OMNICELL, Inc
Form DEF 14A
April 18, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

OMNICELL, INC.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

OMNICELL, INC.
590 E. Middlefield Road
Mountain View, California 94043

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On May 24, 2016

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Omnicell, Inc., a Delaware corporation ("Omnicell," the "Company," "our," "us," or "we"). The meeting will be held on Tuesday, May 24, 2016 at 2:30 p.m. local time at the Company's headquarters located at 590 E. Middlefield Road, Mountain View, California 94043, for the following purposes:

1. To elect three (3) Class III directors to hold office until the 2019 Annual Meeting of Stockholders.

2. To hold an advisory vote to approve named executive officer compensation.

3. To ratify the selection by the Audit Committee of the Board of Directors of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2016.

4. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

The record date for the Annual Meeting is March 28, 2016. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders' Meeting to be held on Tuesday, May 24, 2016 at 2:30 p.m. local time at the Company's headquarters located at 590 E. Middlefield Road, Mountain View, California 94043.

The proxy statement and annual report to stockholders are available at
http://ir.omnicell.com/annuals-proxies.cfm

By Order of the Board of Directors

/s/ DAN S. JOHNSTON

Dan S. Johnston
Corporate Secretary

Mountain View, California
April 18, 2016

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date, sign and return the enclosed proxy, or vote over the telephone or the Internet as instructed in these materials, as promptly as possible in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for your convenience. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

Omnicell, Inc.
590 E. Middlefield Road
Mountain View, California 94043

PROXY STATEMENT
FOR THE 2016 ANNUAL MEETING OF STOCKHOLDERS
MAY 24, 2016

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

Why am I receiving these materials?

The Company has sent you this proxy statement and the enclosed proxy card because the Board of Directors (the "Board") of Omnicell, Inc. is soliciting your proxy to vote at the 2016 Annual Meeting of Stockholders (the "Annual Meeting"). You are invited to attend the Annual Meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card, or follow the instructions below to submit your proxy over the telephone or over the Internet.

The Company intends to mail this proxy statement and accompanying proxy card on or about April 18, 2016 to all stockholders of record entitled to vote at the Annual Meeting.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on March 28, 2016 will be entitled to vote at the Annual Meeting. On the record date, there were 35,880,196 shares of common stock outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If on March 28, 2016 your shares were registered directly in your name with Omnicell's transfer agent, Computershare Trust Company, N.A., then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or on the Internet as instructed below to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on March 28, 2016 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in "street name" and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

Directions to the Annual Meeting

The Annual Meeting will be held at the Company's headquarters located at 590 E. Middlefield Road, Mountain View, California 94043.

If you need directions to the meeting, please visit *https://goo.gl/maps/pbCcc*.

What am I voting on?

There are three (3) matters scheduled for a vote:

The election of three (3) Class III directors to hold office until the 2019 Annual Meeting of Stockholders;

- An advisory vote to approve named executive officer compensation; and

- The ratification of the selection by the Audit Committee of the Board of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2016.

What if another matter is properly brought before the meeting?

The Board knows of no other matters that will be presented for consideration at the 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 those matters in accordance with their best judgment.

How do I vote?

You may either vote "For" all the nominees to the Board or you may "Withhold" your vote for any nominee you specify. For each of the other matters to be voted on, you may vote "For" or "Against" or abstain from voting. The procedures for voting are fairly simple:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the Annual Meeting, vote by proxy using the enclosed proxy card, vote by proxy over the telephone, or vote by proxy over the Internet. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

- To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.

- To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.

- To vote over the telephone, dial toll-free 1-800-652-VOTE (1-800-652-8683) using a touch-tone phone and follow the recorded instructions. You will be asked to provide the control number from the enclosed proxy card. Your vote must be received by 11:59 p.m. Pacific Time, on May 23, 2016 to be counted.

- To vote over the Internet, go to *http://www.investorvote.com/OMCL* and follow the steps outlined to complete an electronic proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m. Pacific Time, on May 23, 2016 to be counted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from Omnicell. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet as instructed by your broker or bank. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

We provide Internet proxy voting to allow you to vote your shares on-line, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers and telephone companies.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of common stock you owned as of March 28, 2016.

What happens if I do not vote?

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record and do not vote by completing your proxy card, by telephone, through the internet or in person at the annual meeting, your shares will not be voted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner and do not instruct your broker, bank, or other agent how to vote your shares, the question of whether your broker or nominee will still be able to vote your shares depends on whether the New York Stock Exchange ("NYSE") deems the particular proposal to be a "routine" matter. Brokers and nominees can use their discretion to vote "uninstructed" shares with respect to matters that are considered to be "routine," but not with respect to "non-routine" matters. Under the rules and interpretations of the NYSE, "non-routine" matters are matters that may substantially affect the rights or privileges of shareholders, such as mergers, shareholder proposals, elections of directors (even if not contested), executive compensation (including any advisory shareholder votes on executive compensation and on the frequency of shareholder votes on executive compensation), and certain corporate governance proposals, even if management-supported. Accordingly, your broker or nominee may not vote your shares on Proposals 1 or 2 without your instructions, but may vote your shares on Proposal 3 even in the absence of your instructions.

What if I return a proxy card or otherwise vote but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted as follows:

- "For" the election of all three (3) Class III directors;

- "For" an advisory resolution approving named executive officer compensation; and

- "For" the ratification of the selection of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2016.

If any other matter is properly presented at the meeting, your proxy holder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one set of proxy materials?

If you receive more than one set of proxy materials, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return **each** proxy card to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Stockholder of Record: Shares Registered in Your Name

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy card with a later date.
- You may send a timely written notice that you are revoking your proxy to Omnicell's Corporate Secretary at 590 E. Middlefield Road, Mountain View, California 94043.
- You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

Your most current proxy card or telephone or internet proxy is the one that is counted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

When are stockholder proposals due for next year's Annual Meeting?

Our annual meeting of stockholders generally is held in May of each year. We will consider for inclusion in our proxy materials for the 2017 Annual Meeting of Stockholders, stockholder proposals that are received at our executive offices no later than December 19, 2016 and that comply with all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended. However, if our 2017 Annual Meeting of Stockholders is not held between April 24, 2017 and June 23, 2017, then the deadline will be a reasonable time prior to the time we begin to print and send our proxy materials. Proposals must be sent to our Corporate Secretary at Omnicell, Inc., 590 E. Middlefield Road, Mountain View, California 94043.

Pursuant to Omnicell's bylaws, stockholders wishing to submit proposals or director nominations that are not to be included in our proxy materials must have given timely notice thereof in writing to our Corporate Secretary. To be timely for the 2017 Annual Meeting of Stockholders, you must notify our Corporate Secretary, in writing, not later than the close of business on February 23, 2017, nor earlier than the close of business on January 24, 2017. We also advise you to review Omnicell's bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations, including the different notice submission date requirements in the event that we do not hold our 2017 Annual Meeting of Stockholders between April 24, 2017 and June 23, 2017. A stockholder's notice to our Corporate Secretary must set forth the information required by Omnicell's bylaws with respect to each matter the stockholder proposes to bring before the annual meeting.

How are votes counted?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count, for the proposal to elect directors, votes "For," "Withheld," and broker non-votes and, with respect to other proposals, votes "For" and "Against," abstentions and broker non-votes.

Abstentions on Proposal Nos. 2 and 3 will be counted towards the vote and will have the same effect as "Against" votes. Broker non-votes have no effect on the outcome of the vote for any proposal.

What are "broker non-votes"?

As discussed above, when a beneficial owner of shares held in "street name" does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed by the NYSE to be "non-routine," the broker or nominee cannot vote the shares. These unvoted shares are counted as "broker non-votes."

How many votes are needed to approve each proposal?

For the election of directors, the three (3) nominees receiving the most "For" votes (from the holders of votes of shares present in person or represented by proxy and entitled to vote on the election of directors) will be elected. Only votes "For" will affect the outcome. Broker non-votes and "Withheld" votes will have no effect.

For the approval of the advisory vote to approve named executive officer compensation, Proposal No. 2 must receive a "For" vote from the majority of the outstanding shares of common stock present in person or represented by proxy and entitled to vote at the annual meeting. If you abstain from voting, it will have the same effect as an "Against" vote. Broker non-votes will have no effect.

For the ratification of the selection of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2016, Proposal No. 3 must receive a "For" vote from the majority of shares present in person or represented by proxy and entitled to vote either in person or by proxy. If you abstain from voting, it will have the same effect as an "Against" vote. Broker non-votes will have no effect.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the outstanding shares are represented by stockholders present at the meeting or represented by proxy. On the record date, there were 35,880,196 shares outstanding and entitled to vote. Thus, the holders of 17,940,099 shares must be present in person or represented by proxy at the meeting or by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of shares present at the meeting in person or represented by proxy may adjourn the meeting to another date.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in a current report on Form 8-K that we expect to file within four business days of the Annual Meeting. If final voting results are not available to us in time to file a current report on Form 8-K within four business days after the Annual Meeting, we intend to file a current report on Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional current report on Form 8-K to publish the final results.

What proxy materials are available on the internet?

The proxy statement and annual report on Form 10-K are available at *http://ir.omnicell.com/annuals-proxies.cfm.*

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Omnicell's Board presently has nine members and is divided into three classes, each with a three-year term. Currently, Class III, with a term expiring in 2016, Class I, with a term expiring in 2017 and Class II, with a term expiring in 2018.

The three directors currently serving in Class III, the class whose term of office expires in 2016, have each been nominated for re-election at the Annual Meeting: James T. Judson, Gary S. Petersmeyer and Bruce D. Smith. Mr. Judson and Mr. Petersmeyer were previously elected by our stockholders. Mr. Smith was appointed to the Board effective immediately prior to the Company's 2014 Annual Meeting of Stockholders in connection with the departure of a member of the Board. If elected at the Annual Meeting, each of these nominees would serve until the 2019 Annual Meeting of Stockholders and until his successor is elected and has qualified, or, if sooner, until the director's death, resignation or removal.

Although directors are elected by a plurality of votes, it is our policy that any nominee for director in an uncontested election who receives a greater number of votes "withheld" from his or her election than votes "for" such election shall submit his or her offer of resignation for consideration by our Corporate Governance Committee, which will then consider all of the relevant facts and circumstances and recommend to our Board the action to be taken with respect to such offer of resignation. Our Board will then act on our Corporate Governance Committee's recommendation within ninety (90) days following certification of the stockholder vote. Promptly following our Board's decision, we will disclose that decision and an explanation of such decision in a filing with the Securities and Exchange Commission or a press release.

Vacancies on the Board may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy in a class, including a vacancy created by an increase in the number of directors, shall serve for the remainder of the full term of that class and until the director's successor is elected and qualified. It is the Company's policy to encourage directors and nominees for director to attend the Company's Annual Meeting of Stockholders. Four of the nine then-current directors attended our 2015 Annual Meeting of Stockholders.

Our Corporate Governance Committee seeks to assemble a board of directors that, as a whole, possesses the appropriate balance of professional and industry knowledge, financial expertise and management experience necessary to oversee and direct the Company's business. To that end, the Corporate Governance Committee has evaluated the Board's current members in the broader context of the Board's overall composition. The Corporate Governance Committee maintains a goal of recruiting members who complement and strengthen the skills of other members and who also exhibit integrity, collegiality, sound business judgment and other qualities that the Corporate Governance Committee views as critical to effective functioning of the Board.

The brief biographies below include information, as of the date of this proxy statement, regarding the specific and particular experience, qualifications, attributes or skills of each nominee for director that led the Corporate Governance Committee to believe that such nominee should continue to serve on the Board. In addition, following the biographies of the nominees are the biographies of directors not currently up for re-election containing information as to why the Corporate Governance Committee believes that such director should continue serving on the Board.

Class III Nominees for Election for a Three-Year Term Expiring at the 2019 Annual Meeting

James T. Judson

James T. Judson, age 61, has served as a director of Omnicell since April 2006. Since March 2006, Mr. Judson has served as a financial executive advisor to small and mid-sized companies. Mr. Judson served as interim Chief Financial Officer of Extreme Networks, Inc., a technology company from March 2011 to July 2012. From April 2005 to March 2006, Mr. Judson was Omnicell's Interim Chief Financial Officer. From February 2005 to April 2005, Mr. Judson was Omnicell's Vice President of Finance. From 1998 until his retirement in January 2002, Mr. Judson served as Vice President of Finance and Planning for the Worldwide Operations group of Sun Microsystems, Inc., a computer systems company. Mr. Judson received a B.S. in industrial management from Purdue University and an M.B.A. from Indiana University.

The Corporate Governance Committee believes that Mr. Judson's financial and operational expertise in executive level financial positions at a rapidly growing, global, publicly-traded company provides the Board with valuable insights into the financial operations of the Company and financial matters generally. The Corporate Governance Committee believes that Mr. Judson's knowledge of the Company and its accounting practices as Omnicell's Interim Chief Financial Officer is especially valuable as Chairman of the Audit Committee.

Gary S. Petersmeyer

Gary S. Petersmeyer, age 69, has served as a director of Omnicell since January 2007. From December 2004 to December 2010, Mr. Petersmeyer served as the Chairman and Chief Executive Officer of Aesthetic Sciences Corporation, a research-based medical device company focusing on elective surgery applications. From November 2001 to November 2004, Mr. Petersmeyer provided consulting and executive coaching services to senior executives in high growth and research-based organizations. From 2000 to 2001, Mr. Petersmeyer was President and a Director of Pherin Pharmaceuticals, Inc., a pharmaceutical development and discovery company. From 1995 to 2000, he was President, Chief Executive Officer and a Director of Collagen Corporation, a medical technology company focused on worldwide collagen research. Mr. Petersmeyer received a B.A. in political science from Stanford University, an M.A.T. in teaching from the Harvard Graduate School of Education and an M.B.A. from Harvard University. Mr. Petersmeyer is also a director of The Cooper Companies, Inc., a global medical device company.

The Corporate Governance Committee believes Mr. Petersmeyer's leadership experience as the chief executive officer of several publicly-traded and privately-held global companies focused on the healthcare markets positions him to contribute effectively to the industry and operational understanding of the Board. Mr. Petersmeyer's experience in executive compensation matters, developed in his tenures as chief executive officer, is valuable as a member of the Compensation Committee.

Bruce D. Smith

Bruce D. Smith, age 68, has served as a director of Omnicell since May 2014. Since 1995, Mr. Smith has served as Senior Vice President and Chief Information Officer of Advocate Health and Hospitals Corporation, an integrated health care system. Mr. Smith received a Bachelor of Business degree from Western Illinois University and an M.B.A. from Loyola University Chicago.

The Corporate Governance Committee believes Mr. Smith's experience as the chief information officer of a large health care system positions him to contribute effectively to the information technology understanding of the Board.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
A VOTE IN FAVOR OF EACH NAMED NOMINEE.

Class I Directors Continuing in Office until the 2017 Annual Meeting

Randy D. Lindholm

Randy D. Lindholm, age 61, has served as a director of Omnicell since May 2003. Since April 2002, Mr. Lindholm has served as a consultant to medical device companies. From June 1999 to April 2002, Mr. Lindholm was Chairman, President and Chief Executive Officer of VidaMed, Inc., a medical device company, and from August 1998 to June 1999, served as its Executive Vice President, Sales and Marketing. From 1993 to 1998, Mr. Lindholm held senior field operations positions at Nellcor Puritan Bennett, a provider of solutions to diagnose, monitor and treat respiratory-impaired patients. Mr. Lindholm spent the previous 16 years at GE Medical Systems, a medical device company. Mr. Lindholm received a B.S. in electrical engineering from Michigan Tech University. Mr. Lindholm is also a director of several privately held companies and serves as executive chairman of InnFocus, Inc., a privately held company.

The Corporate Governance Committee believes Mr. Lindholm's more than three decades of leadership experience in the healthcare industry, including serving as the chief executive officer for a publicly-held medical device company, his sales, marketing and field operations experience and his experience as a director of other companies in the healthcare industry allow him to effectively contribute to the Board's understanding of the industry. Mr. Lindholm's experience in executive compensation matters, developed during his tenure as chief executive officer, is especially valuable as the Chairman of the Compensation Committee.

Sara J. White

Sara J. White, age 70, has served as a director of Omnicell since April 2003. Since April 2004, Ms. White has served as a pharmacy leadership coach. From 1992 to March 2004, Ms. White was a clinical professor at the School of Pharmacy at the University of California, San Francisco. From 1995 to March 2004, Ms. White was an adjunct professor at the University of the Pacific, School of Pharmacy. From 1992 to 2003, Ms. White was the Director of Pharmacy at Stanford Hospital and Clinics. Ms. White received a B.S. in pharmacy from Oregon State University and an M.S. and Residency in hospital pharmacy management from Ohio State University.

The Corporate Governance Committee believes Ms. White's leadership and clinical pharmacy expertise proven as the director of pharmacy for more than a decade at one of the top acute-care hospitals in the United States provides valuable scientific and medical knowledge regarding the internal operations and clinical needs of our customers. Further, Ms. White's experience as a clinical professor for two nationally-respected university pharmacy programs offers an important understanding of the future direction of the industry that will help us anticipate the needs and demands of our customers' clinical pharmacy decision-makers.

Joanne B. Bauer

Joanne B. Bauer, age 60, has served as a director of Omnicell since January 2014. Since October 2013, Ms. Bauer has served as a Director of Aurora Health Care, an integrated, not-for-profit, health care provider serving communities throughout eastern Wisconsin and northern Illinois. From October 2001 until June 2014, Ms. Bauer served as President of Global Health Care at Kimberly-Clark Corporation, a global company focused on leading the world in essentials for a better life through product innovation and building its personal care, consumer tissue, professional and health care brands. Ms. Bauer joined Kimberly-Clark in 1981 and held various marketing and management positions within its adult care and health care businesses. Ms. Bauer received a B.A. degree from Lawrence University and an M.B.A. from the University of Wisconsin, Oshkosh.

The Corporate Governance Committee believes Ms. Bauer's leadership and management in the healthcare industry, including serving as the president of the healthcare segment of a large multinational corporation and various management and marketing roles provide the Board with valuable insight regarding the healthcare industry.

Class II Directors Continuing in Office until the 2018 Annual Meeting

Randall A. Lipps

Randall A. Lipps, age 59, has served as Chairman of the Board and a director of Omnicell since founding Omnicell in September 1992 and as its President and Chief Executive Officer since October 2002. From 1989 to 1992, Mr. Lipps served as the Senior Vice President of ST. Holdings, Inc., a travel and marketing company. From 1987 to 1989, he served as Assistant Vice President of Sales and Operations for a subsidiary of AMR, the parent company of American Airlines, Inc. Mr. Lipps received both a B.S. in economics and a B.B.A. from Southern Methodist University. Mr. Lipps is also a director of Invuity, Inc., a medical device company.

The Corporate Governance Committee believes Mr. Lipps' extensive knowledge of the Company, including his founding of the Company and his more than two decades of leading the Company as the President and Chief Executive Officer, provide the Board with invaluable current knowledge of the Company and extensive knowledge of the industry's needs for improvements in healthcare economics and patient safety. In addition, his role in the operations of the Company provides the Board with the practical understanding of the issues and opportunities that face the Company.

Mark W. Parrish

Mark W. Parrish, age 60, has served as a director of Omnicell since January 2013. Since 2008, Mr. Parrish has served as Chairman and Chief Executive Officer of TridentUSA Health Services, a provider of mobile X-ray and laboratory services to the long-term care industry. Earlier, commencing in 2001, he held management roles of increasing significance with Cardinal Health Inc. and its affiliates, including Chief Executive Officer of Healthcare Supply Chain Services for Cardinal Health from 2006 to 2007. Mr. Parrish also serves as a director of Mylan Inc., a global pharmaceutical company; President of the International Federation of Pharmaceutical Wholesalers, an association of pharmaceutical wholesalers and pharmaceutical supply chain service companies; and senior adviser to Frazier Healthcare Ventures, a health-care oriented growth equity firm. Mr. Parrish received a B.A. from the University of California, Berkeley.

The Corporate Governance Committee believes Mr. Parrish's extensive leadership experience in the healthcare industry, including serving as the chairman and chief executive officer of a multi-service provider in the long-term care market and various other management roles provide the Board with valuable insight regarding the healthcare industry and, specifically, the long-term care market.

Vance B. Moore

Vance B. Moore, age 55, has served as a director of Omnicell since May 2012. Since February 2016, Mr. Moore has served as President, Business Integration of Mercy Health, a national healthcare system. From April 2011 to February 2016, Mr. Moore served as Senior Vice President, Operations of Mercy Health. From July 2006 to April 2011, Mr. Moore served as the President and Chief Executive Officer of Resource Optimization and Innovation (ROi), the supply chain operating division of Mercy Health. From August 1998 to March 2007, Mr. Moore served in various capacities at ROi, including Chief Operating Officer. From March 1999 to March 2002, Mr. Moore served as the Vice President, Sales and Marketing of the Healthcare Services Division of UPS Logistics Group, a global supply chain management services company. Mr. Moore received a B.S. in industrial management from the University of Arkansas.

The Corporate Governance Committee believes Mr. Moore's extensive supply chain management expertise and his leadership abilities developed during his service in the chief executive role at a large, national healthcare system's supply chain organization allow him to bring important operations and management skills to the Board.

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Board Leadership Structure

The Board is currently chaired by the President and Chief Executive Officer of the Company, Mr. Lipps. The Board has also appointed Mr. Judson as lead independent director

The Company believes that combining the positions of Chief Executive Officer and Board Chair helps to ensure that the Board and management act with a common purpose. In the Company's view, separating the positions of Chief Executive Officer and Board Chair has the potential to give rise to divided leadership, which could interfere with good decision making or weaken the Company's ability to develop and implement strategy. Instead, the Company believes that combining the positions of Chief Executive Officer and Board Chair provides a single, clear chain of command to execute the Company's strategic initiatives and business plans. In addition, the Company believes that a combined Chief Executive Officer/Board Chair is better positioned to act as a bridge between management and the Board, facilitating the regular flow of information. The Company also believes that it is advantageous to have a Board Chair with an extensive history with, and knowledge of, the Company (as is the case with the Company's Chief Executive Officer) as compared to a relatively less informed independent Board Chair.

The Board appointed Mr. Judson as the lead independent director to help reinforce the independence of the Board as a whole. The position of lead independent director has been structured to serve as an effective balance to a combined Chief Executive Officer/Board Chair. The lead independent director is empowered to, among other duties and responsibilities, provide general leadership of the affairs of the independent directors, including leadership in anticipating and responding to crisis, discuss and collaborate with the Board Chair to set appropriate meeting agendas and meeting schedules, recommend to the Board Chair the retention of outside advisors and consultants who report directly to the Board, preside over Board meetings in the absence of the Board Chair and during independent director closed session portions of the meetings, preside over and establish the agendas for meetings of the independent directors, consult with and coordinate with the committee chairs regarding meeting agendas and informational requirements, act as liaison between the Board Chair and the independent directors, provide advice and consultation to the Board Chair and other senior executives of the Company, monitor information delivered by the management team to the Board and provide input on such information, and, as appropriate upon request, act as a liaison to stockholders, customers and other key constituents of the Company. In addition, it is the responsibility of the lead independent director to coordinate the Board appointment of an Interim Chief Executive Officer and/or Board Chair during extended periods of the Board Chair's absence. As a result, the Company believes that the lead independent director can help ensure the effective independent functioning of the Board in its oversight responsibilities. In addition, the Company believes that the lead independent director is better positioned to build a consensus among directors and to serve as a conduit between the other independent directors and the Board Chair, for example, by facilitating the inclusion on meeting agendas of matters of concern to the independent directors.

Independence of the Board of Directors

As required under The NASDAQ Stock Market, LLC ("NASDAQ") listing standards, a majority of the members of a listed company's board of directors must qualify as "independent," as affirmatively determined by the board of directors. The Board consults with the Company's counsel to ensure that the Board's determinations are consistent with relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in the applicable listing standards of the NASDAQ, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and the Company, its senior management and its independent auditors, the Board has affirmatively determined that all of the Company's directors are independent directors within the meaning of the applicable NASDAQ listing standards, except for Mr. Lipps, the President and Chief Executive Officer of the Company. In making this determination, the Board found that none of the eight independent directors, nominees or appointees for director had a material or other disqualifying relationship with the Company. Mr. Lipps, the Company's President and Chief Executive Officer, is not an independent director by virtue of his employment with the Company.

The Board noted that Mr. Moore, a member of the Board, served as the President and Chief Executive Officer of Resource Optimization & Innovation, LLC ("ROi"), the supply chain division of Mercy Health ("Mercy"), from July 2006 until April 2011, Senior Vice President, Operations, of Mercy from April 2011 until February 2016, and has served as President, Business Integration of Mercy since February 2016. Effective December 31, 2009, the Company entered into a group purchasing organization (GPO) agreement with ROi, whereby the Company agreed to provide products and services to ROi's members, including hospitals within Mercy. The Company recorded revenue from Mercy of approximately $2.5 million, $7.7 million and $4.1 million for the years ended December 31, 2013, 2014 and 2015, respectively. The Board determined that Mr. Moore did not derive any direct or indirect material benefit from the agreement with ROi and believes that the agreement is in Omnicell's best interest and on terms no less favorable than could be obtained from other third party group purchasing organizations.

The Board also noted that Mr. Smith, a member of the Board, serves as Senior Vice President and Chief Information Officer of Advocate Health and Hospitals Corporation ("Advocate"). Effective December 2005, the Company entered into a master agreement with Advocate, whereby the Company agreed to provide products and services to Advocate. Effective September 2011, the Company entered into a corporate partnership agreement with Advocate, whereby the Company agreed to provide products and services to Advocate members at discounted pricing in consideration for Advocate members' commitment to utilize the Company as their sole source provider for automated pharmacy dispensing cabinets. The Company recorded revenue from Advocate of approximately $971 thousand, $2.3 million and $2.1 million for the years ended December 31, 2013, 2014 and 2015, respectively. The Board determined that Mr. Smith did not derive any direct or indirect material benefit from the agreements with Advocate and believes that the agreements are in Omnicell's best interest and on terms no less favorable than could be obtained from other third party health systems.

Role of the Board in Risk Oversight

One of the Board's key functions is informed oversight of the Company's risk management process. The Board administers this oversight function directly through the Board as a whole, as well as through the Board's standing committees that address risks inherent in their respective areas of oversight. In particular, our Board is responsible for monitoring and assessing strategic risk exposure, including a determination of the nature and level of risk appropriate for the Company. Our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The Audit Committee also monitors compliance with legal and regulatory requirements in addition to oversight of the performance of our audit function. Our Corporate Governance Committee monitors the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct. Our Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking.

Typically, the Corporate Governance Committee receives and discusses with management a quarterly report regarding risk management and the areas of risk the Company has addressed in such quarter. The Corporate Governance Committee reports to the entire Board on the risk management activities of the Company at least annually and the applicable Board committees meet at least annually with the employees responsible for risk management in such committees' respective areas of oversight. Both the Board as a whole and the various standing committees receive periodic reports from management, as well as incidental reports as matters may arise. It is the responsibility of the committee chairs to report findings regarding material risk exposures to the Board as quickly as possible.

Director and Executive Officer Stock Ownership Guidelines

Effective August 5, 2015, we adopted Stock Ownership Guidelines for all Board members and executive officers (designated as such for purposes of Section 16 of the Securities Exchange Act of 1934, as amended). Pursuant to the guidelines, each Board member and executive officer (as a multiple of the designated compensation) should beneficially own not less than the following amount of our common stock:

Board Members	3 times annual cash retainer
Chief Executive Officer	3 times annual base salary
Other Section 16 Officers	1 times annual base salary

Individuals who are subject to these guidelines at the time of their adoption have five years from the date of their respective appointments (or from the date of adoption of the guidelines, whichever is later) to attain the ownership levels. If an individual becomes subject to a greater ownership amount, due to a promotion or an increase in base salary, the individual is expected to meet such higher ownership amount within the later of the original period or three years from the effective date of the promotion or base salary change.

Meetings of the Board of Directors

The Board met seven (7) times during 2015. Each Board member attended 75% or more of the aggregate number of the meetings of the Board and of the committees on which he or she served, as held during the period for which he or she was a director or committee member, respectively.

Persons interested in communicating with the independent directors with their concerns or issues may address correspondence to a particular director, or to the independent directors generally, in care of Lead Independent Director, Omnicell, Inc. at 590 E. Middlefield Road, Mountain View, California 94043. If no particular director is named, letters will be forwarded, depending on the subject matter, to the Chair of the Audit, Compensation, or Corporate Governance Committee.

Information Regarding Committees of the Board of Directors

The Board has four committees: an Audit Committee, a Compensation Committee, a Corporate Governance Committee and an M&A Committee. The following table provides membership and meeting information for 2015 for each of the Board committees:

Name	Audit	Compensation	Corporate Governance	M&A
James T. Judson	X*			X
Randy D. Lindholm		X*		X
Gary S. Petersmeyer	X	X		X
Sara J. White			X*	
Vance B. Moore	X	X		
Mark W. Parrish			X	
Joanne B. Bauer			X	
Bruce D. Smith			X	
Total meetings in fiscal year 2015	18	11	4	4

* Denotes Committee Chairperson

Below is a description of each committee of the Board. The Board has determined that each member of each committee meets the applicable NASDAQ rules and regulations regarding "independence" and that each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to the Company.

Audit Committee

The Audit Committee of the Board is currently composed of three directors: Mr. Judson (Chair) and Messrs. Petersmeyer and Moore. Following our 2016 Annual Meeting, the Audit Committee will be composed of Mr. Judson (Chair), Ms. Bauer and Mr. Petersmeyer. The Audit Committee met eighteen (18) times during the fiscal year ended December 31, 2015. The Audit Committee was established by the Board in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to oversee the Company's corporate accounting and financial reporting processes and audits of its financial statements. For this purpose, the Audit Committee performs several functions. The Audit Committee evaluates the performance of and assesses the qualifications of the independent registered public accounting firm; determines and approves the engagement of the independent registered public accounting firm; determines whether to retain or terminate the existing independent registered public accounting firm or to appoint and engage a new independent registered public accounting firm; reviews and approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent registered public accounting firm on the Company's audit engagement team as required by law; reviews and approves or rejects transactions between the Company and any related persons; confers with management and the independent registered public accounting firm regarding the effectiveness of internal control over financial reporting; establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting control or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and meets to review the Company's annual audited financial statements and quarterly unaudited financial statements with management and the independent registered public accounting firm, including reviewing the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K. The

Audit Committee has adopted a written Audit Committee Charter that can be found in the "Corporate Governance" section on Omnicell's corporate website at *www.omnicell.com*, under "Investor Relations."

The Board reviews the NASDAQ listing standards definition of independence for Audit Committee members on an annual basis and has determined that all members of the Company's Audit Committee are independent (as independence is currently defined in Rule 5605(c)(2)(A)(i) of the NASDAQ listing standards). The Board has also determined that Mr. Judson, the Audit Committee Chairperson, qualifies as an "audit committee financial expert," as defined in applicable Securities and Exchange Commission ("SEC") rules. The Board made a qualitative assessment of Mr. Judson's level of knowledge and experience based on a number of factors, including his formal education and professional experience.

Report of the Audit Committee of the Board of Directors[(1)]

The Audit Committee has prepared the following report on its activities with respect to our audited financial statements for the year ended December 31, 2015.

Our management is responsible for the preparation, presentation and integrity of our financial statements and is also responsible for maintaining appropriate accounting and financial reporting practices and policies. Management is also responsible for establishing and maintaining adequate internal controls and procedures designed to provide reasonable assurance that we are in compliance with accounting standards and applicable laws and regulations.

Deloitte & Touche LLP, our independent registered public accounting firm for 2015, is responsible for expressing opinions on the conformity of our audited financial statements with U.S. generally accepted accounting principles and the effectiveness of our internal control over financial reporting.

The Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2015 with management of the Company. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed pursuant to applicable auditing standards, as adopted by the Public Company Accounting Oversight Board ("PCAOB"). The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm regarding the independent registered public accounting firm's independence as required by PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence* and has discussed with the independent registered public accounting firm its independence.

Based on the foregoing, the Audit Committee has recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

AUDIT COMMITTEE

James T. Judson, Chair
Gary S. Petersmeyer
Vance B. Moore

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(1) The material in this report is not "soliciting material," is not deemed "filed" with the Commission and is not to be incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Compensation Committee

The Compensation Committee currently is composed of three directors: Mr. Lindholm (Chair) and Messrs. Petersmeyer and Moore. Following our 2016 Annual Meeting, the Compensation Committee will continue to be composed of Mr. Lindholm (Chair) and Messrs. Petersmeyer and Moore. All members of the Company's Compensation Committee are independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ listing standards). The Compensation Committee met eleven (11) times during the fiscal year ended December 31, 2015. The Compensation Committee Charter can be found in the "Corporate Governance" section on Omnicell's corporate website at *www.omnicell.com*, under "Investor Relations."

The Compensation Committee of the Board acts on behalf of the Board to review, adopt and oversee the Company's compensation strategy, policies, plans and programs, including:

- reviewing and approving the overall compensation philosophy for the Company's executive officers and directors;

- overseeing the adoption and administration of, and establishing guidelines relating to, the Company's stock option and purchase plans, profit sharing plans, stock bonus plans, deferred compensation plans and other similar programs, including approving and granting options, restricted stock, restricted stock units or other equity awards under such plans to the Company's executive officers, employees and consultants; and

- preparing the Company's Compensation Discussion and Analysis, included in this proxy statement.

Compensation Committee Processes and Procedures

The Compensation Committee generally meets at least monthly, and with greater frequency if necessary. The agenda for each meeting is usually outlined by the Chair of the Compensation Committee and then more fully developed by the Company's Chief Executive Officer, Chief Financial Officer, head of Human Resources and Chief Legal & Administrative Officer. The Compensation Committee meets regularly in executive session. However, from time to time, various members of management and other employees as well as outside advisors or consultants may be invited by the Compensation Committee to make presentations, provide financial or other background information or advice or otherwise participate in Compensation Committee meetings. The Chief Executive Officer may not participate in or be present during any deliberations or final determinations of the Compensation Committee regarding his compensation. The charter of the Compensation Committee grants the Compensation Committee full access to all books, records, facilities and personnel of the Company, as well as authority to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors and consultants and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. In particular, the Compensation Committee has the sole authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultant's reasonable fees and other retention terms.

During the past fiscal year, as in late 2014, the Compensation Committee engaged Radford as executive compensation consultants. Radford did not provide any other services to Omnicell in excess of $120,000 during 2015. The Compensation Committee requested that Radford assist in continuing to refine the Company's executive compensation program. As part of its engagement, Radford was requested by the Compensation Committee to develop a comparative group of companies and to perform analyses of competitive performance and compensation levels for that group. At the request of the Compensation Committee, the compensation consultants also conducted individual interviews with members of the Compensation Committee and senior management to learn more about the Company's business operations and strategy, key performance metrics and strategic goals, as well as the labor market in which the Company competes. Radford ultimately developed recommendations regarding executive compensation levels and types of compensation elements that were presented to the Compensation Committee for its consideration. Following an active dialogue with Radford and suggesting modifications, the Compensation Committee approved the modified recommendations.

The accepted recommendations of Radford and the specific determinations of the Compensation Committee with respect to executive compensation for 2015 are discussed in the Compensation Discussion and Analysis section of this proxy statement.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee currently consists of three directors: Messrs. Lindholm (Chair), Petersmeyer and Moore. None of these individuals are or have been officers of Omnicell. None of the Company's 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 or Compensation Committee.

Corporate Governance Committee

The Corporate Governance Committee of the Board is responsible for identifying, reviewing and evaluating candidates to serve as directors of the Company (consistent with criteria approved by the Board), reviewing and evaluating incumbent directors and recommending appropriate nominee slates for the Board to recommend for election to the Board, making recommendations to the Board regarding the membership of the committees of the Board, assessing the performance of the Board and developing a set of corporate governance principles for the Board and the Company.

The Corporate Governance Committee currently consists of four directors: Ms. White (Chair), Mr. Parrish, Ms. Bauer and Mr. Smith. Following our 2016 Annual Meeting, the Corporate Governance Committee will be composed of Ms. White (Chair), Mr. Parrish and Mr. Smith. All members of the Corporate Governance Committee are independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ listing standards). The Corporate Governance Committee met four (4) times during the fiscal year ended December 31, 2015. Our Corporate Governance Committee Charter can be found in the "Corporate Governance" section on the Company's corporate website at *www.omnicell.com*, under "Investor Relations."

The Corporate Governance Committee believes that candidates for director should have certain minimum qualifications, including being able to read and understand basic financial statements, being over 21 years of age and having the highest personal integrity and ethics. The Corporate Governance Committee also intends to consider such factors as possessing relevant expertise upon which to be able to offer advice and guidance to management, having sufficient time to devote to the affairs of the Company, demonstrated excellence in his or her field, having the ability to exercise sound business judgment and having the commitment to rigorously represent the long-term interests of the Company's stockholders. However, the Corporate Governance Committee retains the right to modify these qualifications from time to time. Candidates for director nominees are reviewed in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of stockholders.

In conducting this assessment, the Corporate Governance Committee considers diversity, age, skills, industry and professional background and such other factors as it deems appropriate given the current needs of the Board and the Company, to maintain a balance of knowledge, experience and capability. In the case of incumbent directors whose terms of office are set to expire, the Corporate Governance Committee reviews such directors' overall service to the Company during their term, including the number of meetings attended, level of participation, quality of performance, and any other relationships and transactions that might impair such directors' independence. In the case of new director candidates, the Corporate Governance Committee also determines whether the nominee must be independent for NASDAQ purposes, which determination is based upon applicable NASDAQ listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The Corporate Governance Committee (and the other members of the Board, as needed) then use their network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Corporate Governance Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board. The Corporate Governance Committee meets to discuss and consider such candidates' qualifications and then selects a nominee for recommendation to the Board by majority vote.

Our Corporate Governance Guidelines require that any nominee for director in an uncontested election who receives a greater number of votes "withheld" and/or "against" from his or her election than votes "for" such election shall submit his or her offer of resignation for consideration by our Corporate Governance Committee, which will then consider all of the relevant facts and circumstances and recommend to our Board the action to be taken with respect to such offer of resignation. Our Board will then act on our Corporate Governance Committee's recommendation within ninety (90) days following certification of the stockholder vote. Promptly following our Board's decision, we will disclose that decision and an explanation of such decision in a filing with the Securities and Exchange Commission or a press release. Any director who submits his or her offer to resign from the Board pursuant to this policy shall not participate in deliberations regarding whether to accept the offer of resignation. If a majority of the members of the Corporate Governance Committee ar

	(135)	(124)
Additional paid-in capital	14,563	14,539
Retained earnings	37,277	34,947
Total shareowner’s equity	54,652	53,958
Total liabilities and equity	$ 563,570	$ 566,885

The sum of accumulated gains (losses) on investment securities, currency translation adjustments, cash flow hedges and minimum pension liabilities constitutes “Accumulated nonowner changes other than earnings,” and was $2,753 million and $4,413 million at June 30, 2005, and December 31, 2004, respectively.

See “Notes to Condensed, Consolidated Financial Statements.”

(4)

General Electric Capital Corporation and consolidated affiliates
Condensed Statement of Cash Flows
(Unaudited)

	Six months ended June 30	
(In millions)	**2005**	**2004**
Cash flows - operating activities		
Net earnings	$ 4,203	$ 3,182
Adjustments to reconcile net earnings to cash provided from operating activities		
Depreciation and amortization of buildings and equipment	3,023	2,841
Increase (decrease) in accounts payable	(623)	1,738
Increase in insurance liabilities, reserves and annuity benefits	2,204	1,659
Provision for losses on financing receivables	1,888	1,956
All other operating activities	(302)	703
Cash from operating activities	10,393	12,079
Cash flows - investing activities		
Increase in loans to customers	(129,844)	(132,156)
Principal collections from customers - loans	133,861	134,679
Investment in equipment for financing leases	(11,401)	(9,892)
Principal collections from customers - financing leases	11,443	9,358
Net change in credit card receivables	567	(494)
Additions to buildings and equipment	(4,885)	(5,257)
Dispositions of buildings and equipment	2,888	2,125
Payments for principal businesses purchased	(6,842)	(15,513)
Purchases of securities by insurance and annuity businesses	(7,411)	(10,048)
Dispositions of securities by insurance and annuity businesses	7,419	9,158
All other investing activities	(1,295)	2,235
Cash used for investing activities	(5,500)	(15,805)
Cash flows - financing activities		
Net decrease in borrowings (maturities 90 days or less)	(6,087)	(1,908)
Newly issued debt:		
Short-term (91-365 days)	637	643
Long-term senior	39,469	27,309
Non-recourse, leveraged lease	131	283
Repayments and other debt reductions:		
Short-term (91-365 days)	(30,236)	(21,054)
Long-term senior	(6,990)	(1,953)
Non-recourse, leveraged lease	(616)	(363)
Proceeds from sales of investment contracts	9,802	6,955
Redemption of investment contracts	(10,801)	(8,043)
Dividends paid to shareowner	(1,873)	(1,861)
Cash from (used for) financing activities	(6,564)	8
Decrease in cash and equivalents	(1,671)	(3,718)
Cash and equivalents at beginning of year	9,840	9,719
Cash and equivalents at June 30	$ 8,169	$ 6,001

See "Notes to Condensed, Consolidated Financial Statements."

Notes to Condensed, Consolidated Financial Statements (Unaudited)

1. The accompanying condensed, consolidated quarterly financial statements represent the consolidation of General Electric Capital Corporation and all of our affiliates (GECC). We have reclassified certain prior-period amounts to conform to the current period's presentation.

As described in our Annual Report on Form 10-K/A for the year ended December 31, 2004, we restated certain financial statements and other information, including such statements and information for each of the quarters of 2004, with respect to our accounting for certain derivatives transactions not qualifying for accounting purposes as hedges.

2. The condensed, consolidated quarterly financial statements and notes thereto are unaudited. These statements include all adjustments (consisting of normal recurring accruals) that we considered necessary to present a fair statement of our results of operations, financial position and cash flows. The results reported in these condensed, consolidated quarterly financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. We label our quarterly information using a calendar convention, that is, first quarter is labeled as ending on March 31, second quarter as ending on June 30, and third quarter as ending on September 30. It is our longstanding practice to establish interim quarterly closing dates using a fiscal calendar, which requires our businesses to close their books on a Saturday. The effects of this practice are modest and only exist within a reporting year. The fiscal closing calendar from 1993 through 2013 is available on our website, www.ge.com/secreports.

3. Revenues from services are summarized in the following table.

	Three months ended June 30		Six months ended June 30	
(In millions)	**2005**	**2004**	**2005**	**2004**
Interest on time sales and loans	$ 5,322	$ 4,239	$ 10,269	$ 8,511
Premiums earned by insurance businesses	1,923	1,747	3,758	3,550
Operating lease rentals	2,774	2,565	5,504	5,028
Investment income	1,132	1,128	2,540	2,254
Financing leases	1,013	1,068	2,023	2,139
Fees	935	787	1,803	1,651
Other income[(a)]	2,407	1,620	5,102	3,892
Total[(b)]	$ 15,506	$ 13,154	$ 30,999	$ 27,025

(a) Included the gain on Genworth Financial, Inc. (Genworth) secondary public offering and repurchase of $163 million for the six months ended June 30, 2005, and the loss on the Genworth initial public offering of $388 million for the three and six months ended June 30, 2004.

(b) Included $221 million and $557 million related to consolidated, liquidating securitization entities for the three months ended June 30, 2005 and 2004, respectively, and $728 million and $726 million for the six months ended June 30, 2005 and 2004, respectively. Of that total, the amount related to Australian Financial Investments Group (AFIG), a December 2004 acquisition, was $216 million and $373 million in the three and six months ended June 30, 2005, respectively.

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4. Financing receivables - net, consisted of the following.

(In millions)	At 6/30/05	At 12/31/04
Time sales and loans, net of deferred income	$ 214,359	$ 218,837
Investment in financing leases, net of deferred income	63,358	66,340
	277,717	285,177
Less allowance for losses	(5,010)	(5,589)
Financing receivables - net	$ 272,707	$ 279,588

Included in the above are the financing receivables of consolidated, liquidating securitization entities as follows:

(In millions)	At 6/30/05	At 12/31/04
Time sales and loans, net of deferred income	$ 18,059	$ 20,728
Investment in financing leases, net of deferred income	1,431	2,125
	19,490	22,853
Less allowance for losses	(5)	(5)
Financing receivables - net	$ 19,485	$ 22,848

5. Intangible assets - net, consisted of the following.

(In millions)	At 6/30/05	At 12/31/04
Goodwill	$ 22,624	$ 23,067
Present value of future profits (PVFP)	779	800
Capitalized software	674	658
Other intangibles	1,197	901
Total	$ 25,274	$ 25,426

Intangible assets were net of accumulated amortization of $6,107 million at June 30, 2005, and $9,581 million at December 31, 2004.

Changes in goodwill balances, net of accumulated amortization, follow.

	2005					
(In millions)	Commercial Finance	Consumer Finance	Equipment & Other Services	Insurance	Portion of goodwill not included in GECC	Total
Balance at January 1	$ 10,271	$ 9,860	$ 1,459	$ 3,826	$ (2,349)	$ 23,067
Acquisitions/purchase accounting adjustments	362	(122)	(3)	(49)	6	194
Currency exchange, dispositions and other	(142)	(426)	(43)	(221)	195	(637)
Balance at June 30	$ 10,491	$ 9,312	$ 1,413	$ 3,556	$ (2,148)	$ 22,624

(7)

The amount of goodwill related to new acquisitions recorded during the first six months of 2005 was $488 million, primarily related to acquisitions of the Transportation Financial Services Group of CitiCapital ($230 million) and the Inventory Finance division of Bombardier Capital ($171 million) by Commercial Finance. Upon closing an acquisition, we estimate the fair values of assets and liabilities acquired and consolidate the acquisition as quickly as possible. Given the time it takes to obtain pertinent information to finalize the acquired company's balance sheet (frequently with implications for the price of the acquisition), then to adjust the acquired company's accounting policies, procedures, books and records to our standards, it is often several quarters before we are able to finalize those initial fair value estimates. Accordingly, subsequent revisions to our initial estimates are not uncommon. During 2005, we decreased goodwill associated with previous acquisitions by $294 million; the largest such adjustment was associated with the December 2004, acquisition of Australian Financial Investments Group (AFIG) by Consumer Finance.

Intangible Assets Subject to Amortization

	At					
	6/30/05			12/31/04		
(In millions)	**Gross carrying amount**	**Accumulated amortization**	**Net**	**Gross carrying amount**	**Accumulated amortization**	**Net**
PVFP	$ 2,334	$ (1,555)	$ 779	$ 2,334	$ (1,534)	$ 800
Capitalized software	1,582	(908)	674	1,451	(793)	658
Patents, licenses and other	430	(250)	180	458	(241)	217
Acquired intangible assets and all other	1,661	(644)	1,017	4,713	(4,029)	684
Total	$ 6,007	$ (3,357)	$ 2,650	$ 8,956	$ (6,597)	$ 2,359

Amortization expense related to intangible assets subject to amortization for the quarters ended June 30, 2005 and 2004 was $147 million and $182 million, respectively. Amortization expense related to intangible assets subject to amortization for the six months ended June 30, 2005 and 2004, was $286 million and $342 million, respectively.

Changes in PVFP balances follow.

	Six months ended June 30	
(In millions)	**2005**	**2004**
Balance at January 1	$ 800	$ 1,259
Accrued interest[(a)]	21	29
Amortization	(60)	(82)
Other	18	(274)
Balance at June 30	$ 779	$ 932

(a) Interest was accrued at a rate of 6.4% and 6.8% for the six months ended June 30, 2005 and 2004, respectively.

Recoverability of PVFP is evaluated periodically by comparing the current estimate of the present value of expected future gross profits with the unamortized asset balance. If such comparison indicates that the expected gross profits will not be sufficient to recover PVFP, the difference is charged to expense. No such expense was recorded in the six months ended June 30, 2005 or 2004.

(8)

Amortization expense for PVFP in future periods will be affected by acquisitions, realized capital gains and losses or other factors affecting the ultimate amount of gross profits realized from certain lines of business. Similarly, future amortization expense for other intangibles will depend on acquisition activity and other business transactions.

The estimated percentage of the December 31, 2004, net PVFP balance to be amortized over each of the next five years follows.

2005	2006	2007	2008	2009
10.1%	10.5%	9.5%	8.2%	6.7%

6. Borrowings are summarized in the following table.

(In millions)	At 6/30/05	12/31/04
Short-term borrowings		
Commercial paper		
U.S.		
Unsecured	$ 55,258	$ 55,644
Asset-backed[(a)]	11,326	13,842
Non-U.S.	20,350	20,835
Current portion of long-term debt[(b)]	31,074	37,426
Other	17,318	20,045
Total	135,326	147,792
Long-term borrowings		
Senior notes		
Unsecured	187,698	178,517
Asset-backed[(c)]	8,442	10,939
Extendible notes[(d)]	14,206	14,258
Subordinated notes[(e)]	773	820
Total	211,119	204,534
Total borrowings	$ 346,445	$ 352,326

(a) Entirely obligations of consolidated, liquidating securitization entities. See note 8.

(b) Included short-term borrowings by consolidated, liquidating securitization entities of $829 million and $756 million at June 30, 2005, and December 31, 2004, respectively.

(c) Entirely obligations of consolidated, liquidating securitization entities as discussed in note 8. The amount related to AFIG, a December 2004 acquisition, was $7,911 million and $9,769 million at June 30, 2005, and December 31, 2004, respectively.

(d) Included obligations of consolidated, liquidating securitization entities in the amount of $223 million and $267 million at June 30, 2005, and December 31, 2004, respectively.

(e) At June 30, 2005, and December 31, 2004, $0.7 billion of subordinated notes, issued in 1991 and 1992, were guaranteed by General Electric Company.

(9)

7. A summary of increases (decreases) in shareowner's equity that did not result directly from transactions with the shareowner, net of income taxes, follows.

	Three months ended June 30		Six months ended June 30	
(In millions)	**2005**	**2004**	**2005**	**2004**
Net earnings	$ 2,126	$ 1,403	$ 4,203	$ 3,182
Investment securities - net changes in value	454	(3,025)	52	(1,589)
Currency translation adjustments - net	(2,255)	(171)	(2,022)	(253)
Cash flow hedges - net changes in value	(97)	516	321	525
Minimum pension liabilities - net	(5)	(6)	(11)	(7)
Total	$ 223	$ (1,283)	$ 2,543	$ 1,858

8. Securitized assets that are reported in our condensed financial statements are held by securitization-related special purpose entities that were consolidated in accordance with Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 46, *Consolidation of Variable Interest Entities*, as amended. Although we do not control these entities, we consolidated them because we provided a majority of their credit and liquidity support. A majority of these entities were established to issue securities backed by assets that were sold by us and by third parties. These entities differ from others included in our consolidated financial statements because the assets they hold are legally isolated and are unavailable to us under any circumstances. Repayment of their liabilities depends primarily on cash flows generated by their assets. Because we have ceased transferring assets to these entities, balances will decrease as the assets repay. We refer to these entities as "consolidated, liquidating securitization entities."

In December 2004, we acquired AFIG. Before the acquisition, AFIG had established entities to securitize residential real estate mortgages, its primary assets. These entities are required to be consolidated under U.S. generally accepted accounting principles. Similar to consolidated, liquidating securitization entities, no new assets have been transferred post acquisition, and we intend to run off these assets. Because these entities have characteristics similar to those we consolidated when we adopted FIN 46, they are included in the following disclosures about securitization entities.

The following table represents assets in securitization entities, both consolidated and off-balance sheet.

	At	
(In millions)	**6/30/05**	**12/31/04**
Receivables secured by:		
Equipment	$ 12,070	$ 13,673
Commercial real estate	12,851	14,123
Residential real estate - AFIG	7,804	9,094
Other assets	12,006	11,723
Credit card receivables	8,711	7,075
Total securitized assets	$ 53,442	$ 55,688

(10)

(In millions)	At 6/30/05		12/31/04
Off-balance sheet[(a)(b)]	$ 30,588		$ 28,950
On-balance sheet - AFIG	7,804		9,094
On-balance sheet - other[(c)]	15,050		17,644
Total securitized assets	$ 53,442		$ 55,688

(a) At June 30, 2005, and December 31, 2004, liquidity support amounted to $1,600 million and $2,100 million, respectively. These amounts are net of $2,700 million and $2,900 million, respectively, participated or deferred beyond one year. Credit support amounted to $4,400 million and $5,000 million at June 30, 2005, and December 31, 2004, respectively.

(b) Liabilities for recourse obligations related to off-balance sheet assets were $0.1 billion at both June 30, 2005, and December 31, 2004.

(c) At June 30, 2005, and December 31, 2004, liquidity support amounted to $12,100 million and $14,400 million, respectively. These amounts are net of $600 million and $1,200 million, respectively, participated or deferred beyond one year. Credit support amounted to $5,700 million and $6,900 million at June 30, 2005, and December 31, 2004, respectively.

The portfolio of financing receivables consisted of loans and financing lease receivables secured by equipment, commercial and residential real estate and other assets; and credit card receivables. Examples of these assets include loans and leases on manufacturing and transportation equipment, loans on commercial property, commercial loans, and balances of high credit quality accounts from sales of a broad range of products and services to a diversified customer base.

Assets in consolidated, liquidating securitization entities are shown in the following captions in the Condensed Statement of Financial Position.

(In millions)	At 6/30/05		12/31/04
Investment securities	$ 902		$ 1,147
Financing receivables - net (note 4)[(a)]	19,485		22,848
Other assets	2,187		2,408
Other, principally insurance receivables	280		335
Total	$ 22,854		$ 26,738

(a) Included $7,804 million and $9,094 million related to AFIG, a December 2004 acquisition, at June 30, 2005, and December 31, 2004, respectively.

9. In May 2004, we completed an initial public offering of Genworth Financial, Inc. (Genworth), our formerly wholly-owned subsidiary that conducts most of our consumer insurance business, including life and mortgage insurance operations. In March 2005, we completed a secondary public offering of 80.5 million shares of Class A Common Stock and, concurrently, Genworth repurchased directly from us approximately 19.4 million shares of Genworth Class B Common Stock. These 2005 transactions resulted in a pre-tax gain of $156 million ($86 million after tax) recognized in the Insurance segment and reduced our ownership of Genworth to 51.7%.

10. During the second quarter of 2005, General Electric Company (GE) announced plans to reorganize its 11 businesses into six industry-focused businesses: GE Infrastructure; GE Industrial; GE Commercial Financial Services; NBC Universal; GE Healthcare; and GE Consumer Finance - effective July 5. Results in this Form 10-Q are reported according to the business organization that was in effect during the periods presented. We expect to file a Form 8-K, in which we will present prior-period segment results on the new organizational basis, during the third quarter.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

A. Results of Operations

In the accompanying analysis of financial information, we sometimes use information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under U.S. Securities and Exchange Commission (SEC) rules; those rules require the supplemental explanations and reconciliations provided in Exhibit 99 to this report on Form 10-Q.

See the Segment Operations section on page 13 for a more detailed discussion of our businesses.

Restatement

As described in our Annual Report on Form 10-K/A for the year ended December 31, 2004, we restated certain financial statements and other information, including such statements and information for each of the quarters of 2004, with respect to our accounting for certain derivatives transactions not qualifying for accounting purposes as hedges.

Overview

Our second quarter 2005 results reflected the continued benefits of our ongoing strategies. Consumer Finance and Commercial Finance assets were up 12% in the second quarter of 2005 compared with the second quarter of 2004. Commercial Finance acquired the Transportation Financial Services Group of CitiCapital in the first quarter of 2005 and the Inventory Finance division of Bombardier Capital and ING's portion of Heller AG in the second quarter of 2005, contributing to this increase.

In March 2005, we completed transactions that resulted in an after-tax gain of $0.1 billion recognized in the Insurance segment and reduced our ownership of Genworth to 51.7%. At June 30, 2005, we held 243.2 million shares of Genworth's Class B Common Stock and our remaining investment was $5.8 billion. As we indicated in May 2005, we expect (subject to market conditions) to reduce our ownership in Genworth over the next two years as it transitions to full independence.

Revenues for the second quarter of 2005 were $16.2 billion, a $2.3 billion (16%) increase over the second quarter of 2004. Revenues included $0.8 billion and $0.1 billion of revenue from acquisitions and dispositions, respectively, for the second quarter of 2005. Revenues were reduced by $0.3 billion in the second quarter of 2004 for effects of certain derivatives transactions not qualifying for accounting purposes as hedges. Revenues also increased as a result of organic revenue growth and the weaker U.S. dollar. Organic revenue growth excludes the effects of acquisitions, dispositions and currency exchange rates, as well as the Insurance segment.

Revenues for the first six months of 2005 were $32.3 billion, a $4.0 billion (14%) increase over the first six months of 2004. Revenues included $1.8 billion and $0.3 billion of revenue from acquisitions for the first six months of 2005 and 2004, respectively, and $0.2 billion in 2005 from the effects of dispositions. Revenues were reduced by $0.1 billion for the first six months of 2005 for effects of certain derivatives transactions not qualifying for accounting purposes as hedges. Revenues also increased as a result of organic revenue growth and the weaker U.S. dollar.

Net earnings for the second quarter and first six months of 2005 were $2.1 billion and $4.2 billion, respectively, compared with $1.4 billion and $3.2 billion for the second quarter and first six months of 2004, respectively. All four businesses contributed at least double-digit improvements to earnings during the second quarter and first six months of 2005.

We integrate acquisitions as quickly as possible and only revenues and earnings from the date we complete the acquisition through the end of the fourth following quarter are attributed to such businesses.

Effects of the acquisitions and dispositions on comparisons of our operations follow.

	Three months ended June 30		Six months ended June 30	
(In billions)	**2005**	**2004**	**2005**	**2004**
Acquisitions				
Revenues	$ 0.8	$ 0.9	$ 1.8	$ 1.7
Net earnings	0.1	0.1	0.2	0.3
Dispositions				
Revenues	0.1	(0.8)	0.2	(1.7)
Net earnings	0.2	(0.1)	0.1	(0.3)

The provision for income taxes for the second quarter of 2005 (effective tax rate of 14.6%), compared with the second quarter of 2004 (effective tax rate of 10.8%) increased primarily because the 2004 rate was decreased by settlement of several issues with the U.S. Internal Revenue Service (IRS) and adjustment to our full-year estimated effective tax rate, in accordance with policy, to reflect the tax benefits associated with the 2004 disposition of Genworth shares. These increases were partially offset by growth in low-taxed earnings from global operations including the ongoing reorganization of our foreign aircraft leasing operations.

The provision for income taxes for the first half of 2005 (effective tax rate of 16.1%), compared with the first half of 2004 (effective tax rate of 17.4%) decreased primarily because of growth in low-taxed earnings from global operations including the ongoing reorganization of our foreign aircraft leasing operations. This decrease was partially offset by the decrease in rate in 2004 from settlement of several issues with the IRS and adjustment to our full-year estimated effective tax rate, in accordance with policy, to reflect the tax benefits associated with the 2004 disposition of Genworth shares.

Segment Operations

Revenues and segment net earnings for operating segments of General Electric Capital Services, Inc. (GECS), the sole owner of the common stock of GECC, are summarized and discussed below with a reconciliation to the GECC-only results, for the second quarters ended June 30, 2005 and 2004. The most significant component of these reconciliations is the exclusion from the Insurance segment at the GECC level of the results of GE Insurance Solutions Corporation (GE Insurance Solutions), which is not a subsidiary of GECC but is a direct subsidiary of GECS. We have reclassified certain prior-period amounts to conform to the current period's presentation.

Segment net earnings is determined based on internal performance measures used by the Chief Executive Officer to assess the performance of each business in a given period. In connection with that assessment, the Chief Executive Officer may exclude matters such as charges for restructuring; rationalization and other similar expenses; certain acquisition-related charges; certain gains and losses from dispositions; and litigation settlements or other charges, responsibility for which preceded the current management team.

We simplified our organization on July 5, 2005, by realigning certain businesses within our segment structure into industry-focused groups. We expect to file a Form 8-K, in which we will present prior-period segment results on the new organizational basis, during the third quarter.

Consolidated

(In millions)	Three months ended June 30 2005	2004	Six months ended June 30 2005	2004
Revenues				
Commercial Finance	$ 6,068	$ 5,732	$ 12,108	$ 11,123
Consumer Finance	4,928	3,830	9,617	7,419
Equipment & Other Services	1,975	1,763	3,894	4,015
Insurance	6,007	5,554	12,340	11,507
Total revenues	18,978	16,879	37,959	34,064
Less portion of revenues not included in GECC	(2,808)	(2,997)	(5,622)	(5,735)
Total revenues in GECC	$ 16,170	$ 13,882	$ 32,337	$ 28,329
Net earnings				
Commercial Finance	$ 1,215	$ 975	$ 2,366	$ 1,930
Consumer Finance	735	600	1,470	1,202
Equipment & Other Services	65	(105)	64	(101)
Insurance	284	53	667	463
Total net earnings	2,299	1,523	4,567	3,494
Less portion of net earnings not included in GECC	(173)	(120)	(364)	(312)
Total net earnings in GECC	$ 2,126	$ 1,403	$ 4,203	$ 3,182

Commercial Finance

(In millions)	Three months ended June 30 2005	2004	Six months ended June 30 2005	2004
Revenues	$ 6,068	$ 5,732	$ 12,108	$ 11,123
Less portion of Commercial Finance not included in GECC	(133)	(105)	(279)	(188)
Total revenues in GECC	$ 5,935	$ 5,627	$ 11,829	$ 10,935
Net revenues				
Total revenues	$ 5,935	$ 5,627	$ 11,829	$ 10,935
Interest expense	1,846	1,431	3,602	2,811
Total net revenues	$ 4,089	$ 4,196	$ 8,227	$ 8,124
Net earnings	$ 1,215	$ 975	$ 2,366	$ 1,930
Less portion of Commercial Finance not included in GECC	(63)	(38)	(137)	(63)
Total net earnings in GECC	$ 1,152	$ 937	$ 2,229	$ 1,867

(In millions)	At 6/30/05	6/30/04	12/31/04
Total assets	$ 232,913	$ 223,154	$ 232,123
Less portion of Commercial Finance not included in GECC	(615)	238	288
Total assets in GECC	$ 232,298	$ 223,392	$ 232,411

(14)

(In millions)		Three months ended June 30 2005		2004		Six months ended June 30 2005		2004
Real Estate[a]								
Revenues in GECS	$	613	$	598	$	1,376	$	1,201
Net earnings in GECS	$	210	$	215	$	492	$	445
Aviation Services[a]								
Revenues in GECS	$	819	$	777	$	1,636	$	1,492
Net earnings in GECS	$	185	$	133	$	348	$	277

(In millions)		At 6/30/05		6/30/04		12/31/04
Real Estate[a]						
Total assets in GECS	$	30,397	$	31,416	$	33,497
Aviation Services[a]						
Total assets in GECS	$	37,911	$	35,668	$	37,384

(a) We provide additional information on two of our segment product lines, Real Estate (commercial real estate financing) and Aviation Services (commercial aircraft financing). Each of these product lines finances a single form of collateral, and each has particular discrete concentrations of risk and opportunities.

Commercial Finance revenues and net earnings increased 6% and 25%, respectively, compared with the second quarter of 2004. Revenues for the second quarter of 2005 included $0.1 billion from acquisitions and were reduced by $0.1 billion as a result of dispositions. Revenues also increased $0.3 billion compared with the second quarter of 2004 as a result of organic revenue growth ($0.2 billion) and the weaker U.S. dollar ($0.1 billion). The increase in net earnings resulted primarily from core growth ($0.2 billion) with growth in lower taxed earnings from global operations, including the ongoing reorganization of our foreign aircraft leasing operations.

Commercial Finance revenues and net earnings increased 9% and 23%, respectively, compared with the first six months of 2004. Revenues for the first six months of 2005 and 2004 included $0.7 billion and $0.3 billion from acquisitions, respectively. Revenues for the first six months of 2005 were reduced by $0.1 billion as a result of dispositions. First half revenues also increased $0.7 billion as a result of organic revenue growth ($0.5 billion) and the weaker U.S. dollar ($0.2 billion). The increase in net earnings resulted primarily from core growth ($0.3 billion) with growth in lower taxed earnings from global operations, including the ongoing reorganization of our foreign aircraft leasing operations, and acquisitions ($0.1 billion).

The most significant acquisitions affecting Commercial Finance results in 2005 were the Transportation Financial Services Group of CitiCapital, acquired during the first quarter of 2005; the U.S. leasing business of IKON Office Solutions, acquired during the second quarter of 2004; and the commercial lending business of Transamerica Finance Corporation, and Sophia S.A., both acquired during the first quarter of 2004.

Consumer Finance

(In millions)	Three months ended June 30 2005	2004	Six months ended June 30 2005	2004
Revenues	$ 4,928	$ 3,830	$ 9,617	$ 7,419
Less portion of Consumer Finance not included in GECC	-	-	-	(9)
Total revenues in GECC	$ 4,928	$ 3,830	$ 9,617	$ 7,410
Net revenues				
Total revenues	$ 4,928	$ 3,830	$ 9,617	$ 7,410
Interest expense	1,409	844	2,687	1,613
Total net revenues	$ 3,519	$ 2,986	$ 6,930	$ 5,797
Net earnings	$ 735	$ 600	$ 1,470	$ 1,202
Less portion of Consumer Finance not included in GECC	(2)	3	(6)	(12)
Total net earnings in GECC	$ 733	$ 603	$ 1,464	$ 1,190

(In millions)	At 6/30/05	6/30/04	12/31/04
Total assets	$ 149,568	$ 116,851	$ 151,255
Less portion of Consumer Finance not included in GECC	4	(710)	(724)
Total assets in GECC	$ 149,572	$ 116,141	$ 150,531

Consumer Finance revenues and net earnings increased 29% and 23%, respectively, compared with the second quarter of 2004. Revenues for the second quarter of 2005 included $0.6 billion from acquisitions. Revenues also increased $0.5 billion compared with the second quarter of 2004 as a result of organic revenue growth ($0.4 billion) and the weaker U.S. dollar ($0.1 billion). The increase in net earnings resulted primarily from core growth ($0.1 billion).

Consumer Finance revenues and net earnings increased 30% and 22%, respectively, compared with the first six months of 2004. First half revenues included $1.1 billion from acquisitions. Revenues also increased $1.1 billion as a result of organic revenue growth ($0.9 billion) and the weaker U.S. dollar ($0.2 billion). The increase in net earnings resulted primarily from core growth ($0.3 billion), including growth in lower taxed earnings from global operations, and acquisitions ($0.1 billion), partially offset by increased costs to launch new products and promote brand awareness ($0.1 billion).

The most significant acquisitions affecting Consumer Finance results in 2005 were 2004 acquisitions. In the fourth quarter of 2004, we acquired Australian Financial Investments Group (AFIG), a residential mortgage lender in Australia; the private-label credit card portfolio of Dillard's Inc.; and the strategic joint venture with Hyundai Capital Services, Korea's leading consumer finance company. In the second quarter of 2004, we acquired WMC Finance Co. (WMC), a U.S. wholesale mortgage lender.

Equipment & Other Services

	Three months ended June 30		Six months ended June 30	
(In millions)	**2005**	**2004**	**2005**	**2004**
Revenues	$ 1,975	$ 1,763	$ 3,894	$ 4,015
Less portion of Equipment & Other Services not included in GECC	140	172	284	365
Total revenues in GECC	$ 2,115	$ 1,935	$ 4,178	$ 4,380
Net earnings	$ 65	$ (105)	$ 64	$ (101)
Less portion of Equipment & Other Services not included in GECC	76	36	106	55
Total net earnings in GECC	$ 141	$ (69)	$ 170	$ (46)

Equipment & Other Services second quarter revenues and net earnings each increased $0.2 billion. Revenues increased for effects of certain derivatives transactions not qualifying for accounting purposes as hedges ($0.3 billion), partially offset by the 2004 disposition of IT Solutions ($0.1 billion). The increase in net earnings resulted primarily from effects of certain derivatives transactions not qualifying for accounting purposes as hedges in 2004 ($0.2 billion).

Equipment & Others Services revenues decreased $0.1 billion and net earnings increased $0.2 billion compared with the first six months of 2004. First half revenues were reduced by $0.2 billion as a result of the 2004 IT Solutions disposition, and $0.1 billion resulting from the effects of certain derivatives transactions not qualifying for accounting purposes as hedges, partially offset by organic revenue growth resulting from improved operating performance at Equipment Services ($0.2 billion) and improved investment returns at GE Equity ($0.1 billion). The increase in net earnings resulted primarily from improved operating performance at Equipment Services ($0.1 billion) and improved investment returns at GE Equity ($0.1 billion).

Insurance

	Three months ended June 30		Six months ended June 30	
(In millions)	**2005**	**2004**	**2005**	**2004**
Revenues	$ 6,007	$ 5,554	$ 12,340	$ 11,507
Less portion of Insurance not included in GECC	(2,815)	(3,064)	(5,627)	(5,903)
Total revenues in GECC	$ 3,192	$ 2,490	$ 6,713	$ 5,604
Net earnings	$ 284	$ 53	$ 667	$ 463
Less portion of Insurance not included in GECC	(184)	(121)	(327)	(292)
Total net earnings in GECC	$ 100	$ (68)	$ 340	$ 171
GE Insurance Solutions				
Revenues in GECS	$ 2,334	$ 2,666	$ 4,674	$ 5,313
Net earnings in GECS	$ 196	$ 142	$ 347	$ 282

Insurance revenues and net earnings in the second quarter of 2005 increased $0.5 billion and $0.2 billion, respectively, compared with the second quarter of 2004. The increase in revenues resulted primarily from the 2004 effects of the Genworth initial public offering ($0.4 billion), higher investment income ($0.2 billion), the weaker U.S. dollar ($0.1 billion) and the gain on the sale of Medical Protective Corporation ($0.1 billion). These increases were partially offset by net declines in volume resulting from the strategic exit of certain business channels, primarily at GE Insurance Solutions ($0.3 billion). The increase in net earnings resulted primarily from the after-tax effects of the Genworth public offerings ($0.2 billion) and the gain on sale the of Medical Protective Corporation ($0.1 billion).

Insurance revenues and net earnings in the first half of 2005 increased $0.8 billion and $0.2 billion, respectively, compared with the 2004 period. The increase in revenues resulted primarily from higher investment income ($0.7 billion), the effects of the Genworth public offerings ($0.6 billion) and the weaker U.S. dollar ($0.3 billion). These increases were partially offset by net declines in volume resulting from the strategic exit of certain business channels, primarily at GE Insurance Solutions ($0.7 billion). The increase in net earnings resulted primarily from the after-tax effects of the Genworth public offerings ($0.1 billion) and the gain on the sale of Medical Protective Corporation ($0.1 billion).

B. Statement of Financial Position

Overview of Financial Position

Major changes in our financial position during 2005 resulted from the following.

- During 2005, we completed acquisitions of the Transportation Financial Services Group of CitiCapital; the Inventory Finance division of Bombardier Capital; and ING’s portion of Heller AG.

- Minority interest in equity of consolidated affiliates increased during 2005, primarily because of our sale of an additional 18.4% of the common shares of Genworth.

- The U.S. dollar was slightly stronger at June 30, 2005, than it was at December 31, 2004, slightly reducing the translated levels of our non-U.S. dollar assets and liabilities. However, on average, the U.S. dollar in 2005 has been weaker than during the comparable 2004 period, resulting in increases in reported levels of non-U.S. dollar operations as noted in Item 2. Management’s Discussion and Analysis of Results of Operations and Financial Condition.

Investment securities comprise mainly available-for-sale investment-grade debt securities held by Insurance in support of obligations to annuitants and policyholders, and debt and equity securities designated as trading and associated with certain non-U.S. contractholders who generally retain the related risks and rewards. Investment securities were $85.5 billion at June 30, 2005, compared with $86.9 billion at December 31, 2004. The decrease of $1.4 billion was primarily the net result of dispositions, investing premiums received and reinvesting investment income, and the effects of the strengthening U.S. dollar at the end of the second quarter of 2005, partially offset by an increase in the estimated fair value of debt securities as interest rates declined.

We regularly review investment securities for impairment based on criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to recovery and the financial health and specific prospects for the issuer. Of available-for-sale securities with unrealized losses at June 30, 2005, an insignificant amount was at risk of being charged to earnings in the next 12 months.

Impairment losses for the first six months of both 2005 and 2004 totaled $0.1 billion. We recognized impairments in both periods for issuers in a variety of industries; we do not believe that any of the impairments indicate likely future impairments in the remaining portfolio.

Gross unrealized gains and losses were $3.4 billion and $0.5 billion, respectively, at June 30, 2005, compared with $2.9 billion and $0.6 billion, respectively, at December 31, 2004, primarily reflecting an increase in the estimated fair value of debt securities as interest rates declined. At June 30, 2005, available accounting gains could be as much as $1.6 billion, net of consequential adjustments to certain insurance assets that are amortized based on anticipated gross profits. The market values we used in determining unrealized gains and losses are those defined by relevant accounting standards and should not be viewed as a forecast of future gains or losses.

At June 30, 2005, unrealized losses with a duration of 12 months or more related to investment securities collateralized by commercial aircraft were $0.3 billion. The aggregate amortized cost of these available-for-sale securities was $1.7 billion. We believe that our securities, which are current on all payment terms, were in an unrealized loss position because of ongoing negative market reaction to difficulties in the commercial airline industry. For these securities, we do not anticipate changes in the timing and amount of estimated cash flows, and expect full recovery of our amortized cost. Further, should our cash flow expectations prove to be incorrect, the current aggregate market values of aircraft collateral, based on information from independent appraisers, exceeded totals of both the market values and the amortized cost of our securities at June 30, 2005. See additional discussion of our positions in the commercial aviation industry under “C. Additional Considerations.”

Financing receivables is our largest category of assets and represents one of our primary sources of revenues. The portfolio of financing receivables, before allowance for losses, was $277.7 billion at June 30, 2005, and $285.2 billion at December 31, 2004. The related allowance for losses at June 30, 2005, amounted to $5.0 billion compared with $5.6 billion at December 31, 2004, representing our best estimate of probable losses inherent in the portfolio.

A discussion of the quality of certain elements of the financing receivables portfolio follows. For purposes of that discussion, “delinquent” receivables are those that are 30 days or more past due; “nonearning” receivables are those that are 90 days or more past due or for which collection has otherwise become doubtful; and “reduced-earning” receivables are commercial receivables whose terms have been restructured to a below-market yield.

Commercial Finance financing receivables, before allowance for losses, totaled $141.0 billion at June 30, 2005, compared with $142.3 billion at December 31, 2004, and consisted of loans and leases to the equipment, commercial and industrial, real estate and commercial aircraft industries. This portfolio of receivables decreased primarily from securitizations and sales ($18.4 billion) and the effects of the strengthening U.S. dollar at the end of the second quarter of 2005 ($2.4 billion). The decreases were partially offset by core growth ($14.1 billion) and acquisitions ($8.6 billion). Related nonearning and reduced-earning receivables were $1.6 billion (1.1% of outstanding receivables) at both June 30, 2005 and year-end 2004. Commercial Finance financing receivables are generally backed by assets and there is a broad spread of geographic and credit risk in the portfolio.

Consumer Finance financing receivables, before allowance for losses, were $123.8 billion at June 30, 2005, compared with $127.8 billion at December 31, 2004, and consisted primarily of card receivables, installment loans, auto loans and leases, and residential mortgages. This portfolio of receivables decreased primarily as a result of the effects of the strengthening U.S. dollar at the end of the second quarter of 2005 ($6.2 billion) and securitization activity ($0.6 billion), partially offset by core growth ($2.8 billion). Nonearning consumer receivables were $2.7 billion at June 30, 2005 compared with $2.5 billion at December 31, 2004 representing 2.1% and 2.0% of outstanding receivables, respectively. The increase was primarily related to higher nonearning receivables in our European secured financing business, a business that tends to experience relatively higher delinquencies but lower losses than the rest of our consumer portfolio. This increase was partially offset by the continued improvement in the U.S. economy.

Equipment & Other Services financing receivables, before allowance for losses, amounted to $12.9 billion and $15.1 billion at June 30, 2005, and December 31, 2004, respectively, and consisted primarily of financing receivables in consolidated, liquidating securitization entities. This portfolio of receivables decreased because we have stopped transferring assets to these entities. Nonearning receivables were $0.2 billion (1.2% of outstanding receivables) at both June 30, 2005 and December 31, 2004.

Delinquency rates on managed Commercial Finance equipment loans and leases and managed Consumer Finance financing receivables follow.

	Delinquency rates at		
	6/30/05[(a)]	**12/31/04**	**6/30/04**
Commercial Finance	1.31%	1.40%	1.62%
Consumer Finance	5.15	4.85	5.65

(a) Subject to update.

Delinquency rates at Commercial Finance decreased from December 31, 2004, and June 30, 2004, to June 30, 2005, primarily resulting from improved collection efforts across all portfolios.

Delinquency rates at Consumer Finance increased from December 31, 2004 to June 30, 2005, as a result of higher delinquencies in our European secured financing business, a business that tends to experience relatively higher delinquencies but lower losses than the rest of our consumer portfolio. This increase was partially offset by the continued improvement in the U.S. economy. The decrease from June 30, 2004 to June 30, 2005, reflected the results of the standardization of our write-off policy and the acquisition of AFIG, a residential mortgage lender in Australia, partially offset by higher delinquencies in our European secured financing business.

C. Additional Considerations

Commercial Aviation

Commercial aviation is an industry in which we have a significant ongoing interest. Although several customers in this industry are operating under bankruptcy protection, various Boeing and Airbus aircraft secure substantially all of our related financial exposure. At June 30, 2005, our largest bankruptcy exposures were to US Airways, $2.5 billion, and UAL Corp., $1.4 billion. For the first six months of 2005, we recognized impairment charges and provisions amounting to $0.3 billion, the largest of which related to US Airways. Comparable 2004 year-to-date charges and provisions amounted to $0.1 billion. Demand in the global aviation markets has been strong and we continue to be confident in the global industry's prospects.

On May 19, 2005, US Airways and America West Holdings Corporation (America West), the parent of America West Airlines, Inc., announced a merger agreement subject to approval by various parties, including certain shareholders, creditors and regulators. Upon completion of that merger, we have agreed to remove aircraft from the combined US Airways/America West fleet on a scheduled basis and to restructure a number of lease agreements, reducing our combined exposure to the merged airline from about $3.5 billion at June 30, 2005, to about $2.5 billion. Subject to future market conditions, we believe that we will be able to redeploy the aircraft that we remove.

D. Debt Instruments

During the first six months of 2005, GECC and GECC affiliates issued $40 billion of senior, unsecured long-term debt. This debt was both fixed and floating rate and was issued to institutional and retail investors in the U.S. and 12 other global markets. Maturities for these issuances ranged from two to 30 years. We used the proceeds primarily for repayment of maturing long-term debt, but also to fund acquisitions and asset growth. We anticipate that we will issue between $15 billion and $20 billion of additional long-term debt during the remainder of 2005, although the ultimate amount we issue will depend on our needs and on the markets.

Following is the composition of our debt obligations, excluding debt of consolidated, liquidating securitization entities such as asset-backed debt obligations.

	At	
	6/30/05	**12/31/04**
Senior notes and other long-term debt	62%	59%
Commercial paper	23	24
Current portion of long-term debt	9	11
Other - bank and other retail deposits	6	6
Total	100%	100%

Item 4. Controls and Procedures

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated our disclosure controls and procedures and internal control over financial reporting and concluded that our disclosure controls and procedures were effective as of June 30, 2005.

Other than the remedial actions taken to address the material weakness in our internal control over financial reporting with respect to accounting for certain derivatives transactions, no change in internal control over financial reporting occurred during the quarter ended June 30, 2005 that materially affected, or is reasonably likely to materially affect, such internal control over financial reporting. Such actions were disclosed in the Form 10-Q for the quarter ended March 31, 2005 and included:

· improving training, education and accounting reviews designed to ensure that all relevant personnel involved in derivatives transactions understand and apply hedge accounting in compliance with Statement of Financial Accounting Standards (SFAS) 133, *Accounting for Derivative Instruments and Hedging Activities,* as amended and

· retesting our internal financial controls with respect to the types of hedging transactions affected by the restatement to ensure compliance with SFAS 133.

Part II. Other Information

Item 1. Legal Proceedings

On June 14, 2005, GE received a subpoena from the U.S. Attorney's Office for the Southern District of New York seeking documents relating to finite risk insurance. The subpoena is general in nature. As previously reported, GE Insurance Solutions, one of GE's businesses, received a similar subpoena from the Northeast Regional Office of the Securities & Exchange Commission (SEC) on April 29, 2005. We will cooperate fully with the SEC and the U.S. Attorney's Office.

Item 6. Exhibits

Exhibit 4 (a)	Subordinated Debt Indenture dated as of July 1, 2005, between General Electric Capital Corporation and JP Morgan Chase Bank, N.A., as trustee.
Exhibit 4 (b)	Amended and Restated Subordinated Debt Indenture dated as of July 15, 2005, between General Electric Capital Corporation and JP Morgan Chase Bank, N.A., as trustee.
Exhibit 12	Computation of Ratio of Earnings to Fixed Charges and Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.
Exhibit 31(a)	Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Amended.
Exhibit 31(b)	Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Amended.
Exhibit 32	Certification Pursuant to 18 U.S.C. Section 1350.
Exhibit 99	Financial Measures that Supplement Generally Accepted Accounting Principles.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

General Electric Capital Corporation

(Registrant)

July 29, 2005	/s/ Philip D. Ameen
Date	Philip D. Ameen
	Senior Vice President and Controller
	Duly Authorized Officer and Principal Accounting Officer