

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

CITY OF BROCKTON  
CONTRIBUTORY RETIREMENT  
SYSTEM, Individually and  
On Behalf of All Others Similarly Situated,

Plaintiff,

v.

GENERAL ELECTRIC CO., JEFFREY R.  
IMMELT, KEITH SHERIN, BRACKETT  
B. DENNISTON, PAMELA DALEY,  
KATHRYN A. CASSIDY, JAMIE S.  
MILLER, JOHN KRENICKI JR., JOHN F.  
LYNCH, JOHN G. RICE, MICHAEL  
NEAL, JAMES I. CASH, JR., WILLIAM  
M. CASTELL, ANN M. FUDGE,  
CLAUDIO X. GONZALEZ, ANDREA  
JUNG, ALAN G. LAFLEY, ROBERT W.  
LANE, RALPH S. LARSEN, ROCHELLE  
B. LAZARUS, SAM NUNN, ROGER S.  
PENSKE, ROBERT J. SWIERINGA,  
ROBERT C. WRIGHT, DOUGLAS A.  
WARNER III, GOLDMAN SACHS & Co.,  
BANC OF AMERICA SECURITIES LLC,  
CITIGROUP GLOBAL MARKETS INC.,  
DEUTSCHE BANK SECURITIES INC.,  
J.P. MORGAN SECURITIES INC.,  
MORGAN STANLEY INC., BARCLAYS  
CAPITAL INC., CREDIT SUISSE  
SECURITIES (USA) LLC, UBS  
SECURITIES LLC, ABN AMRO INC.,  
BANCA IMI S.p.A., BNP PARIBAS  
SECURITIES CORP., DAIWA  
SECURITIES AMERICA INC., HSBC  
SECURITIES (USA) INC., ING  
FINANCIAL MARKETS LLC, LLOYDS  
TSB BANK PLC, MERRILL LYNCH,  
PIERCE FENNER & SMITH INC.,

Civil Action No.

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF FEDERAL  
SECURITIES LAW**

**JURY TRIAL DEMANDED**

MITSUBISHI UFJ SECURITIES  
INTERNATIONAL plc, MIZUHO  
SECURITIES USA INC., SANTANDER  
INVESTMENT SECURITIES INC., SG  
AMERICAS SECURITIES, LLC,  
BLAYLOCK ROBERT VAN LLC,  
CASTLEOAK SECURITIES L.P.,  
SAMUEL A. RAMIREZ & CO. INC.,  
UTENDAHL CAPITAL GROUP, L.L.C.  
and THE WILLIAMS CAPITAL GROUP,  
L.P.

Defendants.

### **INTRODUCTION**

Plaintiff, the City of Brockton Contributory Retirement System (“Brockton” or “Plaintiff”), by its undersigned attorneys, alleges upon personal knowledge as to it and its own acts, and upon information and belief as to all other matters, based on the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements issued by General Electric Co. (“GE” or the “Company”), wire and press releases published by and regarding the Company, securities analysts’ reports and advisories about the Company, and information readily obtainable on the internet.

### **NATURE OF THE ACTION**

1. This is a class action brought on behalf of: (1) purchasers of GE’s common stock from September 25, 2008 through and including March 19, 2009 (“Class Period”) for violations of the Securities Exchange Act of 1934 (“Exchange Act”); and (2) purchasers in GE’s public offering, commencing on October 1, 2008 and ending on October 7, 2008, of \$12 billion in common stock (the “October Offering”).

2. GE operates as a technology, media, and financial services company worldwide. The Company produces a variety of items, from aircraft engines to medical imaging equipment. GE is based in Fairfield, Connecticut, and is incorporated in New York. GE also has a massive financial services segment, called General Electric Capital Services (“GE Capital”). GE Capital operates in commercial finance, consumer finance, leasing and real estate services, and is GE’s largest segment. GE Capital is incorporated in Delaware.

3. During the Class Period, Defendants forecasted \$5 billion in earnings for GE Capital in 2009, while concealing that GE Capital’s operating structure and risk exposure were such that it was highly unlikely to be able produce such earnings. Defendants further misled investors as to the size of potential losses at GE Capital. Investors, fearful of a potential black hole of losses and asset write-downs, have backed away from GE stock. In addition, Defendants falsely stated that GE would maintain its quarterly \$0.31 per share dividend, while concealing that the Company did not have sufficient cash on hand and cash flow to achieve that goal. As a result, GE’s stock price has plunged: from close to \$26 per share on September 25, 2008 to less than \$10 per share on March 12, 2009.

4. As a result of Defendants’ misleading statements, Plaintiff and other members of the Class have suffered significant damages.

5. The claims on behalf of purchasers in the October Offering arise under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 (the “Securities Act”) and, pursuant to that statute, require no allegations of fraudulent intent by the Company’s officers, directors or underwriters named thereunder. Those claims are set forth first

below, and do not sound in fraud. The claims on behalf of purchasers of GE shares on the open market arise under Sections 10(b) and 20(a) of the Exchange Act. To assist the Court in distinguishing the allegations of fraud that underlie the Exchange Act claims, those allegations are set forth separately below following the Securities Act claims.

### **JURISDICTION AND VENUE**

6. The claims alleged herein arise under Sections 11, 12(a)(2) and 15 of the Securities Act, 15 U.S.C. §§ 77k, 77l(a)(2) and 77o, and Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78t(a), and the rules and regulations of the Securities and Exchange Commission (“SEC”) promulgated thereunder, including Rule 10b-5, 17 C.F.R. § 240.10b-5.

7. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337 and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

8. Venue is proper in this District pursuant to Section 27 of the Exchange Act, and 28 U.S.C. § 1391(b).

9. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities markets.

### **PARTIES**

10. Plaintiff, Brockton, purchased GE common stock at artificially inflated prices during the Class Period, as set forth in the accompanying certification, which is incorporated by reference herein, and has been damaged thereby.

11. Defendant GE is a corporation with its principal place of business in Fairfield, Connecticut. GE operates as a technology, media, and financial services company worldwide. The Company produces a variety of items, from aircraft engines to medical imaging equipment, and is incorporated in New York. GE has a massive financial services arm, GE Capital, which operates in commercial finance, consumer finance, leasing and real estate services. GE Capital is incorporated in Delaware. GE is owned by its shareholders, and its common stock is listed and publicly traded on the New York Stock Exchange (“NYSE”) under the ticker symbol “GE.” GE is also the Registrant for the October Offering.

12. Defendant Jeffrey Immelt (“Immelt”) served as the Company’s Chairman and Chief Executive Officer (“CEO”) at all relevant times hereto. The October Offering was made pursuant to a shelf registration statement on Form S-3 filed on December 5, 2005, Registration Statement No. 333-130117 (the “Shelf Registration”). Immelt signed the Shelf Registration. Further, pursuant to the October Offering, GE entered into an October 2, 2008 Underwriting Agreement. The Underwriting Agreement specifies that, as a condition of each Underwriter’s obligation to purchase GE shares, the Underwriters received letters signed on behalf of each director and executive officer of the Company.<sup>1</sup> As a director and officer of the Company, a letter signed on Immelt’s behalf was sent to the Underwriters.<sup>2</sup> Further, Immelt is quoted in a press release filed as part of the Free

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<sup>1</sup> The letters specified that each of the undersigned directors and officers would not trade or transfer any GE common stock during the period from the start of the October Offering to thirty days after the Offering closed.

<sup>2</sup> The Underwriting Agreement for the October Offering is referenced in the October 2, 2008 Prospectus for the October Offering (“Prospectus”). The Prospectus states that “[GE] and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co. is the representative of the underwriters.”

Writing Prospectus (the “FWP”) filed on October 1, 2008 in connection with the October Offering.

13. Defendant Keith Sherin served as the Company’s Vice Chairman and Chief Financial Officer at all relevant times hereto. Sherin signed the Shelf Registration and the Underwriting Agreement. Further, as an officer of the Company, a letter signed on Sherin’s behalf was sent to the Underwriters.

14. Defendant Brackett B. Denniston III (“Denniston”) served as the Company’s Senior Vice President and General Counsel at all relevant times hereto. As an officer of the Company, a letter signed on Denniston’s behalf was sent to the Underwriters.

15. Defendant Pamela Daley (“Daley”) served as the Company’s Senior Vice President at all relevant times hereto. As an officer of the Company, a letter signed on Daley’s behalf was sent to the Underwriters.

16. Defendant Kathryn A. Cassidy (“Cassidy”) served as the Company’s Senior Vice President and Treasurer at all relevant times hereto. As an officer of the Company, a letter signed on Cassidy’s behalf was sent to the Underwriters.

17. Defendant Jamie S. Miller (“Miller”) served as the Company’s Senior Vice President and Controller at all relevant times hereto. Miller signed the Form 8-K pursuant to which the Underwriting Agreement for the October Offering was filed. Further, as an officer of the Company, a letter signed on Miller’s behalf was sent to the Underwriters.

18. Defendant John Kreniciki, Jr. (“Krenicki”) served as the Company’s Senior Vice President at all relevant times hereto. As an officer of the Company, a letter signed on Krenicki’s behalf was sent to the Underwriters.

19. Defendant John F. Lynch (“Lynch”) served as the Company’s Senior Vice President at all relevant times hereto. As an officer of the Company, a letter signed on Lynch’s behalf was sent to the Underwriters.

20. Defendant John G. Rice (“Rice”) served as the Company’s Vice Chairman at all relevant times hereto. As an officer of the Company, a letter signed on Rice’s behalf was sent to the Underwriters.

21. Defendant Michael Neal (“Neal”) served as the Company’s Vice Chairman and as Chairman and CEO of GE Capital at all relevant times hereto. As an officer of the Company, a letter signed on Neal’s behalf was sent to the Underwriters.

22. Defendants Immelt, Sherin, Denniston, Daley, Cassidy, Miller, Krenicki, Lynch, Rice and Neal are collectively referred to herein as the “Officer Defendants.”

23. Defendant James I. Cash, Jr. (“Cash”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Cash’s behalf was sent to the Underwriters.

24. Defendant William M. Castell (“Castell”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Castell’s behalf was sent to the Underwriters.

25. Defendant Ann M. Fudge (“Fudge”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Fudge’s behalf was sent to the Underwriters.

26. Defendant Claudio X. Gonzalez (“Gonzalez”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Gonzalez’s behalf was sent to the Underwriters.

27. Defendant Andrea Jung (“Jung”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Jung’s behalf was sent to the Underwriters.

28. Defendant Alan G. Lafley (“Lafley”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Lafley’s behalf was sent to the Underwriters.

29. Defendant Robert W. Lane (“Lane”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Lane’s behalf was sent to the Underwriters.

30. Defendant Ralph S. Larsen (“Larsen”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Larsen’s behalf was sent to the Underwriters.

31. Defendant Rochelle B. Lazarus (“Lazarus”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Lazarus’s behalf was sent to the Underwriters.

32. Defendant Sam Nunn (“Nunn”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Nunn’s behalf was sent to the Underwriters.

33. Defendant Roger S. Penske (“Penske”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Penske’s behalf was sent to the Underwriters.

34. Defendant Robert J. Swieringa (“Swieringa”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Swieringa’s behalf was sent to the Underwriters.

35. Defendant Robert C. Wright (“Wright”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Wright’s behalf was sent to the Underwriters.

36. Defendant Douglas A. Warner, III (“Warner”) served as a director of the Company at all relevant times hereto, and signed the Shelf Registration. As a director of the Company, a letter signed on Warner’s behalf was sent to the Underwriters.

37. Defendants Cash, Castell, Fudge, Gonzaelz, Jung, Lafley, Lane, Larsen, Lazarus, Nunn, Penske, Swieringa, Wright and Warner are collectively referred to as the “Director Defendants”.

38. Defendant Goldman, Sachs & Co. was an underwriter of the October Offering and served as the representative of all of the underwriters pursuant to the October Offering.

39. Defendant Banc of America Securities LLC was an underwriter of the October Offering.

40. Defendant Citigroup Global Markets Inc. was an underwriter of the October Offering.

41. Defendant Deutsche Bank Securities Inc. was an underwriter of the October Offering.
42. Defendant J.P. Morgan Securities Inc. was an underwriter of the October Offering.
43. Defendant Morgan Stanley & Co. Inc. was an underwriter of the October Offering.
44. Defendant Barclays Capital Inc. was an underwriter of the October Offering.
45. Defendant Credit Suisse Securities (USA) LLC was an underwriter of the October Offering.
46. Defendant UBS Securities LLC was an underwriter of the October Offering.
47. Defendant ABN AMRO Inc. was an underwriter of the October Offering.
48. Defendant Banca IMI S.p.A. was an underwriter of the October Offering.
49. Defendant BNP Paribas Securities Corp. was an underwriter of the October Offering.
50. Defendant Daiwa Securities America Inc. was an underwriter of the October Offering.
51. Defendant HSBC Securities (USA) Inc. was an underwriter of the October Offering.
52. Defendant ING Financial Markets LLC was an underwriter of the October Offering.

53. Defendant Lloyds TSB Bank Plc was an underwriter of the October Offering.
54. Defendant Merrill Lynch, Pierce Fenner & Smith Inc. was an underwriter of the October Offering.
55. Defendant Mitsubishi UFJ Securities International plc was an underwriter of the October Offering.
56. Defendant Mizuho Securities USA Inc. was an underwriter of the October Offering.
57. Defendant Santander Investment Securities Inc. was an underwriter of the October Offering.
58. Defendant SG Americas Securities, LLC was an underwriter of the October Offering.
59. Defendant Blaylock Robert Van, LLC was an underwriter of the October Offering.
60. Defendant Castleoak Securities, L.P. was an underwriter of the October Offering.
61. Defendant Samuel A. Ramirez & Company, Inc. was an underwriter of the October Offering.
62. Defendant Utendahl Capital Group, L.L.C. was an underwriter of the October Offering.
63. Defendant The Williams Capital Group, L.P. was an underwriter of the October Offering.

64. Defendants Goldman, Sachs & Co. Banc of America Securities LLC, Citigroup Global Markets Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities Inc., Morgan Stanley & Co. Inc., Barclays Capital Inc., Credit Suisse Securities (USA) LLC, UBS Securities LLC, ABN AMRO Inc., Banca IMI S.p.A, BNP Paribas Securities Corp, Daiwa Securities America Inc., HSBC Securities (USA) Inc., ING Financial Markets LLC, Lloyds TSB Bank Plc, Merrill Lynch, Pierce Fenner & Smith Inc., Mitsubishi UFJ Securities International plc, Mizuho Securities USA Inc. Santander Investment Securities Inc, Castleoak Securities, L.P., Blaylock Robert Van, LLC, SG Americas Securities, LLC, The Williams Capital Group, L.P., Utendahl Capital Group, L.L.C. and Samuel A. Ramirez & Company, Inc. are collectively referred to as the “Underwriter Defendants”.

### **BACKGROUND**

65. GE operates as a technology, media, and financial services company worldwide. The Company produces a variety of items, from aircraft engines to medical imaging equipment.

66. GE also has a massive financial services segment, called GE Capital. GE Capital operates in commercial finance, consumer finance, leasing and real estate services, and is GE’s largest segment.

67. GE Capital has a huge, \$660 billion portfolio of assets, including risky assets such as commercial real estate and subprime mortgages. Starting in September 2008, as the economic crisis deepened, it became increasingly clear that GE Capital was highly exposed to massive losses.

68. GE has paid a quarterly dividend to investors every year since 1899, and has not cut its dividend since 1938. During late 2008 and into 2009, however, as the credit crisis in the capital markets continued and intensified, the market began to question whether GE would be able to maintain its common stock dividend.

### **SUBSTANTIVE ALLEGATIONS UNDER THE SECURITIES ACT**

69. In connection with the October Offering, Defendants are liable for violations of the Securities Act arising out the sale of GE shares pursuant to the Offering Materials, which were materially untrue and misleading. As set forth above, Defendants forecasted \$5 billion in earnings for GE Capital in 2009, while concealing that GE Capital's operating structure and risk exposure were such that it was highly unlikely GE Capital had the ability to produce those earnings. Defendants also concealed from investors the size of potential losses at GE Capital. Finally, Defendants stated that GE would maintain its quarterly \$0.31 per share dividend, while concealing that GE did not have sufficient cash on hand and cash flow to achieve that goal. As a result of Defendants' untrue statements, Plaintiff and other members of the Class have suffered significant damages.

#### **Untrue Statements in the October Offering**

70. The Offering Materials for the October Offering are as follows:
- a. GE's Prospectus for the October Offering, which it filed on October 2, 2008;
  - b. GE's 2008 Form 10-K, Forms 10-Q for the periods ending March 31 and June 30, 2008, and current reports on Form 8-K filed on January 18, February 1, March 12, April 7, April 30, May 30, July 23, July 25,

August 6, September 5, September 25 and October 1, 2008, which the Prospectus incorporates by express reference;

- c. GE's Shelf Registration filed on December 5, 2005. The Prospectus provides that the October Offering was made pursuant to the Shelf Registration. The Shelf Registration states that GE may offer from time to time "shares of our common stock, par value \$.06 per share;"<sup>3</sup>
- d. GE's FWP filed on October 1, 2008, in which the Company announced plans to offer at least \$12 billion of common stock to the public; and
- e. GE's Underwriting Agreement, dated October 2, 2008, which the Company entered into with Goldman, Sachs & Co. for the issuance and sale by GE of 547,825,000 shares of common stock at an initial public offering price of \$22.25 per share. To the extent that the underwriters sold more than 547,825,000 shares of common stock, the underwriters had the Option, for 30 days from the date of the Underwriting Agreement, to purchase from GE up to an additional 82,173,750 shares.

The October Offering was completed on October 7, 2008.

71. The Offering Materials contained a series of materially untrue and misleading statements concerning GE's ability to pay its full dividend and concerning GE and GE Capital's financial strength and soundness and GE Capital's risk exposure.

72. Specifically, the Prospectus stated:

**As announced on September 25, our Board of Directors has approved management's plan to maintain our quarterly dividend of \$0.31 per share, totaling \$1.24 per share annually, through the end of 2009. We also reaffirmed our longstanding commitment to our Triple-A credit rating and announced steps to strengthen our capital and liquidity position, including:**

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<sup>3</sup>The Shelf Registration specifies that "[t]his prospectus only provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that contains specific information about the terms of those securities. The prospectus supplement may also add, update or change information contained in this prospectus."

Increasing capital in GE Capital to reduce leverage ratios through a reduction in the GE Capital dividend to us from 40% to 10% of GE Capital earnings and by suspending our common stock buyback.

Having already completed \$70 billion in long-term funding year-to-date, GE Capital will not have to raise any additional long-term debt for the remainder of 2008.

Reducing GE Capital's commercial paper debt to a level of 10 to 15% of GE Capital's total debt.

Accelerating the attainment of our goal of a 60-40 industrial-financial services earnings split to the end of 2009.

**Following our announcement, Standard & Poor's Ratings Services affirmed our and GE Capital's "AAA" long-term and "A-1+" short-term corporate credit ratings with a stable outlook and Moody's Investor Services commented that our revised operational and financial strategies for GE Capital "are supportive of" our and GE Capital's "Aaa" long-term and "Prime-1" short-term ratings with a stable outlook.**

(Emphasis added).

73. Further, in a press release included with the FWP filed on October 1, 2008, Immelt stated:

**we remain committed to the Triple A rating** and in the recent market volatility, we continue to successfully meet our commercial paper needs. **The economic environment remains volatile ... [h]owever, the company's performance remains on track with the earnings guidance we provided last week for 2008**, including third quarter financial services earnings of approximately \$2 billion and industrial earnings growth of between 10 and 15 percent, excluding our Consumer & Industrial business.

(Emphasis added).

#### **SUBSTANTIVE ALLEGATIONS UNDER THE EXCHANGE ACT**

74. During the Class Period, Defendants forecasted \$5 billion in earnings for GE Capital in 2009, and falsely reassured investors that GE Capital was a safe and secure business and that its risk exposure was limited. The Defendants knew, or recklessly disregarded that, GE Capital's operating structure and risk exposure were such that it was

highly unlikely that it had the ability to produce \$5 billion in 2009 earnings. The Defendants also knew, or recklessly disregarded, that GE Capital was highly exposed to losses and withheld from investors information as to the amount of potential losses. With the fair market value of GE Capital's assets unknown, investors had reason to fear a potential black hole of losses and asset write-downs. As a result, GE's stock price has plunged: from close to \$26 per share on the September 25, 2008 to less than \$7 per share on March 5, 2009.

75. During the Class Period, Defendants also falsely reassured investors that the Company's dividend was safe and that it planned to pay the full, \$0.31 per share dividend through the end of 2009. The Defendants knew, or recklessly disregarded that, GE's operating structure could not support that goal and the Company did not have sufficient cash on hand and cash flow to support the full dividend. On February 27, 2009, GE shocked the market by announcing it would cut the dividend by over a third, to \$0.10 per share, for the second half of 2009. On this news, GE's stock price plunged from \$9.10 per share at close on February 26, 2009 to \$7.60 per share on Monday, March 2, 2009.

**A. Defendants' False and Misleading Statements**

76. On September 25, 2008, GE stated in a press release that "its Board of Directors had approved management's plan to maintain GE's quarterly dividend of \$0.31 per share, totaling \$1.24 per share annually, through the end of 2009." In the same press release, GE further reassured investors that it "reaffirmed its longstanding commitment to its Triple-A credit rating," and was taking steps to "strengthen its already strong capital and liquidity position". Further, during GE's September 25, 2008 investor update call,

Immelt acknowledged the “tough [economic] environment,” but reassured investors as to GE Capital that “[w]e’ve got a great portfolio ... [o]ur GE Capital and Financial Service business model remains strong.”

77. Similarly, in its Form 10-Q for the period ended September 30, 2008, filed on October 30, 2008, GE stated:

The global credit markets have recently experienced unprecedented volatility, which has affected both the availability and cost of our funding sources. **In this current volatile credit environment, we have taken a number of initiatives to strengthen our liquidity, maintain our dividend, and maintain the highest credit ratings.**

(Emphasis added.)

78. In a November 13, 2008 statement published on its website, GE specifically reassured investors that it was able to maintain the planned dividend of \$0.31 per share, stating:

There has been speculation in the media and among analysts recently about GE's plans for its dividend. Here are a few facts:

- GE has paid a dividend each quarter for more than 100 years.
- **On Sept. 25, GE stated that its Board of Directors had approved management’s plan to maintain GE’s quarterly dividend of \$0.31 per share, totaling \$1.24 per share annually, through the end of 2009. That plan is unchanged.**
- **GE expects cash flow to be greater than the amount needed to fund the dividend in 2009.**
- GE has taken a number of steps to strengthen its liquidity plan, including participation in the U.S. Government's Commercial Paper Funding Facility (CPFF) and FDIC's Temporary Loan Guarantee (TLGP). **Both of these government programs provide additional levels of security for our investors, strengthen our ability to support the planned dividend in 2009, and do not place any restrictions on our dividend policy.**

(Emphasis added.)

79. On December 2, 2008, GE issued a press release stating it was taking steps to reduce risk at GE Capital:

**We are taking a number of tough, but prudent actions to make GE Capital safer, stronger and more secure during this financial crisis. We are committed to being a Triple-A company ... [t]hese actions include a funding plan that reflects the current market, and we are lowering our leverage ratio and commercial paper balance. Our forecast anticipates a challenging loss environment.**

(Emphasis added). In the same, December 2, 2008 press release, GE Vice Chairman and GE Capital CEO and President Neal added that “[w]e have established a framework for GE Capital to earn approximately \$5 billion in 2009. **From there, we believe the business is positioned to sustain solid, 10% earnings growth in the future.**” (Emphasis added).

80. During the GE Annual Outlook meeting held on December 16, 2008, CEO Immelt reassured investors that “[y]ou can count on a great dividend, **\$1.24 board approved at the board meeting last Friday, \$1.24 in 2009**, \$0.31 a share in the first quarter.” In a press release issued that same day, Immelt further stated “[o]ur financial services businesses, while slowed by the current financial crisis, are strong, global, middle market franchises with a conservative originate-to-hold model backed by senior secured collateral. **We expect financial services to earn approximately \$5 billion in 2009.**” (Emphasis added).

## **B. The Truth Emerges**

81. On January 23, 2009, before the market open, GE released its fourth quarter 2008 and full year 2008 earnings results, reporting that its Q4 profits dropped by 46% and that GE Capital’s quarterly profits dropped by a third. During GE’s fourth quarter 2008 earnings call held that same day, CFO Sherin stated that “[o]verall, we

expect both the commercial and the consumer delinquencies to get worse in 2009 ....”

CEO Immelt further announced that the forecast for credit losses at GE Capital had been increased from \$9 billion to \$10 billion. Yet, Defendants continue to reassure investors that GE and GE Capital were fundamentally sound. In a press release issued that same day, CEO Immelt stated:

**We run the company to have a Triple-A credit rating, and we have significantly strengthened our liquidity position ... [w]e ended the year with \$48 billion in total cash .... We used \$5.5 billion of our equity offering to meet our stated GE Capital debt-to-equity leverage goal of 7:1 by the end of 2008.**

(Emphasis added).

82. Investors were not convinced: on this news, GE’s stock price plunged by \$1.45, dropping from \$13.48 per share on January 22, 2009 to \$12.03 per share on January 23, 2009.

83. On February 6, 2009, GE issued a press release stating that its Board of Directors had approved the Company’s regular quarterly dividend of \$0.31 per share of common stock, thus completing the dividend for the first half of 2009. GE further stated that, for the second half of 2009, “[t]he Board will continue to evaluate the Company’s dividend level for the second half of 2009 in light of the growing uncertainty in the economy, including U.S. government actions, rising unemployment and the recent announcements by the rating agencies.” (Emphasis added).

84. On February 27, 2009, GE shocked the market by stating through a press release that it “today authorized a plan to reduce the Company’s quarterly dividend to \$0.10 from \$0.31 per outstanding share of the Company’s common stock, effective for

the second half of 2009. This decision will preserve approximately \$9 billion for the Company on an annualized basis.”

85. On this news, the Company’s stock price fell sharply from \$9.10 on February 26, 2009 to \$8.51 per share on February 27, 2009, a loss of \$0.59 share, or 6.5%. GE’s stock price continued to plunge during the next trading day, falling from \$8.51 per share on February 27, 2009 to \$7.60 per share on March 2, 2009, a loss of \$0.91 per share, or over 10%.

86. Analyst consensus was that the dividend cut did not eliminate uncertainty with regard to GE. In fact, a Morgan Stanley research report issued on February 27, 2009 explicitly stated that **“GE’s reserve levels and eventual “mark to market” losses continue to be the greatest debate in the name.”** (Emphasis added).

87. On March 2, 2009, GE released its 2008 Annual Report, and CEO Immelt’s February 6, 2009 letter to shareholders. In the letter, Immelt acknowledged that GE’s reputation as a growth company was “tarnished” and stated that 2009 would be even more difficult. He further admitted as to GE Capital:

In the past, investors asked me what was our target percentage for earnings contribution from financial services and I said below 50%. Going forward we expect 30% of our earnings to come from financial services.... Did we end up with too much exposure in certain areas during the credit bubble? Maybe, a few. Today, I wish we had less exposure to commercial real estate and U.K. mortgages.

Nevertheless, Immelt reassured investors that “[w]e continue to have a set of strong businesses ... [w]e remain convinced that we have an effective financial services business model.”

88. Investors were unconvinced by Immelt's reassurances: in the wake of his letter, the Company's stock price fell again, closing at \$7.01 per share on March 3, 2009. On March 4, 2009, the share price slipped even lower, closing at \$6.69 per share.

89. Two days later, GE made yet another attempt to reassure investors as to GE Capital's soundness: in a March 5, 2009 appearance on CNBC's "Squawk Box" before the market open, CFO Sherin dismissed speculation that GE Capital or GE had cash flow or liquidity problems, stating "[w]e do not have a time bomb in GE Capital". During the interview, Sherin also admitted that the fair value of 98% of GE Capital's assets was completely unknown to investors. In a March 5, 2008 press release, GE attempted to reassure investors, stating that GE Capital "expects to be profitable in the first quarter of 2009 and for the full year ... [o]ver a three-year period here, we expect GE Capital to be profitable, even after \$35 billion of losses and impairments."

90. Following these disclosures, GE's stock price fell even lower, to close at \$6.66 per share on March 5, 2009. Analysts acknowledged the impact on GE's stock price of investor fears over potential losses to GE Capital's portfolio. For example, a March 6, 2009 Bernstein research report stated "[p]robably the biggest controversy surrounding GE right now is what the fair value of [GE Capital's] \$661 billion in assets is if/when a write-down to fair value should occur."

91. On March 19, 2009, GE held an investor conference specifically to discuss GE Capital. During the conference, GE revealed that it cut the 2009 profit estimate for GE Capital in half, and increased loss estimates for asset categories including commercial real estate. In a March 19, 2009 article, the *Wall Street Journal* noted that the investor conference revealed that "[l]arge amounts of GE Capital's loans are to borrowers with

junk, or sub investment grade, ratings.” During the conference, however, GE did continue to reassure investors, stating that GE Capital would either make a profit in 2009 or break even.

92. Following these additional disclosures, investors were alarmed, and GE’s stock price fell from \$10.32 per share on March 18, 2009 to \$10.13 per share on March 19, 2009. As the market digested the news, GE’s share price continued to fall the next day, closing at \$9.54 per share on March 20, 2009.

### **ADDITIONAL SCIENTER ALLEGATIONS**

93. Defendants knew and/or recklessly disregarded the falsity and misleading nature of the information that they caused to be disseminated to the investing public. The ongoing fraudulent scheme described herein could not have been perpetrated over a substantial period of time without the knowledge and complicity of the personnel at the highest level of the Company, including the Officer Defendants. The Officer Defendants were motivated to materially misrepresent the true nature of the Company’s business, operations, and financial affairs to the public and regulators in order to keep the Company’s share price artificially high.

94. In particular, Defendants Immelt, Denniston, Daley, Cassidy, Miller, Krenicki, Rice and Lynch were motivated to artificially prop up GE’s stock price by falsely reassuring investors that the dividend would not be cut, and by concealing the true loss exposure at GE Capital and reassuring investors as to GE Capital’s fundamental soundness.

95. On February 6, 2009, during the Class Period, Immelt sold over 52,000 shares of GE stock at \$11.10 per share. On February 13, 2009, also during the Class

Period, GE officers Denniston, Daley, Cassidy, Miller, Krenicki, Rice and Lynch sold over 380,000 shares at the same price. None of the sales were made pursuant to a 10b5-1 trading plan.

96. On March 2, 2009, Immelt bought 50,000 shares of GE stock at \$8.26 per share – nearly \$3.00 per share less than the \$11.10 per share he sold his shares for less than one month earlier

97. If the Officer Defendants had disclosed the GE's dividend was going to be cut, and the true extent and severity of the loss exposure at GE Capital, in a timely manner, GE's stock price would have fallen and the Officer Defendants' profits from their stock sales would have been significantly less.

#### **LOSS CAUSATION / ECONOMIC LOSS**

98. During the Class Period, as detailed herein, Defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated the Company's common stock price, and operated as a fraud or deceit on acquirers of the Company's common stock. As detailed above, when the truth about GE's financial situation was revealed, the Company's common stock declined as the prior artificial inflation came out of its common stock price. That decline in GE's common stock price was a direct result of the nature and extent of Defendants' fraud finally being revealed to investors and the market. The timing and magnitude of the common stock price decline negates any inference that the loss suffered by Plaintiff and other members of the Class was caused by changed market conditions, macroeconomic or industry factors or Company-specific facts unrelated to the Defendants' fraudulent conduct. The economic loss, *i.e.*, damages, suffered by the Plaintiff and other Class members was a direct result

of Defendants' fraudulent scheme to artificially inflate the Company's common stock price and the subsequent significant decline in the value of the Company's common stock when Defendants' prior misrepresentations and other fraudulent conduct was revealed.

99. At all times relevant, Defendants' materially false and misleading statements or omissions alleged herein directly or proximately caused the damages suffered by the Plaintiff and other Class members. Those statements were materially false and misleading because they failed to disclose a true and accurate picture of GE's business, operations and financial condition, as alleged herein. Throughout the Class Period, Defendants publicly issued materially false and misleading statements and omitted material facts necessary to make Defendants' statements not false or misleading, causing GE's common stock price to be artificially inflated. Plaintiff and other Class members purchased GE's common stock at those artificially inflated prices, causing them to suffer the damages complained of herein.

#### **CLASS ACTION ALLEGATIONS**

100. Plaintiff brings this action as a class action pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons who acquired GE common stock from September 25, 2009 through and including March 19, 2009, and who were damaged thereby ("Class"). Excluded from the Class are the Defendants, the Company's officers and directors, affiliates, legal representatives, heirs, predecessors, successors and assigns, and any other entity in which any of the Defendants has a controlling interest or of which the Company is a parent or subsidiary.

101. The members of the Class are located in geographically diverse areas and are so numerous that joinder of all members is impracticable. Throughout the Class

Period, the Company had more than 10 billion shares of its common stock outstanding, which were actively traded on the NYSE. Although the exact number of Class members is unknown at this time and can only be ascertained through appropriate discovery, Plaintiff believes there are thousands of members of the Class who traded Company common stock during the Class Period.

102. Common questions of law and fact exist as to all members of the Class and predominate over any questions affecting solely individual members of the Class.

Among the questions of law and fact common to the Class are:

- (a) Whether Defendants violated federal securities laws based upon the facts alleged herein;
- (b) Whether Defendants acted knowingly or recklessly in making materially misleading statements and/or omissions during the Class Period;
- (c) Whether the market prices of the Company's securities during the Class Period were artificially inflated because of Defendants' conduct complained of herein; and
- (d) Whether the members of the Class have sustained damages and, if so, the proper measure of damages.

103. Plaintiff's claims are typical of the claims of the members of the Class as Plaintiff and members of the Class sustained damages arising out of Defendants' wrongful conduct in violation of federal laws as complained of herein.

104. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to, or in conflict with, those of the Class.

105. A class action is superior to other available methods for the fair and efficient adjudication of this controversy since joinder of all members of this Class is impracticable. Furthermore, because the damages suffered by individual Class members

may be relatively small, the expense and burden of individual litigation make it impossible for the Class members individually to redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

106. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the market doctrine in that:

- (a) Defendants failed to disclose material facts during the Class Period;
- (b) GE's stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;
- (c) GE made available periodic public reports about its financial results and condition;
- (d) GE regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;
- (e) GE was followed by securities analysts employed by major brokerage firms who wrote reports that were distributed to the sales force and certain customers of their respective brokerage firms. Each of those reports was publicly available and entered the public marketplace;
- (f) the misleading statements and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- (g) Plaintiff and members of the Class purchased their Company stock between the time Defendants failed to disclose material facts and the time the true facts were disclosed, without knowledge of the omitted facts.

107. Based upon the foregoing, Plaintiff and members of the Class are entitled to a presumption of reliance upon the integrity of the market price for the Company's

common stock.

108. As a result of the foregoing, the market for GE's common stock promptly digested current information regarding GE from all publicly-available sources and reflected such information in the price of GE's common stock. Under those circumstances, all purchasers of GE's common stock during the Class Period suffered similar injury through their purchase of GE's common stock at artificially inflated prices, and a presumption of reliance applies.

### **NO SAFE HARBOR**

109. The statutory safe harbor under the Private Securities Litigation Reform Act of 1995, which applies to forward-looking statements under certain circumstances, does not apply to any of the allegedly false and misleading statements pleaded in this complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward-looking, they were not adequately identified as "forward-looking statements" when made, and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor is intended to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because, at the time each of those forward-looking statements was made, the particular speaker had actual knowledge that the particular forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized and/or approved by an executive officer of GE who knew that those statements were false, misleading or

omitted necessary information when they were made.

**COUNT I**  
**(Against GE and the Officer Defendants)**  
**Violations of Section 10(b) of the Exchange Act and SEC Rule 10b-5**

110. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

111. This Count is asserted against GE and the Officer Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and SEC Rule 10b-5 promulgated thereunder.

112. During the Class Period, GE and the Officer Defendants, singly and in concert, directly engaged in a common plan, scheme and unlawful course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and course of business which operated as fraud and deceit upon Plaintiff and the other members of the Class, and failed to disclose material information in order to make the statements made, in light of the circumstances under which they were made, not misleading to Plaintiff and the other members of the Class. The purpose and effect of said scheme, plan and unlawful course of conduct was, among other things, to induce Plaintiff and the other members of the Class to purchase GE's common stock during the Class Period at artificially inflated prices.

113. Throughout the Class Period, GE acted through the Officer Defendants, whom it portrayed and represented to the financial press and public as its valid representatives. The willfulness, motive, knowledge and recklessness of the Officer Defendants are therefore imputed to GE, which is primarily liable for the securities law violations of the Officer Defendants.

114. As a result of the failure to disclose material facts, the information

Defendants disseminated to the investing public was materially false and misleading as set forth above, and the market price of GE's common stock was artificially inflated during the Class Period. In ignorance of the duty to disclose the false and misleading nature of the statements described above and the deceptive and manipulative devices and contrivances employed by said Defendants, Plaintiff and other members of the Class relied, to their detriment, on the integrity of the market price of GE's common stock in purchasing shares of the Company. Had Plaintiff and the other members of the Class known the truth, they would not have purchased said shares or would not have purchased them at the inflated prices that were paid.

115. Plaintiff and other members of the Class have suffered substantial damages as a result of the wrongs herein alleged in an amount to be proved at trial.

116. By reason of the foregoing, GE and the Officer Defendants directly violated Section 10(b) of the Exchange Act and SEC Rule 10b-5 promulgated thereunder in that they: (a) employed devices, schemes and artifices to defraud; (b) failed to disclose material information; or (c) engaged in acts, practices and a course of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class in connection with their purchases of GE's common stock during the Class Period.

**COUNT II**  
**(Against the Officer Defendants)**  
**Violations of Section 20(a) of the Exchange Act**

117. Plaintiff repeats and re-alleges each and every allegation contained in each of the foregoing paragraphs as if set forth fully herein.

118. The Officer Defendants, by virtue of their positions, stock ownership and/or specific acts described above, were, at the time of the wrongs alleged herein,

controlling persons within the meaning of Section 20(a) of the Exchange Act.

119. The Officer Defendants have the power and influence and exercised same to cause GE to engage in the illegal conduct and practices complained of herein.

120. By reason of the conduct alleged in Count I of this Complaint, the Officer Defendants are liable jointly and severally and to the same extent as the Company for the aforesaid wrongful conduct, and are liable to Plaintiff and to the other members of the Class for the substantial damages which they suffered in connection with their purchases of GE's common stock during the Class Period.

### **COUNT III**

#### **(Against GE, Defendants Immelt and Sherin and the Director Defendants) Violations of Section 11 of the Securities Act**

121. Plaintiff repeats and re-alleges each and every allegation contained in each of the foregoing paragraphs as if set forth fully herein.

122. This Count is asserted against GE, Defendants Immelt and Sherin and the Director Defendants for violations of Section 11 of the Securities Act, 15 U.S.C. § 77k, on behalf of all members of the Class who purchased or otherwise acquired the GE shares issued in the October Offering.

123. The said Defendants' liability under this Count is predicated on the participation of each Defendant in conducting the October Offering pursuant to the 2005 Registration Statement, which contained untrue statements and omissions of material fact. This Count does not sound in fraud. Any allegations of fraud or fraudulent conduct and/or motive are specifically excluded from this Count. For purposes of asserting this claim under the Securities Act, Plaintiffs do not allege that Defendants acted with *scienter* or fraudulent intent, which are not elements of a Section 11 claim.

124. The Registration Statement contained untrue statements of material fact and omitted other facts necessary to make the statements not misleading, and failed to disclose material facts as described above. GE was the Registrant, while Defendants Immelt, Sherin and the Director Defendants were executive officers and representatives of the Company who were responsible for the contents and dissemination of the Registration Statement. Further, Defendants Immelt, Sherin and the Director Defendants signed the Registration Statement. As such, said Defendants issued, caused to be issued, and participated in the issuance of the Registration Statement and are subject to liability for violations of Section 11 of the Securities Act.

125. Plaintiff and other members of the Class who acquired the securities in the October Offering pursuant to the Registration Statement did not know of the negligent conduct alleged herein or of the facts concerning the untrue statements of material fact and omissions alleged herein, and could not have reasonably discovered such facts or conduct.

126. Less than one year elapsed from the time that Plaintiff discovered or reasonably could have discovered the facts upon which this complaint is based to the time that the first complaint was filed asserting claims arising out of the falsity of the Registration Statement. Less than three years elapsed from the time that the securities upon which this Count is brought were bona fide offered to the public to the time that the first complaint was filed asserting claims arising out of the falsity of the Registration Statement.

127. Plaintiff and the other members of the Class have sustained damages. The value of GE's shares sold in the October Offering has declined substantially subsequent

to and due to Defendants' violations of Section 11 of the Securities Act. By reason of the foregoing, the Defendants named in this Count are liable for violations of Section 11 of the Securities Act to Plaintiff and the other members of the Class who purchased or otherwise acquired GE shares in the October Offering pursuant to the Registration Statement.

**COUNT IV**  
**(Against the Underwriter Defendants)**  
**Violations of Section 12 (a) (2) of the Securities Act**

128. Plaintiff repeat and re-allege each of the allegations set forth above as if fully set forth herein. This Count is asserted against the Underwriter Defendants for violations of Section 12(a)(2) of the Securities Act, 15 U.S.C. § 77l(a)(2), on behalf of all members of the Class who purchased or otherwise acquired the GE shares issued in the October Offering.

129. The Underwriter Defendants were sellers, offerors, and/or solicitors of sales of securities offered pursuant to the Prospectus. The Prospectus contained untrue statements of material fact and omitted other facts necessary to make the statements not misleading, and failed to disclose material facts, as set forth above.

130. Plaintiff and other members of the Class who purchased or otherwise acquired securities in the October Offering pursuant to the materially untrue and misleading Prospectus and did not know, or in the exercise of reasonable diligence could not have known, of the untruths and omissions contained in the Prospectus.

131. The Underwriter Defendants owed to Plaintiff and other members of the Class who purchased or otherwise acquired securities in the October Offering pursuant to the materially untrue and misleading Prospectus the duty to make a reasonable and

diligent investigation of the statements contained in the Prospectus, to ensure such statements were true and that there was no omission of material fact necessary to prevent the statements contained therein from being misleading. The Underwriter Defendants did not make a reasonable investigation or possess reasonable grounds to believe that the statements contained in the Prospectus were true and without omissions of any material facts and were not misleading.

132. By virtue of the conduct alleged herein, the Underwriter Defendants violated Section 12(a)(2) of the Securities Act.

**COUNT V**  
**(Against the Officer and Director Defendants)**  
**Violations of Section 15 of the Securities Act**

133. Plaintiff repeats and re-alleges each of the allegations set forth above as if fully set forth herein. This Count is asserted against the Officer and Director Defendants for violations of Section 15 of the Securities Act, 15 U.S.C. § 77o, on behalf of Plaintiff and the other members of the Class who purchased or otherwise acquired the GE shares issued in the October Offering.

134. At all relevant times, the Officer and Director Defendants were controlling persons of the Company within the meaning of Section 15 of the Securities Act. Each of the Officer and Director Defendants served as an executive officer or director of GE prior to and at the time of the October Offering. Each of the Officer and Director Defendants at all relevant times participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of GE's business affairs. As officers of a publicly owned company, the Officer and Director Defendants had a duty to disseminate accurate and truthful information with respect to GE's financial

condition and results of operations. By reason of the aforementioned conduct, each of the Defendants named in this Count is liable under Section 15 of the Securities Act, jointly and severally with, and to the same extent as the Company is liable under Sections 11 and 12(a)(2) of the Securities Act, to Plaintiff and the other members of the Class who purchased securities in the October Offering.

### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff, on his own behalf and on behalf of the Class, prays for judgment as follows:

(a) Determining this action to be a proper class action and certifying Plaintiff as class representative under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of Plaintiff and the other members of the Class against all Defendants, jointly and severally, for the damages sustained as a result of the wrongdoings of Defendants, together with interest thereon;

(c) Awarding Plaintiff the fees and expenses incurred in this action including reasonable allowance of fees for Plaintiff's attorneys and experts;

(d) Granting extraordinary equitable and/or injunctive relief as permitted by law, equity and federal and state statutory provisions sued on hereunder; and

(e) Granting such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

DATED: April 14, 2009

**BERMAN DEVALERIO**

By:

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Jeffrey C. Block (JCB-0387)  
Jason Leviton, Esq.  
Autumn W. Smith, Esq.  
One Liberty Square  
Boston, MA 02109  
Telephone: (617) 542-8300  
Facsimile: (617) 542-1194

Joseph J. Tabacco, Jr. (JJT-1994)  
425 California Street  
Suite 2100  
San Francisco, California 94104  
Telephone: (415) 433-3200  
Facsimile: (415) 433-6382

**Attorneys for Plaintiff  
The City of Brockton  
Contributory Retirement System**