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ASSEMBLY, No. 2885

STATE OF NEW JERSEY
213th LEGISLATURE

INTRODUCED JUNE 5, 2008

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Assemblywoman SANDRA LOVE

District 4 (Camden and Gloucester)

Assemblyman NELSON T. ALBANO

District 1 (Cape May, Atlantic and Cumberland)

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Assemblywoman PAMELA R. LAMPITT

District 6 (Camden)

Co-Sponsored by:

**Assemblywoman Rodriguez, Assemblymen Wisniewski, Moriarty,
Assemblywoman Pou, Senators Gill and Sarlo**

SYNOPSIS

Allows officers of corporation to grant employees and officers of corporation shares of stock, rights or options.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 6/26/2009)

1 AN ACT concerning equity awards under certain employee benefit
2 plans and amending N.J.S.14A:8-1.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. N.J.S.14A:8-1 is amended to read as follows:

8 14A:8-1 Employee benefit plans

9 (1) A corporation may establish and carry out wholly or partly
10 at its expense, any one or more of the following plans for the
11 benefit of some or all employees, as hereinafter defined, and their
12 families, dependents or beneficiaries:

13 (a) Plans providing for the sale or distribution of its shares of
14 any class or series, held by it or issued or purchased by it for the
15 purpose, including stock option, stock purchase, stock bonus, profit-
16 sharing, savings, pension, retirement, deferred compensation and
17 other plans of similar nature, whether or not such plans also provide
18 for the distribution of cash or property other than its shares;

19 (b) Plans providing for payments solely in cash or property
20 other than shares of the corporation, including profit-sharing,
21 bonus, savings, pension, retirement, deferred compensation and
22 other plans of similar nature; and

23 (c) Plans for the furnishing of medical services; life, sickness,
24 accident, disability or unemployment insurance or benefits;
25 education; housing; social and recreational services; and other
26 similar aids and services.

27 (2) The term "employees" as used in this chapter means
28 employees, officers, directors, and agents of the corporation or any
29 subsidiary thereof, or other persons who are or have been actively
30 engaged in the conduct of the business of the corporation or any
31 subsidiary thereof, including any who have retired, become disabled
32 or died prior to the establishment of any plan heretofore or hereafter
33 adopted.

34 (3) Employee benefits plans may be adopted, amended or
35 terminated by a corporation by the act of its board, a committee of
36 the board, or officers to whom the responsibility has been
37 delegated. Notwithstanding the foregoing, any plan providing for
38 the issuance of shares shall be initially adopted by the board or any
39 committee thereof.

40 (4) The board of directors may, by a resolution adopted by the
41 board or a committee of the board, authorize one or more officers of
42 the corporation to do one or both of the following: (a) designate
43 officers and employees of the corporation or of any of its
44 subsidiaries to be recipients of shares of stock, rights or options

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 created by the corporation; or (b) determine the number of shares,
2 rights or options to be received by those officers and employees;
3 provided, however that the resolution authorizing those officers
4 shall specify the total number of shares, rights or options the
5 officers may award. A resolution adopted pursuant to this
6 paragraph shall prohibit any officer from designating himself as a
7 recipient of any shares, rights or options.

8 (cf: P.L.1988, c.94, s.49)

9

10 2. This act shall take effect immediately.

11

12

13

STATEMENT

14

15 The bill provides greater flexibility in the types of equity awards
16 that a corporation may use. The bill recognizes that equity grants
17 are an integral part of the compensation systems at many
18 corporations; that it is cumbersome to require the board of directors
19 or a board committee to be involved in each individual equity grant;
20 that the officers of the corporation are in a better position to
21 evaluate employee performance and entitlement to equity grants
22 than is the board; and that officers should be given the authority to
23 provide employees with equity compensation in the same manner
24 and at the same times as they may provide cash compensation.

25 The bill does provide some constraints on the officers by leaving
26 to the board the determination of the size of the overall equity pool
27 available for grant and by prohibiting officers from granting equity
28 to themselves.

29 The bill is based on Section 157(c) of the Delaware General
30 Corporation Law, but extends that provision to cover the grant of
31 shares of stock as well as share rights and options, in recognition of
32 the recent trend in many corporations away from granting stock
33 options in favor of restricted stock grants.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2885

STATE OF NEW JERSEY

DATED: SEPTEMBER 15, 2008

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 2885.

The bill provides greater flexibility in the types of equity awards that a corporation may use. The bill recognizes that equity grants are an integral part of the compensation systems at many corporations; that it is cumbersome to require the board of directors or a board committee to be involved in each individual equity grant; that the officers of the corporation are in a better position to evaluate employee performance and entitlement to equity grants than is the board; and that officers should be given the authority to provide employees with equity compensation in the same manner and at the same times as they may provide cash compensation.

The bill does provide some constraints on the officers by leaving to the board the determination of the size of the overall equity pool available for grant and by prohibiting officers from granting equity to themselves.

The bill is based on Section 157(c) of the Delaware General Corporation Law, but extends that provision to cover the grant of shares of stock as well as share rights and options, in recognition of the recent trend in many corporations away from granting stock options in favor of restricted stock grants.

SENATE COMMERCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2885

STATE OF NEW JERSEY

DATED: NOVEMBER 13, 2008

The Senate Commerce Committee reports favorably Assembly Bill No. 2885.

The bill provides greater flexibility in the types of equity awards that a corporation may use. The bill recognizes that equity grants are an integral part of the compensation systems at many corporations; that it is cumbersome to require the board of directors or a board committee to be involved in each individual equity grant; that the officers of the corporation are in a better position to evaluate employee performance and entitlement to equity grants than is the board; and that officers should be given the authority to provide employees with equity compensation in the same manner and at the same times as they may provide cash compensation.

The bill does provide some constraints on the officers by leaving to the board the determination of the size of the overall equity pool available for grant and by prohibiting officers from granting equity to themselves.

The bill is based on subsection (c) of section 157 of the "General Corporation Law of the State of Delaware," 8 Del. Code s.157, but extends the provisions to cover the grant of shares of stock as well as rights and options, in recognition of the recent trend in many corporations favoring forms of stock grants and moving away from stock options.

This bill is identical to Senate Bill No. 2245, also reported by the committee today.

SENATE, No. 2245

STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED OCTOBER 16, 2008

Sponsored by:

Senator NIA H. GILL

District 34 (Essex and Passaic)

Senator PAUL A. SARLO

District 36 (Bergen, Essex and Passaic)

SYNOPSIS

Allows officers of corporation to grant employees and officers of corporation shares of stock, rights or options.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/17/2008)

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2 plans and amending N.J.S.14A:8-1.

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10 at its expense, any one or more of the following plans for the
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12 families, dependents or beneficiaries:

13 (a) Plans providing for the sale or distribution of its shares of
14 any class or series, held by it or issued or purchased by it for the
15 purpose, including stock option, stock purchase, stock bonus, profit-
16 sharing, savings, pension, retirement, deferred compensation and
17 other plans of similar nature, whether or not such plans also provide
18 for the distribution of cash or property other than its shares;

19 (b) Plans providing for payments solely in cash or property
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23 (c) Plans for the furnishing of medical services; life, sickness,
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25 education; housing; social and recreational services; and other
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27 (2) The term "employees" as used in this chapter means
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29 subsidiary thereof, or other persons who are or have been actively
30 engaged in the conduct of the business of the corporation or any
31 subsidiary thereof, including any who have retired, become disabled
32 or died prior to the establishment of any plan heretofore or hereafter
33 adopted.

34 (3) Employee benefits plans may be adopted, amended or
35 terminated by a corporation by the act of its board, a committee of
36 the board, or officers to whom the responsibility has been
37 delegated. Notwithstanding the foregoing, any plan providing for
38 the issuance of shares shall be initially adopted by the board or any
39 committee thereof.

40 (4) The board of directors may, by a resolution adopted by the
41 board or a committee of the board, authorize one or more officers of
42 the corporation to do one or both of the following: (a) designate
43 officers and employees of the corporation or of any of its
44 subsidiaries to be recipients of shares of stock, rights or options
45 created by the corporation; or (b) determine the number of shares,

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 rights or options to be received by those officers and employees;
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31 the recent trend in many corporations away from granting stock
32 options in favor of restricted stock grants.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 2245

STATE OF NEW JERSEY

DATED: NOVEMBER 13, 2008

The Senate Commerce Committee reports favorably Senate Bill No. 2245.

The bill provides greater flexibility in the types of equity awards that a corporation may use. The bill recognizes that equity grants are an integral part of the compensation systems at many corporations; that it is cumbersome to require the board of directors or a board committee to be involved in each individual equity grant; that the officers of the corporation are in a better position to evaluate employee performance and entitlement to equity grants than is the board; and that officers should be given the authority to provide employees with equity compensation in the same manner and at the same times as they may provide cash compensation.

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The bill is based on subsection (c) of section 157 of the "General Corporation Law of the State of Delaware," 8 Del. Code s.157, but extends the provisions to cover the grant of shares of stock as well as rights and options, in recognition of the recent trend in many corporations favoring forms of stock grants and moving away from stock options.

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