that period. Management uses these non-GAAP financial measures in making operating decisions because, in addition to meaningful supplemental information regarding operation performance, the measures give us a better understanding of how we should invest in research and development, fund infrastructure growth and evaluate marketing strategies. In calculating the above non-GAAP results, management specifically adjusted for the following excluded items:

a) Stock-based compensation expense impact of SFAS No. 123R. We recognize equity plan-related compensation expenses, which represent the fair value of all share-based payments to employees, including grants of employee stock options, as required under SFAS No. 123 (revised 2004), "Share-Based Payment" (SFAS No. 123R)

b) Income tax benefit from tax valuation allowance release. This refers to the recognition of an income tax benefit from the partial reversal of our tax valuation allowance on specific deferred tax assets that is no longer required. Under Statement of Financial Accounting Standards No. 109, the release of the tax valuation allowance is necessary, primarily as a result of achieving sustained profitability in certain tax jurisdictions.

c) Earnings before Interest, Income Taxes, Depreciation and Amortization ("EBITDA"). EBITDA is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for net income (loss), income (loss) from operations, cash flow provided by operating activities or other income or cash flow data prepared in accordance with GAAP. However, we believe EBITDA may provide additional information with respect to our performance, our ability finance capital expenditures or working capital requirements. Because EBITDA excludes some, but not all, items that affect net income (loss) and may vary among companies, the EBITDA we present may not be comparable to similarly titled measures of other companies. We calculate EBITDA as: net income (loss) before interest, income tax expense (benefit) and depreciation and amortization expense. EBITDA is also before the cumulative effect of a change in accounting principle, if applicable. Management adjusts for the excluded items because management believes that, in general, these items possess one or more of the following characteristics: their magnitude and timing is largely outside of Omnicell's control; they are unrelated to the ongoing operation of the business in the ordinary course; they are unusual and we do not expect them to occur in the ordinary course of business; or they are non-operational, or non-cash expenses involving stock option grants.

We believe that the presentation of these non-GAAP financial measures is warranted for several reasons:

1. Such non-GAAP financial measures provide an additional analytical tool for understanding Omnicell financial performance by excluding the impact of items which may obscure trends in the core operating results of the business;
2. Since we have historically reported non-GAAP results to the investment community, we believe the inclusion of non-GAAP numbers provides consistency and enhances investors' ability to compare our performance across financial reporting periods;
3. These non-GAAP financial measures are employed by Omnicell management in its own evaluation of performance and are utilized in financial and operational decision making processes, such as budget planning and forecasting; and
4. These non-GAAP financial measures facilitate comparisons to the operating results of other companies in our industry, which use similar financial measures to supplement their GAAP results, thus enhancing the perspective of investors who wish to utilize such comparisons in their analysis of our performance.

Set forth below are additional reasons why specific items are excluded from our non-GAAP financial measures:

a) While stock-based compensation calculated in accordance with SFAS No. 123R constitutes an ongoing and recurring expense of Omnicell, it is not an expense which requires cash settlement by Omnicell. We therefore exclude these charges for purposes of evaluating core operating results. Thus, our non-GAAP measurements are presented exclusive of stock-based compensation expenses to assist management and investors in evaluating our core operating results.

b) We present our reconciliation of non-GAAP financial measures on a net of tax basis because the exact tax differences related to the timing and deductibility of stock-based compensation, pursuant to the adoption of SFAS No. 123R, is dependent upon the trading price of Omnicell common stock and the timing and exercise by employees of their stock options. We analyze and measure operating results net of tax when evaluating core operating results because the tax effect related to stock-based compensation expenses is inconsistent in amount and frequency.

c) We concluded under Statement of Financial Accounting Standards No. 109 that a portion of our tax valuation allowance on specific deferred tax assets was no longer required, primarily as a result of achieving sustained profitability in certain tax jurisdictions. Therefore, we reversed a portion of our tax valuation allowance which favorably impacted income tax expense and net income.

As stated above, we present non-GAAP financial measures because we consider them to be important supplemental measures of performance. However, non-GAAP financial measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for Omnicell GAAP results. In the future, we expect to incur expenses similar to the non-GAAP adjustments described above and expect to continue reporting non-GAAP financial measures excluding such items. Some of the limitations in relying on non-GAAP financial measures are:

- Omnicell stock option and stock purchase plans are important components of incentive compensation arrangements and compensation related to these plans will be reflected as expenses in Omnicell GAAP results for the foreseeable future under SFAS No. 123R.
- Other companies, including other companies in Omnicell's industry, may calculate non-GAAP financial measures differently than Omnicell, limiting their usefulness as a comparative measure.

Pursuant to the requirements of SEC Regulation G, a detailed reconciliation between the GAAP and non-GAAP financial results is set forth in the [financial statements](#) linked to at the end of this press release. Investors are advised to carefully review and consider this information strictly as a supplement to the GAAP results that are contained in this press release and in the Company's SEC filings.