

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report: May 2, 2001
(Date of earliest event reported)

Griffon Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	1-6620 (Commission File Number)	11-1893410 (IRS Employer Identification Number)
100 Jericho Quadrangle, Jericho, New York (Address of principal executive offices)		11753 (Zip Code)
Registrant's telephone number including area code	(516)	938-5544

(Former name of former address, if changed since last report.)

Item 5. Other Events

(a) In May 2001, Registrant executed amended and restated employment agreements with Harvey R. Blau, its Chairman of the Board and Robert Balemian, its President. The agreements extend the term of the prior agreements for three years, until December 1, 2006, and reduce annual compensation by eliminating accrued cost of living adjustments. In all other material respects, the amended agreements are substantially identical to their previous employment agreements.

(b) In May 2001, Registrant also amended its By-Laws to amend the advance notice provisions for shareholder proposals and the procedures for director nominations.

Item 7. Financial Statements and Exhibits

(c) Exhibits

- 3 Amended and Restated By-Laws.
- 10.1 Employment Agreement between Registrant and Harvey R. Blau.
- 10.2 Employment Agreement between Registrant and Robert Balemian.

SIGNATURE

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.

GRIFFON CORPORATION

By: /s/ Robert Balemian
Robert Balemian, President

Amended as of
May 2, 2001

GRIFFON CORPORATION
(Formerly: INSTRUMENT SYSTEMS CORPORATION)

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AMENDED BY-LAWS

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ARTICLE I

OFFICES

Section 1. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETING OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held in the City of Wilmington, State of Delaware, at such place as may be fixed from time to time by the board of directors, or at such other place either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of stockholders shall be held on the third Thursday of March if not a legal holiday, and if a legal holiday, then on the next secular day following, at 11:00 a.m., or at such other date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which they shall elect by a plurality vote those directors whose terms have expired pursuant to the provisions of the certificate of incorporation, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than fifty days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, may be called only at the written request of stockholders owning at

least sixty-six and two-thirds (66-2/3%) percent of the entire voting power of the corporation's capital stock. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose for which the meeting is called, shall be given not less than ten nor more than fifty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 7. No business may be transacted at an annual meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the board of directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the annual meeting by any stockholder of the corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this By-law and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this By-law.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the corporation not less than ninety (90) days nor more than one hundred-twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is

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called for a date that is not within twenty-five (25) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such stockholder, (iii) the class and series and number of shares of each class and series of capital stock of the corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

In addition, notwithstanding anything in this By-law to the contrary, a stockholder intending to nominate one or more persons for election as a director at an annual or special meeting of stockholders must comply with Article III, Section 13 of these By-laws for such nominations to be properly brought before such meeting.

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No business shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this By-law; provided, however, that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this By-law shall be deemed to preclude discussion by any stockholder of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

No business shall be conducted at a special meeting of stockholders except for such business as shall have been brought before the meeting pursuant to the

corporation's notice of meeting.

Section 8. Except as otherwise provided by law or by the certificate of incorporation, the holders of a majority of the outstanding shares of the corporation entitled to vote generally in the election of directors (the "Voting Stock"), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. The Chairman of the meeting or a majority of the shares so represented may adjourn the meeting from time to time, whether or not there is such a quorum. No notice of the time and place of adjourned meetings need be given except as required by law. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough

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stockholders to leave less than a quorum. The Chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 10. Unless otherwise provided in the certificate of incorporation or certificates of designations, and preferences, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

ARTICLE III

DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall be not less than twelve nor more than fourteen. No director need be a stockholder of the corporation. Any director may be removed from office with cause at any time by the affirmative vote of stockholders of record holding a majority of the outstanding shares of stock of the corporation entitled to vote, given at a meeting of the stockholders called for that purpose.

Section 2. The board of directors shall be divided into three classes as nearly equal in number as possible, and no class shall include less than four directors. The terms of office of the directors initially classified shall be as

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follows: that of Class I shall expire at the next annual meeting of stockholders in 1972, Class II at the second succeeding annual meeting of stockholders in 1973 and Class III at the third succeeding annual meeting of stockholders in 1974. The foregoing notwithstanding, each director shall serve until his successor shall have been duly elected and qualified, unless he shall resign, become disqualified, disabled or shall otherwise be removed. Whenever a vacancy occurs on the board of directors, a majority of the remaining directors have the power to fill the vacancy by electing a successor director to fill that portion of the unexpired term resulting from the vacancy.

Section 3. The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

Section 4. The board of directors shall choose a chairman of the board of directors who shall preside at all meetings of stockholders and directors.

MEETINGS OF THE BOARD OF DIRECTORS

Section 5. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 6. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 7. Special meetings of the board may be called by the president or chairman of the board on three days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or

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secretary in like manner and on like notice on the written request of two directors.

Section 8. At all meetings of the board one-third of the board of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

COMMITTEES OF DIRECTORS

Section 10. The board of directors, may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member of any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the

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corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the by-laws of the corporation; and, unless the resolution or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 11. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS; ELIGIBILITY

Section 12. Unless otherwise restricted by the certificate of incorporation, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as

director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 13. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the corporation, subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances. Nominations of persons for election to the board of directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, (a) by or at the direction of the board of directors (or any duly authorized committee thereof) or (b) by any stockholder of the corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this By-law and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who complies with the notice procedures set forth in this By-law.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the corporation (a) in the case of an annual meeting, not less than ninety (90) days nor more than one hundred-twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within twenty-five (25)

days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs; and (b) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation and employment of the person, (iii) the class and series and number of shares of each class and series of capital stock of the corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (or in any law or statute replacing such section), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class and series and number of shares of each class and series of capital stock of the corporation which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a

representation that such stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and that such stockholder intends to appear in person or by proxy at the meeting to nominate the person or persons named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act (or in any law or statute

replacing such section) and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in this By-law. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

ARTICLE IV

NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be

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given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a chairman of the board of directors, a president, one or more vice-presidents, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a chairman of the board of directors, a president, one or more vice-presidents, a secretary and a treasurer.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

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Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE CHAIRMAN OF THE BOARD

Section 6. The chairman of the board of directors shall be the chief executive officer of the corporation. He shall preside at all meetings of stockholders and directors. Except where by law the signature of the president is required, the chairman of the board of directors shall possess the same power as the president to sign all certificates, contracts, and other instruments of the corporation which may be authorized by the board of directors. During the absence or disability of the president, he shall exercise all powers and discharge all the duties of the president.

THE PRESIDENT

Section 7. The president shall be the chief operating officer of the corporation. In the absence of the chairman of the board of directors, the president shall preside at all meetings of the stockholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

The president shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

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THE VICE PRESIDENTS

Section 8. In the absence of the chairman of the board of directors or the president or in the event of his inability or refusal to act, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the chairman of the board of directors or the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman of the board of directors or the president. The vice presidents shall perform such other duties and shall have other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors, the chairman of the board of directors or the president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

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Section 10. The assistant secretary, or if there be more than one, the assistant secretaries, in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the chairman of the board of directors and the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

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Section 14. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

INDEMNIFICATION PROVISION

Section 15. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened pending or completed action, suit or proceeding by reason of the fact that he is or was a director, officer, employee or an agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against all expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the defense or settlement of such action, suit or proceeding, to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the State of Delaware, as from time to time in effect, and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of each such person.

The foregoing provisions of this Article shall be deemed to be a contract between the corporation and each director, officer, employee or agent who serves in such capacity at any time while this Article, and the relevant provisions of the General Corporation Law of the State of Delaware and other applicable law,

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if any, are in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

ARTICLE VI

CERTIFICATES OF STOCK

Section 1. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by the chairman of the board of directors, the president or a vice president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation.

Certificates may be issued for partly paid shares and in such case upon the face or back of the certificates issued to represent any such partly paid shares, the total amount of the consideration to be paid therefor, and the amount paid thereon shall be specified.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back

of the certificate which the corporation shall issue to represent such class or series or stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Where a certificate is countersigned (1) by a transfer agent other than the corporation or its employee, or (2) by a registrar other than the corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require

and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFERS OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

FIXING RECORD DATE

Section 5. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, provided, however, that the board of directors may fix a new record date for the adjourned meeting.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and

assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

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ANNUAL STATEMENT

Section 3. The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

CHECKS

Section 4. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 5. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words, "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

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ARTICLE VIII

AMENDMENTS Section 1. These by-laws may be altered, amended, repealed, or new by-laws may be adopted by the stockholders or by the board of directors, when such power is conferred upon the board of directors by the certificate of incorporation, at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration, amendment, repeal or adoption of new by-laws be contained in the notice of such special meeting.

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EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), made and entered into as of July 1, 2001, by and between Griffon Corporation, a Delaware corporation, with its principal office located at 100 Jericho Quadrangle, Jericho, New York 11753-2794 (together with its successors and assigns permitted under this Agreement, "Griffon") and Harvey R. Blau ("Blau"), amends and restates in its entirety the Employment Agreement made and entered into as of October 1, 1998 between Griffon and Blau (the "Prior Agreement").

WITNESSETH:

WHEREAS, Griffon has determined that it is in the best interests of Griffon and its stockholders to continue to employ Blau and to set forth in this Agreement the obligations and duties of both Griffon and Blau; and

WHEREAS, Griffon wishes to assure itself of the services of Blau for the period hereinafter provided, and Blau is willing to be employed by Griffon for said period, upon the terms and conditions provided in this Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is mutually acknowledged, Griffon and Blau (individually a "Party" and together the "Parties") agree as follows:

1. DEFINITIONS.

(a) "Beneficiary" shall mean the person or persons named by Blau pursuant to Section 17 below or, in the event that no such person is named who survives Blau, his estate.

(b) "Board" shall mean the Board of Directors of Griffon.

(c) "Cause" shall mean:

(i) Blau's conviction of a felony involving an act or acts of dishonesty on his part and resulting in gain or personal enrichment at the expense of Griffon;

(ii) willful and continued failure of Blau to perform his obligations under this Agreement, resulting in demonstrable material economic harm to Griffon, or

(iii) a willful and material breach by Blau of the provisions of Sections 14 or 15 below to the demonstrable and material detriment of Griffon.

Notwithstanding the foregoing, in no event shall Blau's failure to perform the duties associated with his position caused by his mental or physical disability constitute Cause for his termination.

For purposes of this Section 1(c), no act or failure to act on the part of Blau shall be considered "willful" unless it is done, or omitted to be done, by him in bad faith or without reasonable belief that his action or omission was in the best interests of Griffon. Any act or failure to act based upon authority given pursuant to a resolution adopted by the Board or based upon the advice of counsel for Griffon shall be conclusively presumed to be done, or omitted to be done, by Blau in good faith and in the best interests of Griffon.

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(d) "Change in Control" shall mean the occurrence of any of the following events:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 as amended (the "Exchange Act") (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of voting securities of Griffon when such acquisition causes such Person to beneficially own 20 percent or more of the combined voting power of the then outstanding voting securities of Griffon entitled to vote generally in the election of directors (the "Outstanding Griffon Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not be deemed to result in a Change of Control: (A) any acquisition directly from Griffon, (B)

any acquisition by Griffon, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Griffon or any corporation controlled by Griffon or (D) any acquisition pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) below; and provided, further, that if any Person's beneficial ownership of the Outstanding Griffon Voting Securities reaches or exceeds 20 percent as a result of a transaction described in clause (A) or (B) above, and such Person subsequently acquires beneficial ownership of additional voting securities of Griffon, such subsequent acquisition shall be treated as an acquisition that causes such Person to beneficially own 20 percent or more of the Outstanding Griffon Voting Securities; or

(ii) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to

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the date hereof whose election, or nomination for election by Griffon's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding for this purpose any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) consummation of a reorganization, merger or consolidation or sale or other disposition of all or subsequently all of the assets of Griffon or the acquisition of assets of another entity ("Business Combination"); excluding, however, such a Business Combination pursuant to which (A) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Griffon Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60 percent of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Griffon Voting Securities, (B) no Person (excluding any employee benefit plan (or related trust) of Griffon or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20 percent or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to

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the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns Griffon or all or substantially all of Griffon's assets either directly or through one or more subsidiaries) were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) approval by the stockholders of Griffon of a complete liquidation or dissolution of the Company.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(f) "Committee" shall mean the Compensation Committee of the Board.

(g) "Consulting Period" shall mean the period specified in Section 13 below during which Blau serves as a consultant to Griffon.

(h) "Disability" shall mean the illness or other mental or physical disability of Blau, as determined by a physician acceptable to Griffon and Blau, resulting in his failure during the Employment Term or the Consulting Period, as the case may be, (i) to perform substantially his applicable material duties under this Agreement for a period of nine consecutive months and (ii) to return

to the performance of his duties within 30 days after receiving written notice of termination.

(i) "Employment Term" shall mean the period specified in Section 2(b) below.

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(j) "Fiscal Year" shall mean the 12-month period beginning on October 1 and ending on the next subsequent September 30, or such other 12-month period as may constitute Griffon's fiscal year at any time hereafter.

(k) "Good Reason" shall mean, at any time during the Employment Term, in each case (except for clause (vi) below) without Blau's prior written consent or his acquiescence:

(i) reduction in his then current Salary;

(ii) diminution, reduction or other adverse change in the bonus or incentive compensation opportunities available to Blau (with respect to the level of bonus or incentive compensation opportunities, the applicable performance criteria and otherwise the manner in which bonuses and incentive compensation are determined) in the aggregate from those available as of the date hereof in accordance with Section 4(a) below;

(iii) Griffon's failure to pay Blau any amounts otherwise vested and due him hereunder or under any plan or policy of Griffon;

(iv) diminution of Blau's titles, position, authorities or responsibilities, including not serving on the Board;

(v) assignment to Blau of duties incompatible with his position of Chief Executive Officer;

(vi) termination by Blau of his employment within one year following a Change in Control other than (a) for Cause or (b) by reason of death or Disability;

(vii) imposition of a requirement that Blau report other than directly to the full Board;

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(viii) a material breach of the Agreement by Griffon that is not cured within 10 business days after written notification by Blau of such breach; or

(ix) relocation of Griffon's corporate headquarters to a location more than 35 miles from the location first above described.

(l) "Retirement" shall mean termination of Blau's employment subsequent to the date hereof, other than (i) due to death or Disability, (ii) for Cause or Good Reason or (iii) without Cause, with Blau's entitlement to receive a fully vested benefit under Griffon's Supplemental Executive Retirement Plan as in effect on the date hereof.

(m) "Salary" shall mean the annual salary provided for in Section 3 below, as adjusted from time to time.

(n) "Spouse" shall mean, during the Term of Employment and the Consulting Period, the woman who as of any relevant date is legally married to Blau.

(o) "Subsidiary" shall mean any corporation of which Griffon owns, directly or indirectly, more than 50 percent of its voting stock.

2. EMPLOYMENT TERM, POSITIONS AND DUTIES.

(a) Employment of Blau. Griffon hereby continues to employ Blau, and Blau hereby accepts continued employment with Griffon, in the positions and with the duties and responsibilities set forth below and upon such other terms and conditions as are hereinafter stated. Blau shall render services to Griffon principally at Griffon's corporate headquarters, but he shall do such traveling

on behalf of Griffon as shall be reasonably required in the course of the performance of his duties hereunder.

(b) Employment Term. The Employment Term shall commence as of July 1, 2001 and shall terminate on December 1, 2006.

(c) Titles and Duties.

(i) Until the date of termination of his employment hereunder, Blau shall be employed as Chief Executive Officer, reporting to the full Board. In his capacity as Chief Executive Officer, Blau shall have the customary powers, responsibilities and authorities of chief executive officers of corporations of the size, type and nature of Griffon including, without limitation, authority, in conjunction with the Board as appropriate, to hire and terminate other employees of Griffon.

(ii) During the Employment Term, Griffon shall use its best efforts to secure the election of Blau to the Board and to the chairmanship thereof. During the Employment Term, if the Board forms an executive or similar committee, Blau shall serve thereon.

(d) Time and Effort.

(i) Blau agrees to devote his best efforts and abilities, and such of his business time and attention as is reasonably necessary, to the affairs of Griffon in order to carry out his duties and responsibilities under this Agreement. The Parties hereby acknowledge that Blau is chairman of the board of Aeroflex Incorporated and senior partner of the law firm, Blau, Kramer, Wactlar & Lieberman, P.C. and that during the Employment Term he will be devoting time and attention to those activities.

(ii) Notwithstanding the foregoing, nothing shall preclude Blau from (A) serving on the boards of a reasonable number of trade associations, charitable organizations and/or businesses not in competition with Griffon, (B) engaging in charitable activities and community affairs and (C) managing his personal investments and affairs; provided, however, that, such activities do not materially interfere with the proper performance of his duties and responsibilities specified in Section 2 (c) above.

3. SALARY.

(a) Initial Salary. Blau shall receive from Griffon a Salary, payable in accordance with the regular payroll practices of Griffon, in a minimum amount of \$775,000.

(b) Cost-of-Living Increase. During the Employment Term Blau's Salary shall be increased semiannually by an amount equal to the increase in the cost of living for the immediately preceding calendar half-year, as reported in the "Consumer Price Index, New York and Northeastern New Jersey, All Items," published by the United States Department of Labor, Bureau of Labor Statistics (or, if such index is no longer published, a successor or comparable index that is published). Such amount shall be calculated and paid to Blau in a single sum on or before the first day of the second month following the applicable calendar half year, and thereafter his Salary shall be deemed to include the amount of any such increase. The first calculation and payment shall be made with respect to the six month period from and after July 1, 2001. If Blau's employment shall

terminate during any such six-month period, the cost-of-living increase provided in this Section 3(b) shall be prorated accordingly.

(c) Salary Increase. Any amount to which Blau's Salary is increased, as provided in Section 3(b) above or otherwise, shall not thereafter be reduced without his consent, and the term "Salary" as used in this Agreement shall refer to his Salary as thus increased.

4. BONUSSES.

(a) Annual Bonus. Blau shall be eligible to receive an annual bonus for each Fiscal Year or portion thereof during the Employment Term in accordance with Griffon's Senior Management Incentive Compensation Plan or another plan or plans providing him annual award opportunities (with respect to their level, applicable performance criteria and the manner in which bonuses are determined) that in the aggregate are not less than those in effect as of the date hereof. Blau shall be entitled to elect to defer, under the terms of the Senior Management Incentive Compensation Plan or any successor plan, any portion of his annual bonus that is not already subject to deferral thereunder.

(b) Special Bonus. Blau shall be eligible to receive additional bonuses during the Employment Term. The Committee shall determine, in its discretion, the occasion for payment, and the amount, of any such bonus.

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5. LONG-TERM INCENTIVE.

During the Employment Term, Blau shall be eligible for an award under any long-term incentive compensation plan established by Griffon for the benefit of Blau or, in the absence thereof, under any such plan established for the benefit of members of the senior management of Griffon.

6. EQUITY OPPORTUNITY.

During the Employment Term, Blau shall be eligible to receive grants of options to purchase shares of Griffon's stock and awards of shares of Griffon's stock, either or both as determined by the Committee, under and in accordance with the terms of applicable plans of Griffon and related option and award agreements. It is the intention of Griffon to grant stock options to Blau during the Employment Term. Also, to the extent permitted by any such plan, Blau shall be eligible during any Consulting Period to receive grants of options and awards of shares of Griffon's stock in the same manner.

7. EXPENSE REIMBURSEMENT; CERTAIN OTHER COSTS.

During the Employment Term and any Consulting Period, Blau shall be entitled to prompt reimbursement by Griffon for all reasonable out-of-pocket expenses incurred by him in performing services under this Agreement, upon his submission of such accounts and records as may be reasonably required by Griffon. In addition, Blau shall be entitled to payment by Griffon of all

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reasonable costs and expenses, including attorneys' and consultants' fees and disbursements, incurred by him in connection with adoption of this Agreement and any related compensatory arrangements that Griffon adopts solely for his benefit.

8. PERQUISITES.

During the Employment Term and, and any Consulting Period, Griffon shall provide Blau with the following perquisites:

(a) an office of a size and with furnishings and other appointments, and exclusive personal secretarial and other assistance, at least equal to that provided to Blau by Griffon as of the date hereof; and

(b) payment of club dues and the use of an automobile and payment of related expenses on the same terms as in effect on the date hereof or, if more favorable to Blau, as made available generally to other executive officers of Griffon and its affiliates at any time thereafter.

9. EMPLOYEE BENEFIT PLANS.

(a) General. During the Employment Term, Blau shall be entitled to participate in all employee benefit plans and programs made available to Griffon's senior executives or to its employees generally, as such plans or programs may be in effect from time to time, including, without limitation, pension and other retirement plans, profit-sharing plans, savings and similar

plans, group life insurance, accidental death and dismemberment insurance, travel accident insurance, hospitalization insurance, surgical insurance, major and excess major medical insurance, dental insurance, short-term and long-term disability insurance, sick leave (including salary continuation arrangements), holidays, vacation (not less than four weeks in any calendar year) and any other employee benefit plans or programs that may be sponsored by Griffon from time to time, including plans that supplement the above-listed types of plans, whether funded or unfunded.

(b) Medical Care Reimbursement and Insurance. During the Employment Term and Consulting Period, Griffon shall reimburse Blau for 100 percent of any medical expenses incurred by him for himself and his Spouse that are not reimbursed by insurance or otherwise, offset by any amounts that are reimbursable by Medicare if Blau and his Spouse, when eligible, elect to be covered by Medicare. Griffon shall provide Blau and his Spouse during his lifetime with hospitalization insurance, surgical insurance, major and excess major medical insurance and dental insurance in accordance with the most favorable plans, policies, programs and practices of Griffon and its Subsidiaries made available generally to other senior executive officers of Griffon and its Subsidiaries as in effect from time to time.

(c) Life Insurance Benefit. In addition to the group life insurance available to employees generally, Griffon shall provide Blau with an individual permanent life insurance benefit in an initial amount of not less than approximately \$5 million, the terms and conditions of such benefit to be more fully described in an insurance ownership agreement between Blau and Griffon.

(d) Disability Benefit. In consideration of the benefit payable to Blau in the event of termination of his employment due to Disability, as provided in Section 10(e) below, or, if applicable, in the event of termination of Blau's consulting services due to Disability during the Consulting Period, as provided in Section 13(d) below, Griffon shall not be obligated to provide Blau with long-term disability insurance. If Griffon elects to provide Blau with such insurance, he shall be the owner of any individual policies obtained and shall pay the premiums thereon; provided, however, that Griffon shall reimburse Blau for any premiums that he pays.

(e) Retirement Benefit. Blau shall be entitled to the benefits provided under Griffon's Supplemental Executive Retirement Plan (the "SERP"); provided, however, that if Griffon fails to maintain the SERP, Blau's retirement benefit shall be determined as if the SERP had remained in effect until termination of his employment with Griffon by retirement. These benefits are in addition to the benefits provided under this Agreement, and no modification, amendment or termination of this Agreement shall affect Blau's rights under the SERP as in effect on the date hereof or, if more favorable to Blau, as in effect at any time thereafter.

10. TERMINATION OF EMPLOYMENT.

(a) Voluntary Termination and Termination by Mutual Agreement. Blau may terminate his employment voluntarily at any time after December 31, 2001 in accordance with the provisions of Section 10(h). If he does so, except for Good Reason, his entitlement shall be the same as if Griffon had terminated his

employment for Cause. The Parties may terminate this Agreement by mutual agreement at any time. If they do so, Blau's entitlements shall be as the Parties mutually agree.

(b) General. Notwithstanding anything to the contrary herein, in the event of termination of Blau's employment under this Agreement, he or his Beneficiary, as the case may be, shall be entitled to receive (in addition to payments and benefits under, and except as specifically provided in, subsections (c) through (i) below, as applicable):

(i) his Salary through the date of termination;

(ii) any unused vacation from prior years;

(iii) any annual or special bonus awarded but not yet paid to him;

(iv) any deferred compensation under the Senior Management Incentive Compensation Plan or any other deferred compensation plan of Griffon;

(v) any other compensation or benefits, including without limitation long-term incentive compensation described in Section 5 above, benefits under equity grants and awards described in Section 6 above and employee benefits under plans described in Section 9 above, that have vested through the date of termination or to which he may then be entitled in accordance with the applicable terms and conditions of each grant, award or plan; and

(vi) reimbursement in accordance with Sections 9(a) and (b) above of any business and medical expenses incurred by Blau or his Spouse, as applicable, through the date of termination but not yet paid to him.

(c) Termination due to Retirement. In the event that Blau's employment is terminated due to his Retirement, he shall be entitled, in addition to the

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compensation and benefits specified in Section 10(b), to the benefits provided under the SERP, as provided in Section 9(e) above.

(d) Termination due to Death. In the event that Blau's employment is terminated due to his death, his Beneficiary shall be entitled, in addition to the compensation and benefits specified in Section 10(b), to his Salary payable for the remainder of the Employment Term at the rate in effect immediately before such termination.

(e) Termination due to Disability. In the event of Disability, Griffon or Blau may terminate Blau's employment. If Blau's employment is terminated due to Disability, he shall be entitled, in addition to the compensation and benefits specified in Section 10(b), to his Salary payable for the remainder of the Employment Term at the rate in effect immediately before such termination, offset by any long-term disability insurance benefit that Griffon may have elected to provide for him.

(f) Termination by Griffon for Cause. Griffon may terminate Blau's employment hereunder for Cause only upon written notice to Blau not less than 30 days prior to any intended termination, which notice shall specify the grounds for such termination in reasonable detail. Cause shall in no event be deemed to exist except upon a finding reflected in a resolution approved by a majority (excluding Blau) of the members of the Board (whose findings shall not be binding upon or entitled to any deference by any court, arbitrator or other decision-maker ruling on this Agreement) at a meeting of which Blau shall have been given proper notice and at which Blau (and his counsel) shall have a

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reasonable opportunity to present his case. In the event that Blau's employment is terminated for Cause, he shall be entitled only to the compensation and benefits specified in Section 10(b).

(g) Termination Without Cause or by Blau for Good Reason.

(i) Termination without Cause shall mean termination of Blau's employment by Griffon and shall exclude termination (A) due to death, Disability or Cause, (B) by Blau voluntarily or (C) by mutual written agreement of Blau and Griffon. Griffon shall provide Blau 15 days' prior written notice of termination by it without Cause, and Blau shall provide Griffon 15 days' prior written notice of his termination for Good Reason.

(ii) In the event of termination by Griffon of Blau's employment without Cause or of termination by Blau of his employment for Good Reason, he shall be entitled, in addition to the compensation and benefits specified in Section 10(b), to:

(A) a lump-sum payment equal to the Salary payable to him for the remainder of the Employment Term at the rate in effect immediately before such termination;

(B) a lump sum payment equal to the annual bonuses for the remainder of the Employment Term (including a prorated bonus for any partial Fiscal Year) equal to the average of the three highest annual bonuses awarded to him during the ten Fiscal Years preceding the Fiscal Year of termination;

(C) continued medical reimbursement for the remainder of the Employment Term and thereafter the lifetime medical benefits described in Section 9(b) above;

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(D) a lump-sum payment equal to the then present value of the excess, if any, of (x) the retirement benefit to which Blau would have been entitled if he had remained employed under this Agreement until age 72 (calculated and payable as provided in the SERP) over (y) the early retirement benefit actually payable to him; and

(E) continued participation in all employee benefit plans or programs available to Griffon employees generally in which Blau was participating on the date of termination of his employment until the end of the Employment Term; provided; however, that (x) if Blau is precluded from continuing his participation in any employee benefit plan or program as provided in this clause (E), he shall be entitled to the after-tax economic equivalent of the benefits under the plan or program in which he is unable to participate until the end of the Employment Term, and (y) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that Blau would incur in obtaining such benefit on an individual basis; and

(F) other benefits in accordance with applicable plans and programs of the Company.

(iii) Prior written consent by Blau to any of the events described in Section 1(k) above shall be deemed a waiver by him of his right to terminate for Good Reason under this Section 10(g) solely by reason of the events set forth in such waiver.

(h) Voluntary Termination by Blau. At any time after December 31, 2001, Blau shall have the right, upon 60 days' prior written notice, voluntarily to terminate his employment without Good Reason, in which event his employment shall cease and the Employment Term shall terminate as of the date stated in such notice, and the Consulting Period shall begin on the next succeeding

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business day, and he shall be entitled to receive compensation and benefits as if Griffon had terminated his employment for Cause, as provided in Section 10(f).

(i) Change in Control. Notwithstanding anything to the contrary in this Section 10, termination of Blau's employment within the one-year period following a Change in Control for any reason other than Cause, death or Disability, shall be governed by Section 10(g). In the event of any such termination, Blau shall be entitled to compensation and benefits in accordance with the provisions of Section 10(g) (ii).

11. NO DUTY TO MITIGATE.

Blau shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payment hereunder be subject to offset in the event Blau does receive compensation for services from any other source.

12. PARACHUTES.

(a) Application. If all, or any portion, of the payments provided under this Agreement, and/or any other payments and benefits that Blau receives or is entitled to receive from Griffon, a Subsidiary or any other person, whether or not under an existing plan, arrangement or other agreement, constitutes an excess "parachute payment" within the meaning of Section 280G(b) of the Code (each such parachute payment, a "Parachute Payment") and will result in the imposition on Blau of an excise tax under Section 4999 of the Code, then, in

addition to any other benefits to which Blau is entitled under this Agreement, Griffon shall pay him an amount in cash equal to the sum of the excise taxes payable by him by reason of receiving Parachute Payments, plus the amount necessary to put him in the same after-tax position (taking into account any and all applicable federal, state and local excise, income or other taxes at the highest possible applicable rates on such Parachute Payments (including without limitation any payments under this Section 12) as if no excise taxes had been imposed with respect to Parachute Payments (the "Parachute Gross-up").

(b) Computation. The amount of any payment under this Section 12 shall be computed by a certified public accounting firm of national reputation selected by Griffon and acceptable to Blau. If Griffon or Blau disputes the computation rendered by such accounting firm, Griffon shall select an alternative certified public accounting firm of national reputation to perform the applicable computation. If the two accounting firms cannot agree upon the computations, Blau and Griffon shall jointly appoint a third certified public accounting firm of national reputation within 10 calendar days after the two conflicting computations have been rendered. Such third accounting firm shall be asked to determine within 30 calendar days the computation of the Parachute Gross-up to be paid to Blau, and payments shall be made accordingly.

(c) Payment. In any event, Griffon shall pay to Blau or pay on his behalf the Parachute Gross-up as computed by the accounting firm initially selected by Blau by the time any taxes payable by him as a result of the Parachute Payments become due, with Blau agreeing to return the excess amount of such payment over the final computation rendered from the process described in Section 12(b). Blau

and Griffon shall provide the accounting firms with all information that any of them reasonably deems necessary in order to compute the Parachute Gross-up. The cost and expenses of all the accounting firms retained to perform the computations described above shall be borne by Griffon.

In the event that the Internal Revenue Service ("IRS") or the accounting firm computing the Parachute Gross-up finally determines that the amount of excise taxes thereon initially paid was insufficient to discharge Blau's excise tax liability, Griffon shall make additional payments to him as may be necessary to reimburse him for discharging the full liability.

Blau shall apply to the IRS for a refund of any excise taxes paid and remit to Griffon the amount of any such refund that he receives. Griffon shall reimburse Blau for his expenses in seeking a refund of excise taxes and for any interest and penalties imposed on excise taxes that he is required to pay.

13. CONSULTING PERIOD.

(a) General. Effective upon the end of the Employment Term (but only if the Employment Term ends by reason of its expiration or, if earlier, upon termination of Blau's employment (i) voluntarily, (ii) by mutual agreement or (iii) by Retirement), Blau shall become a consultant to Griffon, in recognition of the continued value to Griffon of his extensive knowledge and expertise. Unless earlier terminated, as provided in Section 13(e), the Consulting Period shall continue for five years.

(b) Duties and Extent of Services.

(i) During the Consulting Period, Blau shall consult with Griffon and its senior executive officers regarding its respective businesses and operations. Such consulting services shall not require more than 50 days in any calendar year, nor more than one day in any week, it being understood and agreed that during the Consulting Period Blau shall have the right, consistent with the prohibitions of Sections 14 and 15 below, to engage in full-time or part-time employment with any business enterprise that is not a competitor of Griffon.

(ii) Blau's service as a consultant shall only be required at such times and such places as shall not result in unreasonable inconvenience to him,

recognizing his other business commitments that he may have to accord priority over the performance of services for Griffon. In order to minimize interference with Blau's other commitments, his consulting services may be rendered by personal consultation at his residence or office wherever maintained, or by correspondence through mail, telephone, fax or other similar mode of communication at times, including weekends and evenings, most convenient to him.

(iii) During the Consulting Period, Blau shall not be obligated to serve as a member of the Board or to occupy any office on behalf of Griffon or any of its Subsidiaries.

(c) Compensation. During the Consulting Period, Blau shall receive from Griffon each year an amount equivalent to two-thirds of his Salary at the end of the Employment Term, payable and subject to annual increase as provided in Section 3 above.

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(d) Disability. In the event of Disability during the Consulting Period, Griffon or Blau may terminate Blau's consulting services. If Blau's consulting services are terminated due to Disability, he shall be entitled to compensation, in accordance with Section 13(c), for the remainder of the Consulting Period.

(e) Termination. The Consulting Period shall terminate after five years or, if earlier, upon Blau's death or upon his failure to perform consulting services as provided in Section 13(b), pursuant to 30 days' written notice by Griffon to Blau of the grounds constituting such failure and reasonable opportunity afforded Blau to cure the alleged failure. Upon any such termination, payment of consulting fees and benefits (with the exception of lifetime medical benefits under Section 9(b) above) shall cease.

(f) Other. During the Consulting Period, Blau shall be entitled to expense reimbursement (including secretarial, telephone and similar support services) and perquisites and medical benefits, pursuant to the terms of Sections 7, 8 and 9(b), respectively.

14. CONFIDENTIAL INFORMATION.

(a) General.

(i) Blau understands and hereby acknowledges that as a result of his employment with Griffon he will necessarily become informed of and have access to certain valuable and confidential information of Griffon and any of its Subsidiaries, joint ventures and affiliates, including, without limitation, inventions, trade secrets, technical information, computer software and

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programs, know-how and plans ("Confidential Information"), and that any such Confidential Information, even though it may be developed or otherwise acquired by Blau, is the exclusive property of Griffon to be held by him in trust solely for Griffon's benefit.

(ii) Accordingly, Blau hereby agrees that, during the Employment Term and the Consulting Period and subsequent to both, he shall not, and shall not cause others to, use, reveal, report, publish, transfer or otherwise disclose to any person, corporation or other entity any Confidential Information without prior written consent of the Board, except to (A) responsible officers and employees of Griffon or (B) responsible persons who are in a contractual or fiduciary relationship with Griffon or who need such information for purposes in the interest of Griffon. Notwithstanding, the foregoing, the prohibitions of this clause (ii) shall not apply to any Confidential Information that becomes of general public knowledge other than from Blau or is required to be divulged by court order or administrative process.

(b) Return of Documents. Upon termination of his employment with Griffon for any reason or, if applicable, upon expiration of the Consulting Period, Blau shall promptly deliver to Griffon all plans, drawings, manuals, letters, notes, notebooks, reports, computer programs and copies thereof and all other materials, including without limitation those of a secret or confidential nature, relating to Griffon's business that are then in his possession or control.

(c) Remedies and Sanctions. In the event that Blau is found to be in violation of Section 14(a) or (b) above, Griffon shall be entitled to relief as provided in Section 16 below.

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15. NONCOMPETITION/NONSOLICITATION.

(a) Prohibitions. During the Employment Term and, if applicable, the Consulting Period, Blau shall not, without prior written authorization of the Board, directly or indirectly, through any other individual or entity:

(i) become an officer or employee of, or render any service to, any direct competitor of Griffon;

(ii) solicit or induce any customer of Griffon to cease purchasing goods or services from Griffon or to become a customer of any competitor of Griffon; or

(iii) solicit or induce any employee of Griffon to become employed by any competitor of Griffon.

(b) Remedies and Sanctions. In the event that Blau is found to be in violation of Section 15(a) above, Griffon shall be entitled to relief as provided in Section 16 below.

(c) Exceptions. Notwithstanding anything to the contrary in Section 15(a) above, its provisions shall not:

(i) apply if Griffon terminates Blau's employment without Cause or Blau terminates his employment for Good Reason, each as provided in Section 10(g) above;

(ii) be construed as preventing Blau from investing his assets in any business that is not a direct competitor of Griffon; or

(iii) be construed as preventing Blau from maintaining the same level of involvement in the affairs of Aeroflex Corporation that he has as of the date thereof.

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16. REMEDIES/SANCTIONS.

Blau acknowledges that the services he is to render under this Agreement are of a unique and special nature, the loss of which cannot reasonably or adequately be compensated for in monetary damages, and that irreparable injury and damage may result to Griffon in the event of any breach of this Agreement or default by Blau. Because of the unique nature of the Confidential Information and the importance of the prohibitions against competition and solicitation, Blau further acknowledges and agrees that Griffon will suffer irreparable harm if he fails to comply with his obligations under Section 14(a) or (b) above or Section 15(a) above and that monetary damages would be inadequate to compensate Griffon for any such breach. Accordingly, Blau agrees that, in addition to any other remedies available to either Party at law, in equity or otherwise, Griffon will be entitled to seek injunctive relief or specific performance to enforce the terms, or prevent or remedy the violation, of any provisions of this Agreement.

17. BENEFICIARIES/REFERENCES.

Blau shall be entitled to select (and change, to the extent permitted under any applicable law) a beneficiary or beneficiaries to receive any compensation or benefit payable under this Agreement following his death by giving Griffon written notice thereof. In the event of Blau's death, or of a judicial

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determination of his incompetence, reference in this Agreement to Blau shall be deemed to refer, as appropriate, to his beneficiary, estate or other legal representative.

18. WITHHOLDING TAXES.

All payments to Blau or his Beneficiary under this Agreement shall be subject to withholding on account of federal, state and local taxes as required by law.

19. INDEMNIFICATION AND LIABILITY INSURANCE.

Nothing herein is intended to limit Griffon's indemnification of Blau, and Griffon shall indemnify him to the fullest extent permitted by applicable law consistent with Griffon's Certificate of Incorporation and By-Laws as in effect at the beginning of the Employment Term, with respect to any action or failure to act on his part while he is an officer, director or employee of Griffon or any Subsidiary. Griffon shall cause Blau to be covered at all times by directors' and officers' liability insurance on terms no less favorable than the directors' and officers' liability insurance maintained by Griffon in effect on the date hereof in terms of coverage and amounts. Griffon shall continue to indemnify Blau as provided above and maintain such liability insurance coverage for him after the Employment Term and, if applicable, the Consulting Period for any claims that may be made against him with respect to his service as a director or officer of Griffon or a consultant to Griffon.

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20. EFFECT OF AGREEMENT ON OTHER BENEFITS.

The existence of this Agreement shall not prohibit or restrict Blau's entitlement to participate fully in compensation, employee benefit and other plans of Griffon in which senior executives are eligible to participate.

21. ASSIGNABILITY; BINDING NATURE.

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, heirs (in the case of Blau) and assigns. No rights or obligations of Griffon under this Agreement may be assigned or transferred by Griffon except pursuant to (a) a merger or consolidation in which Griffon is not the continuing entity or (b) sale or liquidation of all or substantially all of the assets of Griffon, provided that the surviving entity or assignee or transferee is the successor to all or substantially all of the assets of Griffon and such surviving entity or assignee or transferee assumes the liabilities, obligations and duties of Griffon under this Agreement, either contractually or as a matter of law.

Griffon further agrees that, in the event of a sale of assets or liquidation as described in the preceding sentence, it shall use its best efforts to have such assignee or transferee expressly agree to assume the liabilities, obligations and duties of Griffon hereunder; provided, however, that notwithstanding such assumption, Griffon shall remain liable and responsible for fulfillment of the terms and conditions of this Agreement; and provided, further, that in no event shall such assignment and assumption of this

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Agreement adversely affect Blau's right upon a Change in Control, as provided in Section 10(i) above. No rights or obligations of Blau under this Agreement may be assigned or transferred by him.

22. REPRESENTATIONS.

The Parties respectively represent and warrant that each is fully authorized and empowered to enter into this Agreement and that the performance of its or his obligations, as the case may be, under this Agreement will not violate any agreement between such Party and any other person, firm or organization. Griffon represents and warrants that this Agreement has been duly authorized by all necessary corporate action and is valid, binding and enforceable in accordance with its terms.

23. ENTIRE AGREEMENT.

Except to the extent otherwise provided herein, this Agreement contains the entire understanding and agreement between the Parties concerning the subject matter hereof and supersedes any prior agreements, whether written or oral, between the Parties concerning the subject matter hereof, including without limitation the Prior Agreement. Payments and benefits provided under this Agreement are in lieu of any payments or other benefits under any severance

program or policy of Griffon to which Blau would otherwise be entitled.

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24. AMENDMENT OR WAIVER.

No provision in this Agreement may be amended unless such amendment is agreed to in writing and signed by both Blau and an authorized officer of Griffon. No waiver by either Party of any breach by the other Party of any condition or provision contained in this Agreement to be performed by such other Party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by the Party to be charged with the waiver. No delay by either Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

25. SEVERABILITY.

In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

26. SURVIVAL.

The respective rights and obligations of the Parties under this Agreement shall survive any termination of Blau's employment with Griffon.

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27. GOVERNING LAW/JURISDICTION.

This Agreement shall be governed by and construed and interpreted in accordance with the laws of New York, without reference to principles of conflict of laws.

28. COSTS OF DISPUTES.

Griffon shall pay, at least monthly, all costs and expenses, including attorneys' fees and disbursements, of Blau in connection with any proceeding, whether or not instituted by Griffon or Blau, relating to any provision of this Agreement, including but not limited to the interpretation, enforcement or reasonableness thereof; provided, however, that, if Blau instituted the proceeding and the judge or other decision-maker presiding over the proceeding affirmatively finds that his claims were frivolous or were made in bad faith, he shall pay his own costs and expenses and, if applicable, return any amounts theretofore paid to him or on his behalf under this Section 28. Pending the outcome of any proceeding, Griffon shall pay Blau all amounts due to him without regard to the dispute; provided, however, that if Griffon shall be the prevailing party in such a proceeding, Blau shall promptly repay all amounts that he received during pendency of the proceeding (other than amounts received pursuant to this Section 28).

29. NOTICES.

Any notice given to either Party shall be in writing and shall be deemed to have been given when delivered either personally, by fax, by overnight delivery

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service (such as Federal Express) or sent by certified or registered mail postage prepaid, return receipt requested, duly addressed to the Party concerned at the address indicated below or to such changed address as the Party may subsequently give notice of.

If to Griffon or the Board:

Griffon Corporation
100 Jericho Quadrangle
Jericho, NY 11753-2794
Attention: Patrick Alesia

FAX: (516) 938-5644

With a copy to:
Blau, Kramer, Wactlar & Lieberman, P.C.
100 Jericho Quadrangle
Jericho, NY 11753

If to Blau:
125 Wheatley Road
Old Westbury, NY 11568

With a copy to:
Harvey R. Blau
c/o Griffon Corporation
100 Jericho Quadrangle
Jericho, NY 11753

30. HEADINGS.

The headings of the sections contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

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31. COUNTERPARTS.

This Agreement may be executed in counterparts, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of May 2, 2001.

Griffon Corporation

Attest: /s/ Dina Bottari

By: /s/ Robert Balemian

Witness: /s/ Frances L. Stelz

/s/ Harvey R. Blau

Harvey R. Blau

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EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), made and entered into as of July 1, 2001, by and between Griffon Corporation, a Delaware corporation, with its principal office located at 100 Jericho Quadrangle, Jericho, New York 11753-2794 (together with its successors and assigns permitted under this Agreement, "Griffon") and Robert Balemian ("Balemian"), amends and restates in its entirety the Employment Agreement made and entered into as of October 1, 1998 between Griffon and Balemian (the "Prior Agreement").

WITNESSETH:

WHEREAS, Griffon has determined that it is in the best interests of Griffon and its stockholders to continue to employ Balemian and to set forth in this Agreement the obligations and duties of both Griffon and Balemian; and

WHEREAS, Griffon wishes to assure itself of the services of Balemian for the period hereinafter provided, and Balemian is willing to be employed by Griffon for said period, upon the terms and conditions provided in this Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is mutually acknowledged, Griffon and Balemian (individually a "Party" and together the "Parties") agree as follows:

1. DEFINITIONS.

(a) "Beneficiary" shall mean the person or persons named by Balemian pursuant to Section 17 below or, in the event that no such person is named who survives Balemian, his estate.

(b) "Board" shall mean the Board of Directors of Griffon.

(c) "Cause" shall mean:

(i) Balemian's conviction of a felony involving an act or acts of dishonesty on his part and resulting in gain or personal enrichment at the expense of Griffon;

(ii) willful and continued failure of Balemian to perform his obligations under this Agreement, resulting in demonstrable material economic harm to Griffon, or

(iii) a willful and material breach by Balemian of the provisions of Sections 14 or 15 below to the demonstrable and material detriment of Griffon.

Notwithstanding the foregoing, in no event shall Balemian's failure to perform the duties associated with his position caused by his mental or physical disability constitute Cause for his termination.

For purposes of this Section 1(c), no act or failure to act on the part of Balemian shall be considered "willful" unless it is done, or omitted to be done, by him in bad faith or without reasonable belief that his action or omission was in the best interests of Griffon. Any act or failure to act based upon authority given pursuant to a resolution adopted by the Board or based upon the advice of

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counsel for Griffon shall be conclusively presumed to be done, or omitted to be done, by Balemian in good faith and in the best interests of Griffon.

(d) "Change in Control" shall mean the occurrence of any of the following events:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 as amended (the "Exchange Act") (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of voting securities of Griffon when such acquisition causes such Person to beneficially own 20 percent or more of the combined voting power of the then outstanding voting

securities of Griffon entitled to vote generally in the election of directors (the "Outstanding Griffon Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not be deemed to result in a Change of Control: (A) any acquisition directly from Griffon, (B) any acquisition by Griffon, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Griffon or any corporation controlled by Griffon or (D) any acquisition pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) below; and provided, further, that if any Person's beneficial ownership of the Outstanding Griffon Voting Securities reaches or exceeds 20 percent as a result of a transaction described in clause (A) or (B) above, and such Person subsequently acquires beneficial ownership of additional voting securities of Griffon, such subsequent acquisition shall be treated as an acquisition that causes such Person to beneficially own 20 percent or more of the Outstanding Griffon Voting Securities; or

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(ii) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by Griffon's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding for this purpose any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) consummation of a reorganization, merger or consolidation or sale or other disposition of all or subsequently all of the assets of Griffon or the acquisition of assets of another entity ("Business Combination"); excluding, however, such a Business Combination pursuant to which (A) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Griffon Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60 percent of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Griffon Voting Securities, (B) no Person (excluding any employee benefit plan (or related trust) of Griffon or such corporation resulting from

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such Business Combination) beneficially owns, directly or indirectly, 20 percent or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns Griffon or all or substantially all of Griffon's assets either directly or through one or more subsidiaries) were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) approval by the stockholders of Griffon of a complete liquidation or dissolution of the Company.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(f) "Committee" shall mean the Compensation Committee of the Board.

(g) "Consulting Period" shall mean the period specified in Section 13 below during which Baleman serves as a consultant to Griffon.

(h) "Disability" shall mean the illness or other mental or physical disability of Baleman, as determined by a physician acceptable to Griffon and

Balemian, resulting in his failure during the Employment Term or the Consulting Period, as the case may be, (i) to perform substantially his applicable material duties under this Agreement for a period of nine consecutive months and (ii) to return to the performance of his duties within 30 days after receiving written notice of termination.

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(i) "Employment Term" shall mean the period specified in Section 2(b) below.

(j) "Fiscal Year" shall mean the 12-month period beginning on October 1 and ending on the next subsequent September 30, or such other 12-month period as may constitute Griffon's fiscal year at any time hereafter.

(k) "Good Reason" shall mean, at any time during the Employment Term, in each case (except for clause (vi) below) without Balemian's prior written consent or his acquiescence:

(i) reduction in his then current Salary;

(ii) diminution, reduction or other adverse change in the bonus or incentive compensation opportunities available to Balemian (with respect to the level of bonus or incentive compensation opportunities, the applicable performance criteria and otherwise the manner in which bonuses and incentive compensation are determined) in the aggregate from those available as of the date hereof in accordance with Section 4(a) below;

(iii) Griffon's failure to pay Balemian any amounts otherwise vested and due him hereunder or under any plan or policy of Griffon;

(iv) diminution of Balemian's titles, position, authorities or responsibilities, including not serving on the Board;

(v) assignment to Balemian of duties incompatible with his position of President;

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(vi) termination by Balemian of his employment within one year following a Change in Control other than (a) for Cause or (b) by reason of death or Disability;

(vii) imposition of a requirement that Balemian report other than to the Chief Executive Officer and the full Board;

(viii) a material breach of the Agreement by Griffon that is not cured within 10 business days after written notification by Balemian of such breach; or

(ix) relocation of Griffon's corporate headquarters to a location more than 35 miles from the location first above described.

(l) "Retirement" shall mean termination of Balemian's employment subsequent to the date hereof, other than (i) due to death or Disability, (ii) for Cause or Good Reason or (iii) without Cause, with Balemian's entitlement to receive a fully vested benefit under Griffon's Supplemental Executive Retirement Plan as in effect on the date hereof.

(m) "Salary" shall mean the annual salary provided for in Section 3 below, as adjusted from time to time.

(n) "Spouse" shall mean, during the Term of Employment and the Consulting Period, the woman who as of any relevant date is legally married to Balemian.

(o) "Subsidiary" shall mean any corporation of which Griffon owns, directly or indirectly, more than 50 percent of its voting stock.

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2. EMPLOYMENT TERM, POSITIONS AND DUTIES.

(a) Employment of Balemian. Griffon hereby continues to employ Balemian,

and Balemian hereby accepts continued employment with Griffon, in the positions and with the duties and responsibilities set forth below and upon such other terms and conditions as are hereinafter stated. Balemian shall render services to Griffon principally at Griffon's corporate headquarters, but he shall do such traveling on behalf of Griffon as shall be reasonably required in the course of the performance of his duties hereunder.

(b) Employment Term. The Employment Term shall commence as of July 1, 2001 and shall terminate on December 1, 2006.

(c) Titles and Duties.

(i) Until the date of termination of his employment hereunder, Balemian shall be employed as President, reporting to the Chief Executive Officer and to the full Board. In his capacity as President, Balemian shall have the customary powers, responsibilities and authorities of presidents of corporations of the size, type and nature of Griffon including, without limitation, authority, in conjunction with the Board as appropriate, to hire and terminate other employees of Griffon.

(ii) During the Employment Term, Griffon shall use its best efforts to secure the election of Balemian to the Board. During the Employment Term, if the Board forms an executive or similar committee, Balemian shall serve thereon.

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(d) Time and Effort.

(i) Balemian agrees to devote his best efforts and abilities, and such of his business time and attention as is reasonably necessary, to the affairs of Griffon in order to carry out his duties and responsibilities under this Agreement.

(ii) Notwithstanding the foregoing, nothing shall preclude Balemian from (A) serving on the boards of a reasonable number of trade associations, charitable organizations and/or businesses not in competition with Griffon, (B) engaging in charitable activities and community affairs and (C) managing his personal investments and affairs; provided, however, that, such activities do not materially interfere with the proper performance of his duties and responsibilities specified in Section 2 (c) above.

3. SALARY.

(a) Initial Salary. Balemian shall receive from Griffon a Salary, payable in accordance with the regular payroll practices of Griffon, in a minimum amount of \$700,000.

(b) Cost-of-Living Increase. During the Employment Term Balemian's Salary shall be increased semiannually by an amount equal to the increase in the cost of living for the immediately preceding calendar half-year, as reported in the "Consumer Price Index, New York and Northeastern New Jersey, All Items," published by the United States Department of Labor, Bureau of Labor Statistics (or, if such index is no longer published, a successor or comparable index that is published). Such amount shall be calculated and paid to Balemian in a single

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sum on or before the first day of the second month following the applicable calendar half year, and thereafter his Salary shall be deemed to include the amount of any such increase. The first calculation and payment shall be made with respect to the six month period from and after July 1, 2001. If Balemian's employment shall terminate during any such six-month period, the cost-of-living increase provided in this Section 3(b) shall be prorated accordingly.

(c) Salary Increase. Any amount to which Balemian's Salary is increased, as provided in Section 3(b) above or otherwise, shall not thereafter be reduced without his consent, and the term "Salary" as used in this Agreement shall refer to his Salary as thus increased.

4. BONUSES.

(a) Annual Bonus. Balemian shall be eligible to receive an annual bonus for

each Fiscal Year or portion thereof during the Employment Term in accordance with Griffon's Senior Management Incentive Compensation Plan or another plan or plans providing him annual award opportunities (with respect to their level, applicable performance criteria and the manner in which bonuses are determined) that in the aggregate are not less than those in effect as of the date hereof. Balemian shall be entitled to elect to defer, under the terms of the Senior Management Incentive Compensation Plan or any successor plan, any portion of his annual bonus that is not already subject to deferral thereunder.

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(b) Special Bonus. Balemian shall be eligible to receive additional bonuses during the Employment Term. The Committee shall determine, in its discretion, the occasion for payment, and the amount, of any such bonus.

5. LONG-TERM INCENTIVE.

During the Employment Term, Balemian shall be eligible for an award under any long-term incentive compensation plan established by Griffon for the benefit of Balemian or, in the absence thereof, under any such plan established for the benefit of members of the senior management of Griffon.

6. EQUITY OPPORTUNITY.

During the Employment Term, Balemian shall be eligible to receive grants of options to purchase shares of Griffon's stock and awards of shares of Griffon's stock, either or both as determined by the Committee, under and in accordance with the terms of applicable plans of Griffon and related option and award agreements. It is the intention of Griffon to grant stock options to Balemian during the Employment Term. Also, to the extent permitted by any such plan, Balemian shall be eligible during any Consulting Period to receive grants of options and awards of shares of Griffon's stock in the same manner.

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7. EXPENSE REIMBURSEMENT; CERTAIN OTHER COSTS.

During the Employment Term and any Consulting Period, Balemian shall be entitled to prompt reimbursement by Griffon for all reasonable out-of-pocket expenses incurred by him in performing services under this Agreement, upon his submission of such accounts and records as may be reasonably required by Griffon. In addition, Balemian shall be entitled to payment by Griffon of all reasonable costs and expenses, including attorneys' and consultants' fees and disbursements, incurred by him in connection with adoption of this Agreement and any related compensatory arrangements that Griffon adopts solely for his benefit.

8. PERQUISITES.

During the Employment Term and, and any Consulting Period, Griffon shall provide Balemian with the following perquisites:

(a) an office of a size and with furnishings and other appointments, and exclusive personal secretarial and other assistance, at least equal to that provided to Balemian by Griffon as of the date hereof; and

(b) payment of club dues and the use of an automobile and payment of related expenses on the same terms as in effect on the date hereof or, if more favorable to Balemian, as made available generally to other executive officers of Griffon and its affiliates at any time thereafter.

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9. EMPLOYEE BENEFIT PLANS.

(a) General. During the Employment Term, Balemian shall be entitled to participate in all employee benefit plans and programs made available to Griffon's senior executives or to its employees generally, as such plans or programs may be in effect from time to time, including, without limitation, pension and other retirement plans, profit-sharing plans, savings and similar plans, group life insurance, accidental death and dismemberment insurance,

travel accident insurance, hospitalization insurance, surgical insurance, major and excess major medical insurance, dental insurance, short-term and long-term disability insurance, sick leave (including salary continuation arrangements), holidays, vacation (not less than four weeks in any calendar year) and any other employee benefit plans or programs that may be sponsored by Griffon from time to time, including plans that supplement the above-listed types of plans, whether funded or unfunded.

(b) Medical Care Reimbursement and Insurance. During the Employment Term and Consulting Period, Griffon shall reimburse Balemian for 100 percent of any medical expenses incurred by him for himself and his Spouse that are not reimbursed by insurance or otherwise, offset by any amounts that are reimbursable by Medicare if Balemian and his Spouse, when eligible, elect to be covered by Medicare. Griffon shall provide Balemian and his Spouse during his lifetime with hospitalization insurance, surgical insurance, major and excess major medical insurance and dental insurance in accordance with the most favorable plans, policies, programs and practices of Griffon and its

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Subsidiaries made available generally to other senior executive officers of Griffon and its Subsidiaries as in effect from time to time.

(c) Life Insurance Benefit. In addition to the group life insurance available to employees generally, Griffon shall provide Balemian with an individual permanent life insurance benefit in an initial amount of not less than approximately \$1.5 million, the terms and conditions of such benefit to be more fully described in an insurance ownership agreement between Balemian and Griffon.

(d) Disability Benefit. In consideration of the benefit payable to Balemian in the event of termination of his employment due to Disability, as provided in Section 10(e) below, or, if applicable, in the event of termination of Balemian's consulting services due to Disability during the Consulting Period, as provided in Section 13(d) below, Griffon shall not be obligated to provide Balemian with long-term disability insurance. If Griffon elects to provide Balemian with such insurance, he shall be the owner of any individual policies obtained and shall pay the premiums thereon; provided, however, that Griffon shall reimburse Balemian for any premiums that he pays.

(e) Retirement Benefit. Balemian shall be entitled to the benefits provided under Griffon's Supplemental Executive Retirement Plan (the "SERP"); provided, however, that if Griffon fails to maintain the SERP, Balemian's retirement benefit shall be determined as if the SERP had remained in effect until termination of his employment with Griffon by retirement. These benefits are in addition to the benefits provided under this Agreement, and no modification, amendment or termination of this Agreement shall affect Balemian's rights under the SERP as in effect on the date hereof or, if more favorable to Balemian, as in effect at any time thereafter.

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10. TERMINATION OF EMPLOYMENT.

(a) Voluntary Termination and Termination by Mutual Agreement. Balemian may terminate his employment voluntarily at any time after December 31, 2001 in accordance with the provisions of Section 10(h). If he does so, except for Good Reason, his entitlement shall be the same as if Griffon had terminated his employment for Cause. The Parties may terminate this Agreement by mutual agreement at any time. If they do so, Balemian's entitlements shall be as the Parties mutually agree.

(b) General. Notwithstanding anything to the contrary herein, in the event of termination of Balemian's employment under this Agreement, he or his Beneficiary, as the case may be, shall be entitled to receive (in addition to payments and benefits under, and except as specifically provided in, subsections (c) through (i) below, as applicable):

- (i) his Salary through the date of termination;
- (ii) any unused vacation from prior years;
- (iii) any annual or special bonus awarded but not yet paid to him;

(iv) any deferred compensation under the Senior Management Incentive Compensation Plan or any other deferred compensation plan of Griffon;

(v) any other compensation or benefits, including without limitation long-term incentive compensation described in Section 5 above, benefits under equity grants and awards described in Section 6 above and employee benefits under plans described in Section 9 above, that have vested through the date of

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termination or to which he may then be entitled in accordance with the applicable terms and conditions of each grant, award or plan; and

(vi) reimbursement in accordance with Sections 9(a) and (b) above of any business and medical expenses incurred by Balemian or his Spouse, as applicable, through the date of termination but not yet paid to him.

(c) Termination due to Retirement. In the event that Balemian's employment is terminated due to his Retirement, he shall be entitled, in addition to the compensation and benefits specified in Section 10(b), to the benefits provided under the SERP, as provided in Section 9(e) above.

(d) Termination due to Death. In the event that Balemian's employment is terminated due to his death, his Beneficiary shall be entitled, in addition to the compensation and benefits specified in Section 10(b), to his Salary payable for the remainder of the Employment Term at the rate in effect immediately before such termination.

(e) Termination due to Disability. In the event of Disability, Griffon or Balemian may terminate Balemian's employment. If Balemian's employment is terminated due to Disability, he shall be entitled, in addition to the compensation and benefits specified in Section 10(b), to his Salary payable for the remainder of the Employment Term at the rate in effect immediately before such termination, offset by any long-term disability insurance benefit that Griffon may have elected to provide for him.

(f) Termination by Griffon for Cause. Griffon may terminate Balemian's employment hereunder for Cause only upon written notice to Balemian not less than 30 days prior to any intended termination, which notice shall specify the

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grounds for such termination in reasonable detail. Cause shall in no event be deemed to exist except upon a finding reflected in a resolution approved by a majority (excluding Balemian) of the members of the Board (whose findings shall not be binding upon or entitled to any deference by any court, arbitrator or other decision-maker ruling on this Agreement) at a meeting of which Balemian shall have been given proper notice and at which Balemian (and his counsel) shall have a reasonable opportunity to present his case. In the event that Balemian's employment is terminated for Cause, he shall be entitled only to the compensation and benefits specified in Section 10(b).

(g) Termination Without Cause or by Balemian for Good Reason.

(i) Termination without Cause shall mean termination of Balemian's employment by Griffon and shall exclude termination (A) due to death, Disability or Cause, (B) by Balemian voluntarily or (C) by mutual written agreement of Balemian and Griffon. Griffon shall provide Balemian 15 days' prior written notice of termination by it without Cause, and Balemian shall provide Griffon 15 days' prior written notice of his termination for Good Reason.

(ii) In the event of termination by Griffon of Balemian's employment without Cause or of termination by Balemian of his employment for Good Reason, he shall be entitled, in addition to the compensation and benefits specified in Section 10(b), to:

(A) a lump-sum payment equal to the Salary payable to him for the remainder of the Employment Term at the rate in effect immediately before such termination;

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(B) a lump-sum payment equal to the annual bonuses for the remainder of the Employment Term (including a prorated bonus for any partial Fiscal Year) equal to the average of the three highest annual bonuses awarded to him during the ten Fiscal Years preceding the Fiscal Year of termination;

(C) continued medical reimbursement for the remainder of the Employment Term and thereafter the lifetime medical benefits described in Section 9(b) above;

(D) a lump-sum payment equal to the then present value of the excess, if any, of (x) the retirement benefit to which Balemian would have been entitled if he had remained employed under this Agreement until age 72 (calculated and payable as provided in the SERP) over (y) the early retirement benefit actually payable to him; and

(E) continued participation in all employee benefit plans or programs available to Griffon employees generally in which Balemian was participating on the date of termination of his employment until the end of the Employment Term; provided; however, that (x) if Balemian is precluded from continuing his participation in any employee benefit plan or program as provided in this clause (E), he shall be entitled to the after-tax economic equivalent of the benefits under the plan or program in which he is unable to participate until the end of the Employment Term, and (y) the economic equivalent of any benefit foregone shall be deemed to be the lowest cost that Balemian would incur in obtaining such benefit on an individual basis; and

(F) other benefits in accordance with applicable plans and programs of the Company.

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(iii) Prior written consent by Balemian to any of the events described in Section 1(k) above shall be deemed a waiver by him of his right to terminate for Good Reason under this Section 10(g) solely by reason of the events set forth in such waiver.

(h) Voluntary Termination by Balemian. At any time after December 31, 2001, Balemian shall have the right, upon 60 days' prior written notice, voluntarily to terminate his employment without Good Reason, in which event his employment shall cease and the Employment Term shall terminate as of the date stated in such notice, and the Consulting Period shall begin on the next succeeding business day, and he shall be entitled to receive compensation and benefits as if Griffon had terminated his employment for Cause, as provided in Section 10(f).

(i) Change in Control. Notwithstanding anything to the contrary in this Section 10, termination of Balemian's employment within the one-year period following a Change in Control for any reason other than Cause, death or Disability, shall be governed by Section 10(g). In the event of any such termination, Balemian shall be entitled to compensation and benefits in accordance with the provisions of Section 10(g)(ii).

11. NO DUTY TO MITIGATE.

Balemian shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payment hereunder be subject to offset in the event Balemian does receive compensation for services from any other source.

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12. PARACHUTES.

(a) Application. If all, or any portion, of the payments provided under this Agreement, and/or any other payments and benefits that Balemian receives or is entitled to receive from Griffon, a Subsidiary, or any other person, whether or not under an existing plan, arrangement or other agreement, constitutes an excess "parachute payment" within the meaning of Section 280G(b) of the Code (each such parachute payment, a "Parachute Payment") and will result in the imposition on Balemian of an excise tax under Section 4999 of the Code, then, in addition to any other benefits to which Balemian is entitled under this Agreement, Griffon shall pay him an amount in cash equal to the sum of the excise taxes payable by him by reason of receiving Parachute Payments, plus the

amount necessary to put him in the same after-tax position (taking into account any and all applicable federal, state and local excise, income or other taxes at the highest possible applicable rates on such Parachute Payments (including without limitation any payments under this Section 12) as if no excise taxes had been imposed with respect to Parachute Payments (the "Parachute Gross-up").

(b) Computation. The amount of any payment under this Section 12 shall be computed by a certified public accounting firm of national reputation selected by Griffon and acceptable to Balemian. If Griffon or Balemian disputes the computation rendered by such accounting firm, Griffon shall select an alternative certified public accounting firm of national reputation to perform the applicable computation. If the two accounting firms cannot agree upon the

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computations, Balemian and Griffon shall jointly appoint a third certified public accounting firm of national reputation within 10 calendar days after the two conflicting computations have been rendered. Such third accounting firm shall be asked to determine within 30 calendar days the computation of the Parachute Gross-up to be paid to Balemian, and payments shall be made accordingly.

(c) Payment. In any event, Griffon shall pay to Balemian or pay on his behalf the Parachute Gross-up as computed by the accounting firm initially selected by Balemian by the time any taxes payable by him as a result of the Parachute Payments become due, with Balemian agreeing to return the excess amount of such payment over the final computation rendered from the process described in Section 12(b). Balemian and Griffon shall provide the accounting firms with all information that any of them reasonably deems necessary in order to compute the Parachute Gross-up. The cost and expenses of all the accounting firms retained to perform the computations described above shall be borne by Griffon.

In the event that the Internal Revenue Service ("IRS") or the accounting firm computing the Parachute Gross-up finally determines that the amount of excise taxes thereon initially paid was insufficient to discharge Balemian's excise tax liability, Griffon shall make additional payments to him as may be necessary to reimburse him for discharging the full liability.

Balemian shall apply to the IRS for a refund of any excise taxes paid and remit to Griffon the amount of any such refund that he receives. Griffon shall reimburse Balemian for his expenses in seeking a refund of excise taxes and for any interest and penalties imposed on excise taxes that he is required to pay.

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13. CONSULTING PERIOD.

(a) General. Effective upon the end of the Employment Term (but only if the Employment Term ends by reason of its expiration or, if earlier, upon termination of Balemian's employment (i) voluntarily, (ii) by mutual agreement or (iii) by Retirement), Balemian shall become a consultant to Griffon, in recognition of the continued value to Griffon of his extensive knowledge and expertise. Unless earlier terminated, as provided in Section 13(e), the Consulting Period shall continue for five years.

(b) Duties and Extent of Services.

(i) During the Consulting Period, Balemian shall consult with Griffon and its senior executive officers regarding its respective businesses and operations. Such consulting services shall not require more than 50 days in any calendar year, nor more than one day in any week, it being understood and agreed that during the Consulting Period Balemian shall have the right, consistent with the prohibitions of Sections 14 and 15 below, to engage in full-time or part-time employment with any business enterprise that is not a competitor of Griffon.

(ii) Balemian's service as a consultant shall only be required at such times and such places as shall not result in unreasonable inconvenience to him. His consulting services may be rendered by personal consultation at his residence or office wherever maintained, or by correspondence through mail,

telephone, fax or other similar mode of communication at times, including weekends and evenings, most convenient to him.

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(iii) During the Consulting Period, Balemian shall not be obligated to serve as a member of the Board or to occupy any office on behalf of Griffon or any of its Subsidiaries.

(c) Compensation. During the Consulting Period, Balemian shall receive from Griffon each year an amount equivalent to two-thirds of his Salary at the end of the Employment Term, payable and subject to annual increase as provided in Section 3 above.

(d) Disability. In the event of Disability during the Consulting Period, Griffon or Balemian may terminate Balemian's consulting services. If Balemian's consulting services are terminated due to Disability, he shall be entitled to compensation, in accordance with Section 13(c), for the remainder of the Consulting Period.

(e) Termination. The Consulting Period shall terminate after five years or, if earlier, upon Balemian's death or upon his failure to perform consulting services as provided in Section 13(b), pursuant to 30 days' written notice by Griffon to Balemian of the grounds constituting such failure and reasonable opportunity afforded Balemian to cure the alleged failure. Upon any such termination, payment of consulting fees and benefits (with the exception of lifetime medical benefits under Section 9(b) above) shall cease.

(f) Other. During the Consulting Period, Balemian shall be entitled to expense reimbursement (including secretarial, telephone and similar support services) and perquisites and medical benefits, pursuant to the terms of Sections 7, 8 and 9(b), respectively.

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14. CONFIDENTIAL INFORMATION.

(a) General.

(i) Balemian understands and hereby acknowledges that as a result of his employment with Griffon he will necessarily become informed of and have access to certain valuable and confidential information of Griffon and any of its Subsidiaries, joint ventures and affiliates, including, without limitation, inventions, trade secrets, technical information, computer software and programs, know-how and plans ("Confidential Information"), and that any such Confidential Information, even though it may be developed or otherwise acquired by Balemian, is the exclusive property of Griffon to be held by him in trust solely for Griffon's benefit.

(ii) Accordingly, Balemian hereby agrees that, during the Employment Term and the Consulting Period and subsequent to both, he shall not, and shall not cause others to, use, reveal, report, publish, transfer or otherwise disclose to any person, corporation or other entity any Confidential Information without prior written consent of the Board, except to (A) responsible officers and employees of Griffon or (B) responsible persons who are in a contractual or fiduciary relationship with Griffon or who need such information for purposes in the interest of Griffon. Notwithstanding, the foregoing, the prohibitions of this clause (ii) shall not apply to any Confidential Information that becomes of general public knowledge other than from Balemian or is required to be divulged by court order or administrative process.

(b) Return of Documents. Upon termination of his employment with Griffon for any reason or, if applicable, upon expiration of the Consulting Period, Balemian shall promptly deliver to Griffon all plans, drawings, manuals,

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letters, notes, notebooks, reports, computer programs and copies thereof and all other materials, including without limitation those of a secret or confidential nature, relating to Griffon's business that are then in his possession or control.

(c) Remedies and Sanctions. In the event that Balemian is found to be in violation of Section 14(a) or (b) above, Griffon shall be entitled to relief as provided in Section 16 below.

15. NONCOMPETITION/NONSOLICITATION.

(a) Prohibitions. During the Employment Term and, if applicable, the Consulting Period, Balemian shall not, without prior written authorization of the Board, directly or indirectly, through any other individual or entity:

(i) become an officer or employee of, or render any service to, any direct competitor of Griffon;

(ii) solicit or induce any customer of Griffon to cease purchasing goods or services from Griffon or to become a customer of any competitor of Griffon; or

(iii) solicit or induce any employee of Griffon to become employed by any competitor of Griffon.

(b) Remedies and Sanctions. In the event that Balemian is found to be in violation of Section 15(a) above, Griffon shall be entitled to relief as provided in Section 16 below.

(c) Exceptions. Notwithstanding anything to the contrary in Section 15(a) above, its provisions shall not:

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(i) apply if Griffon terminates Balemian's employment without Cause or Balemian terminates his employment for Good Reason, each as provided in Section 10(g) above; or

(ii) be construed as preventing Balemian from investing his assets in any business that is not a direct competitor of Griffon.

16. REMEDIES/SANCTIONS.

Balemian acknowledges that the services he is to render under this Agreement are of a unique and special nature, the loss of which cannot reasonably or adequately be compensated for in monetary damages, and that irreparable injury and damage may result to Griffon in the event of any breach of this Agreement or default by Balemian. Because of the unique nature of the Confidential Information and the importance of the prohibitions against competition and solicitation, Balemian further acknowledges and agrees that Griffon will suffer irreparable harm if he fails to comply with his obligations under Section 14(a) or (b) above or Section 15(a) above and that monetary damages would be inadequate to compensate Griffon for any such breach. Accordingly, Balemian agrees that, in addition to any other remedies available to either Party at law, in equity or otherwise, Griffon will be entitled to seek injunctive relief or specific performance to enforce the terms, or prevent or remedy the violation, of any provisions of this Agreement.

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17. BENEFICIARIES/REFERENCES.

Balemian shall be entitled to select (and change, to the extent permitted under any applicable law) a beneficiary or beneficiaries to receive any compensation or benefit payable under this Agreement following his death by giving Griffon written notice thereof. In the event of Balemian's death, or of a judicial determination of his incompetence, reference in this Agreement to Balemian shall be deemed to refer, as appropriate, to his beneficiary, estate or other legal representative.

18. WITHHOLDING TAXES.

All payments to Balemian or his Beneficiary under this Agreement shall be subject to withholding on account of federal, state and local taxes as required by law.

19. INDEMNIFICATION AND LIABILITY INSURANCE.

Nothing herein is intended to limit Griffon's indemnification of Balemian,

and Griffon shall indemnify him to the fullest extent permitted by applicable law consistent with Griffon's Certificate of Incorporation and By-Laws as in effect at the beginning of the Employment Term, with respect to any action or failure to act on his part while he is an officer, director or employee of Griffon or any Subsidiary. Griffon shall cause Balemian to be covered at all times by directors' and officers' liability insurance on terms no less favorable than the directors' and officers' liability insurance maintained by Griffon in

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effect on the date hereof in terms of coverage and amounts. Griffon shall continue to indemnify Balemian as provided above and maintain such liability insurance coverage for him after the Employment Term and, if applicable, the Consulting Period for any claims that may be made against him with respect to his service as a director or officer of Griffon or a consultant to Griffon.

20. EFFECT OF AGREEMENT ON OTHER BENEFITS.

The existence of this Agreement shall not prohibit or restrict Balemian's entitlement to participate fully in compensation, employee benefit and other plans of Griffon in which senior executives are eligible to participate.

21. ASSIGNABILITY; BINDING NATURE.

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, heirs (in the case of Balemian) and assigns. No rights or obligations of Griffon under this Agreement may be assigned or transferred by Griffon except pursuant to (a) a merger or consolidation in which Griffon is not the continuing entity or (b) sale or liquidation of all or substantially all of the assets of Griffon, provided that the surviving entity or assignee or transferee is the successor to all or substantially all of the assets of Griffon and such surviving entity or assignee or transferee assumes the liabilities, obligations and duties of Griffon under this Agreement, either contractually or as a matter of law.

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Griffon further agrees that, in the event of a sale of assets or liquidation as described in the preceding sentence, it shall use its best efforts to have such assignee or transferee expressly agree to assume the liabilities, obligations and duties of Griffon hereunder; provided, however, that notwithstanding such assumption, Griffon shall remain liable and responsible for fulfillment of the terms and conditions of this Agreement; and provided, further, that in no event shall such assignment and assumption of this Agreement adversely affect Balemian's right upon a Change in Control, as provided in Section 10(i) above. No rights or obligations of Balemian under this Agreement may be assigned or transferred by him.

22. REPRESENTATIONS.

The Parties respectively represent and warrant that each is fully authorized and empowered to enter into this Agreement and that the performance of its or his obligations, as the case may be, under this Agreement will not violate any agreement between such Party and any other person, firm or organization. Griffon represents and warrants that this Agreement has been duly authorized by all necessary corporate action and is valid, binding and enforceable in accordance with its terms.

23. ENTIRE AGREEMENT.

Except to the extent otherwise provided herein, this Agreement contains the entire understanding and agreement between the Parties concerning the subject

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matter hereof and supersedes any prior agreements, whether written or oral, between the Parties concerning the subject matter hereof, including without limitation the Prior Agreement. Payments and benefits provided under this Agreement are in lieu of any payments or other benefits under any severance program or policy of Griffon to which Balemian would otherwise be entitled.

24. AMENDMENT OR WAIVER.

No provision in this Agreement may be amended unless such amendment is agreed to in writing and signed by both Balemian and an authorized officer of Griffon. No waiver by either Party of any breach by the other Party of any condition or provision contained in this Agreement to be performed by such other Party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by the Party to be charged with the waiver. No delay by either Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

25. SEVERABILITY.

In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

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26. SURVIVAL.

The respective rights and obligations of the Parties under this Agreement shall survive any termination of Balemian's employment with Griffon.

27. GOVERNING LAW/JURISDICTION.

This Agreement shall be governed by and construed and interpreted in accordance with the laws of New York, without reference to principles of conflict of laws.

28. COSTS OF DISPUTES.

Griffon shall pay, at least monthly, all costs and expenses, including attorneys' fees and disbursements, of Balemian in connection with any proceeding, whether or not instituted by Griffon or Balemian, relating to any provision of this Agreement, including but not limited to the interpretation, enforcement or reasonableness thereof; provided, however, that, if Balemian instituted the proceeding and the judge or other decision-maker presiding over the proceeding affirmatively finds that his claims were frivolous or were made in bad faith, he shall pay his own costs and expenses and, if applicable, return any amounts theretofore paid to him or on his behalf under this Section 28. Pending the outcome of any proceeding, Griffon shall pay Balemian all amounts due to him without regard to the dispute; provided, however, that if Griffon

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shall be the prevailing party in such a proceeding, Balemian shall promptly repay all amounts that he received during pendency of the proceeding (other than amounts received pursuant to this Section 28).

29. NOTICES.

Any notice given to either Party shall be in writing and shall be deemed to have been given when delivered either personally, by fax, by overnight delivery service (such as Federal Express) or sent by certified or registered mail postage prepaid, return receipt requested, duly addressed to the Party concerned at the address indicated below or to such changed address as the Party may subsequently give notice of.

If to Griffon or the Board:

Griffon Corporation
100 Jericho Quadrangle
Jericho, NY 11753-2794
Attention: Patrick Alesia

FAX: (516) 938-5644

With a copy to:

Blau, Kramer, Wactlar & Lieberman, P.C.
100 Jericho Quadrangle
Jericho, NY 11753

If to Balemian:
10 Fox Meadow Lane
Lloyd Harbor, NY 11743

With a copy to:
Robert Balemian
10 Fox Meadow Lane
Lloyd Harbor, NY 11743

30. HEADINGS.

The headings of the sections contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

31. COUNTERPARTS.

This Agreement may be executed in counterparts, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of May 2, 2001.

Griffon Corporation

/s/ Frances L. Stelz
Attest: _____

/s/ Harvey Blau
By: _____

/s/ Dina Bottari
Witness: _____

/s/ Robert Balemian

Robert Balemian