

Form

Unknown document format

Our executive compensation policies and practices are established and administered by the Compensation Committee of the Board. The Compensation Committee consists of three (3) non-employee directors: William H. Younger, Jr., Benjamin A. Horowitz and Randy D. Lindholm.

2

The material in this report is not "soliciting material," is not deemed "filed" with the SEC, and is not to be incorporated by reference into any filing of the Company under the 1933 Act or 1934 Act.

Philosophy

The Compensation Committee has implemented compensation policies, plans and programs that seek to enhance stockholder value by aligning the financial interests of the executive officers with those of the stockholders. The overall goal of the Compensation Committee is to develop compensation practices that will allow us to attract and retain the people needed to define, create and market industry-leading products and services. We also provide significant equity-based compensation pursuant to our 1999 Equity Incentive Plan, 2004 Equity Incentive Plan and 1997 Employee Stock Purchase Plan. These plans are designed to provide a longer-term incentive to management to grow revenues, provide quality returns on investment, enhance stockholder value and contribute to our long-term growth. Omnicell has also paid cash bonuses to executive officers based on meeting performance goals.

Compensation Plans

Our executive compensation is based on three components, each of which is intended to support the overall compensation philosophy.

Base Salary. The Compensation Committee recognizes the importance of maintaining compensation levels competitive with other leading technology companies with which Omnicell competes for personnel. When reviewing base salaries for executive officers, the Committee considers individual and corporate performance, levels of responsibility, prior experience, breadth of knowledge and competitive pay practices. The Compensation Committee reviews with the Chief Executive Officer an annual salary plan for Omnicell's executive officers, other than the Chief Executive Officer. The salary plan is modified as deemed appropriate and approved by the Compensation Committee. The annual salary plan takes into account past performance and expected future contributions of the individual executive as well as executive salaries at comparable companies.

In fiscal 2003, base salaries for our executive officers were increased by 0% to 56% compared to base salaries paid for fiscal 2002. The majority of the increases were in the 0% to 30% range and were due to promotions based on individual achievement and the need to remain within the range of competitive salaries for comparable companies. The one base salary increase of 56% was due to Mr. Wright being promoted to an Executive Vice President of Omnicell.

Equity Incentives. Long-term equity incentives are provided through grants of stock options to executive officers and other employees pursuant to our 1999 Equity Incentive Plan and 2003 Equity Incentive Plan. This component of compensation is intended to retain and motivate employees to improve the value of Omnicell's stock. The Compensation Committee believes this element of the total compensation program directly links the participant's interests with those of the stockholders and our long-term value. Stock options are granted with exercise prices at not less than fair market value. Stock options generally vest over time for periods not to exceed five years and generally terminate 10 years after the date of grant. The vesting provisions of the options are intended to insure that employees are provided with an incentive to increase value over the long term.

Edgar Filing: - Form

Executive officers are also eligible to participate in our 1997 Employee Stock Purchase Plan. Participation levels in such plan are at the discretion of each executive.

In fiscal 2003, the Compensation Committee determined to grant new stock options to our executive officers. Out of a total of 3,171,500 options granted in fiscal 2003, our executive officers received grants for an aggregate of 1,292,000 shares, or approximately 40.7% of the total options granted in fiscal 2003. The Compensation Committee believes that the programs described above provide compensation that is competitive with comparable companies, link executive and stockholder interests and provide the basis to attract and retain qualified executives. The Compensation Committee will continue to monitor the relationship among executive compensation, our performance and stockholder value.

CHIEF EXECUTIVE OFFICER COMPENSATION

The Compensation Committee uses the procedures described above in setting the annual salary and equity awards for Randall A. Lipps, our President and Chief Executive Officer. The Compensation Committee reviews and establishes the base salary of Mr. Lipps based on compensation data for comparable companies and the Compensation Committee's assessment of his past performance and its expectation as to his future contributions in directing our long-term success. Mr. Lipps' base salary remained the same at \$330,000 from fiscal 2001 to fiscal 2002. In fiscal 2003, Mr. Lipps agreed to a salary in the first quarter of \$1.00, and thereafter received a base salary of \$285,000 for the remainder of fiscal 2003, or \$380,000 on an annualized basis. For fiscal 2004, Mr. Lipps' salary remains at \$380,000.

In fiscal 2003, the Compensation Committee also reviewed the performance of Mr. Lipps in relation to his equity compensation package. Mr. Lipps was granted options to acquire 80,000 shares of common stock in fiscal 2003. The Compensation Committee believes the grants to Mr. Lipps are sufficient to maintain the overall competitiveness of his compensation package and to maintain the strength of the alignment of his interests with those of Omnicell's stockholders. The Compensation Committee intends to continue to monitor Mr. Lipps' compensation levels in light of his performance, Omnicell's performance, and the compensation levels of chief executives at comparable companies.

FEDERAL TAX CONSIDERATIONS

Section 162(m) of the Internal Revenue Code (the "Code") limits the Company to a deduction for federal income tax purposes of no more than \$1 million of compensation paid to certain Named Executive Officers in a taxable year. Compensation above \$1 million may be deducted if it is "performance-based compensation" within the meaning of the Code.

Section 162(m) of the Internal Revenue Code (the "Code") limits the Company's deduction in a taxable year for federal income tax purposes to no more than \$1 million of compensation paid to each executive who is a Named Executive Officer at the end of the taxable year. Compensation above \$1 million may be deducted if it is "performance-based compensation" within the meaning of the Code. In addition, Section 162(m) of the Code and the applicable Treasury regulations thereunder provide a transitional exception to the deduction limit for compensation plans established prior to our initial public offering, such as our 1999 Equity Incentive Plan. Due to this transitional exception, stock options granted since our inception through the end of the 2003 fiscal year to our Named Executive Officers will be exempt from Section 162(m). Stock option grants to our Named Executive Officers in our 2004 fiscal year will also be exempt from Section 162(m) so long as we continue to comply with the terms of the transitional exemption. The non-performance-based compensation paid to each of the Company's Named Executive Officers for the 2003 fiscal year did not exceed the \$1 million limit per officer. It is not expected that the non-performance-based compensation to be paid to each of the Company's Named Executive Officers for the 2004 fiscal year will exceed that limit. Therefore, the Compensation

Edgar Filing: - Form

Committee has not yet established a policy for determining which forms of compensation awarded to our Named Executive Officers shall be designed to qualify as "performance-based compensation." The Compensation Committee intends to continue to evaluate the effects of the statute and any applicable Treasury regulations and to comply with Code section 162(m) in the future to the extent consistent with Omnicell's best interests.

COMPENSATION COMMITTEE

William H. Younger, Jr., Chairman
Benjamin A. Horowitz
Randy D. Lindholm

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

As noted above, the Company's Compensation Committee consists of Messrs. Younger (chair), Horowitz and Lindholm. None of these individuals is or has been an officer of Omnicell. None of our executive officers serves as a member of the Board of Directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

PERFORMANCE MEASUREMENT COMPARISON¹

The following graph shows the total stockholder return of an investment of \$100 in cash on August 7, 2001 for (i) the Company's common stock, (ii) the Nasdaq National Market Index (the "Nasdaq") and (iii) the S&P 1500 SuperComposite Healthcare Sector Index² (the "S&P SuperComposite Healthcare"). All values assume reinvestment of the full amount of all dividends and are calculated as of the last day of each month:

COMPARISON OF 29 MONTH CUMULATIVE TOTAL RETURN*
AMONG OMNICELL, INC., THE NASDAQ STOCK MARKET (U.S.) INDEX
AND THE S&P COMPOSITE HEALTHCARE SECTOR INDEX

*
\$100 invested on 8/7/01 in stock or index-
including reinvestment of dividends.
Fiscal year ending December 31.

¹
This section is not "soliciting material," is not deemed "filed" with the SEC, and is not to be incorporated by reference into any filing of the Company under the 1933 Act or 1934 Act, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.

²
The S&P SuperComposite Healthcare Index is calculated using a market cap weighing methodology.

CERTAIN TRANSACTIONS

The Company has entered into indemnity agreements with its executive officers and directors which provide, among other things, that the Company will indemnify such officer or director, under the circumstances and to the extent provided for therein, for expenses, damages, judgments, fines and settlements he or she may be required to pay in actions or proceedings which he or she is or may be made a party by reason of his or her position as a director, officer or other agent of the Company, and otherwise to the fullest extent permitted under Delaware law and the Company's Bylaws.

OTHER MATTERS

The Board of Directors knows of no other matters that will be presented for consideration at the 2004 Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

/s/ ROBERT J. BRIGHAM

Robert J. Brigham
Secretary

April 27, 2004

DELIVERY OF THIS PROXY STATEMENT

The Securities and Exchange Commission has adopted rules that permit companies and intermediaries (e.g.; brokers) to satisfy the delivery requirements for proxy statements with respect to two or more security holders sharing the same address by delivering a single proxy statement addressed to those security holders. This process, which is commonly referred to as "householding," potentially means extra convenience for the securityholders and cost savings for companies.

This year, a number of brokers with account holders who are Omnicell stockholders will be "householding" our proxy materials. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or us that they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate proxy statement, please notify your broker or direct your written request to Corporate Secretary, Omnicell, Inc., 1201 Charleston Road, Mountain View, CA 94043.

Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request "householding" of their communications should contact their broker.

A copy of Omnicell's Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended December 31, 2003 is available without charge upon written request to: Corporate Secretary, Omnicell, Inc., 1201 Charleston Road, Mountain View, CA 94043.

EXHIBIT A

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

PURPOSE AND POLICY

The Audit Committee shall provide assistance and guidance to the Board of Directors of the Company in fulfilling its oversight responsibilities to the Company's stockholders with respect to the Company's corporate accounting and reporting practices, the quality and integrity of the Company's financial statements and reports and the independence and performance of the Company's internal and external auditors. The policy of the Audit Committee, in discharging these obligations, shall be to maintain and foster an open avenue of communication between the Audit Committee and the independent auditors, the Company's financial management and internal auditors.

COMPOSITION AND ORGANIZATION

The Audit Committee shall consist of at least three (3) members of the Board of Directors. The members of the Audit Committee shall satisfy the independence and experience requirements of the Nasdaq National Market. In particular, the Chairman of the Audit Committee shall have accounting or related financial management expertise. The members of the Audit Committee shall be appointed by the Board of Directors.

The Audit Committee will hold at least four (4) regular meetings per year and additional meetings as the Committee deems appropriate. Minutes of each meeting of the Audit Committee shall be prepared and the Committee shall make regular reports to the Board of Directors. The operation of the Audit Committee shall be subject to the Bylaws of the Company as in effect from time to time and Section 141 of the Delaware General Corporation Law.

The Audit Committee shall have the authority to retain special legal, accounting or other consultants to advise the Committee. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

RESPONSIBILITIES

In fulfilling its responsibilities, the Audit Committee believes that its functions and procedures should remain flexible in order to address changing conditions most effectively. To implement the policy of the Audit Committee, the Committee shall, to the extent it deems necessary or appropriate:

1. Recommend annually to the Board of Directors the firm of certified public accountants to be employed by the Company as its independent auditors for the ensuing year, which firm is ultimately accountable to the Audit Committee and the Board, as representatives of the Company's stockholders.
2. Review the engagement of the independent auditors, including the scope, extent and procedures of the audit and the compensation to be paid therefor, and all other matters the Audit Committee deems appropriate.
3. Evaluate, together with the Board, the performance of the independent auditors and whether it is appropriate to adopt a policy of rotating independent auditors, and if so determined by the Audit Committee, to recommend that the Board replace the independent auditors.
4. Receive written statements from the independent auditors delineating all relationships between the auditors and the Company consistent with Independence Standards Board Standard No. 1, to consider and discuss with the auditors any disclosed relationships or services that could affect the auditors' objectivity and independence and otherwise to take, and if so determined by the Audit

Edgar Filing: - Form

Committee, to recommend that the Board take, appropriate action to oversee the independence of the auditors.

5. Review the annual audited financial statements with management prior to the filing of the Company's Form 10-K, including major issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls that could significantly affect the Company's financial statements.

6. Discuss with the independent auditors the results of the annual audit, including the auditors' assessment of the quality, not just acceptability, of accounting principles, the reasonableness of significant financial reporting issues and judgments, the nature of significant risks and exposures, the adequacy of the disclosures in the financial statements and any other matters required to be communicated to the Committee by the independent auditors under generally accepted accounting standards.

7. Discuss with the independent auditor the matters required to be disclosed by Statement on Auditing Standards No. 61 relating to the conduct of the audit.

8. Review with management and the independent auditors the effect of regulatory and accounting initiatives as well as off-balance sheet structures, if any, on the Company's financial statements.

9. Review with management and the independent auditors the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditors' reviews of the quarterly financial statements.

10. Evaluate the cooperation received by the independent auditors during their audit examination, including any restrictions on the scope of their activities or access to required records, data and information.

11. Confer with the independent auditors and senior management in separate executive sessions to discuss any matters that the Audit Committee, the independent auditors or senior management believe should be discussed privately with the Audit Committee.

12. Approve the retention of the independent auditors for any non-audit service and the fee for such service.

13. Investigate any matter brought to the attention of the Audit Committee within the scope of its duties, with the power to retain outside counsel and a separate accounting firm for this purpose if, in the judgment of the Audit Committee, such investigation or retention is necessary or appropriate.

14. Prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.

15. Perform such other functions and to have such powers as may be necessary or appropriate in the efficient and lawful discharge of the foregoing.

16. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the board for approval.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. These are the responsibilities of management and the independent auditor.

DETACH HERE
PROXY

ZOMCC2

OMNICELL, INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Randall A. Lipps and Dennis P. Wolf, jointly or individually, as proxies, each with full power of substitution, and hereby authorizes them to represent and to vote, as directed below, all common shares of beneficial interest, par value \$0.001 per share, of Omnicell, Inc. (the "Company"), that the undersigned would be entitled to vote if personally present at the Annual Meeting of Stockholders of the Company to be held on Thursday, May 20, 2004, or any adjournments thereof, as follows on the reverse side.

**SEE REVERSE
SIDE**

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

**SEE REVERSE
SIDE**

QuickLinks

[NOTICE OF ANNUAL MEETING OF STOCKHOLDERS](#)

[PROXY STATEMENT FOR THE 2004 ANNUAL MEETING OF STOCKHOLDERS](#)

[QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING](#)

[PROPOSAL 1 ELECTION OF DIRECTORS](#)

[PROPOSAL 2 RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS](#)

[SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT](#)

[EXECUTIVE COMPENSATION](#)

[COMPENSATION OF EXECUTIVE OFFICERS SUMMARY OF COMPENSATION](#)

[STOCK OPTION GRANTS AND EXERCISES](#)

[AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR, AND FY-END OPTION VALUES](#)

[EQUITY COMPENSATION PLAN INFORMATION](#)

[EMPLOYMENT, SEVERANCE AND CHANGE OF CONTROL AGREEMENTS](#)

[REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS ON EXECUTIVE COMPENSATION²](#)

[CERTAIN TRANSACTIONS](#)

[OTHER MATTERS](#)

[EXHIBIT A](#)

[CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS](#)