

GRIFFON CORP  
Form DEF 14A  
January 07, 2005

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**SCHEDULE 14A INFORMATION**  
**Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

**GRIFFON CORPORATION**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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(1) Amount Previously Paid:

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

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(4) Date Filed:

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**GRIFFON CORPORATION**

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**February 16, 2005**

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To our stockholders:

An annual meeting of stockholders will be held at the Garden City Hotel, Garden City, New York on Wednesday, February 16, 2005 beginning at 10:00 a.m. At the meeting, you will be asked to vote on the following matters:

1. Election of five directors for a term of three years.
2. Any other matters that properly come before the meeting.

The above matters are set forth in the proxy statement attached to this notice to which your attention is directed.

If you are a stockholder of record at the close of business on January 3, 2005, you are entitled to vote at the meeting or at any adjournment or postponement of the meeting. This notice and proxy statement are first being mailed to stockholders on or about January 7, 2005.

By Order of the Board of  
Directors,  
EDWARD I. KRAMER  
Secretary

Dated: January 7, 2005  
Jericho, New York

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, YOU ARE URGED TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING PRE-ADDRESSED POSTAGE-PAID ENVELOPE AS DESCRIBED ON THE ENCLOSED PROXY CARD. YOUR PROXY, GIVEN THROUGH THE RETURN OF THE ENCLOSED PROXY CARD, MAY BE REVOKED PRIOR TO ITS EXERCISE BY FILING WITH OUR CORPORATE SECRETARY PRIOR TO THE MEETING A WRITTEN NOTICE OF REVOCATION OR A DULY EXECUTED PROXY BEARING A LATER DATE, OR BY ATTENDING THE MEETING AND VOTING IN PERSON.**

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**GRIFFON CORPORATION**  
**100 Jericho Quadrangle**  
**Jericho, New York 11753**

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**PROXY STATEMENT**

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**ANNUAL MEETING OF STOCKHOLDERS**  
**Wednesday, February 16, 2005**

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Our annual meeting of stockholders will be held on Wednesday, February 16, 2005 at the Garden City Hotel, Garden City, New York at 10:00 a.m. Our Board of Directors is soliciting your proxy to vote your shares of common stock at the annual meeting. This proxy statement, which was prepared by our management for the Board, contains information about the matters to be considered at the meeting or any adjournments or postponements of the meeting and is first being sent to stockholders on or about January 7, 2005.

**ABOUT THE MEETING**

***What is being considered at the meeting?***

You will be voting on the election of directors.

We do not expect you to vote on any other matters at the meeting.

In addition, our management will report on our performance during fiscal 2004 and respond to your questions.

***Who is entitled to vote at the meeting?***

You may vote if you owned stock as of the close of business on January 3, 2005. Each share of stock is entitled to one vote.

***How do I vote?***

You can vote in two ways:

by attending the meeting or

by completing, signing, dating and returning the enclosed proxy card.

***Can I change my mind after I vote?***

Yes, you may change your mind at any time before the vote is taken at the meeting. You can do this by (1) properly completing another proxy with a later date and returning it to us prior to the meeting or filing with our corporate secretary a written notice revoking your proxy, or (2) voting again at the meeting.

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***What if I return my proxy card but do not include voting instructions?***

Proxies that are signed and returned but do not include voting instructions will be voted FOR the election of the nominee directors.

***What does it mean if I receive more than one proxy card?***

It means that you have multiple accounts with brokers and/or our transfer agent. Please vote all of these shares. We recommend that you contact your broker and/or our transfer agent to consolidate as many accounts as possible under the same name and address. Our transfer agent is American Stock Transfer & Trust Company, and their telephone number is 800-937-5449.

***Will my shares be voted if I do not provide my proxy?***

If you hold your shares directly in your own name, they will not be voted if you do not provide a proxy.

Your shares may be voted under certain circumstances if they are held in the name of a brokerage firm. Brokerage firms generally have the authority to vote customers' unvoted shares on certain "routine" matters, including the election of directors. When a brokerage firm votes its customer's unvoted shares, these shares are counted for purposes of establishing a quorum. At our meeting these shares will be counted as voted by the brokerage firm in the election of directors.

***How many votes must be present to hold the meeting?***

Your shares are counted as present at the meeting if you attend the meeting and vote in person or if you properly return a proxy by mail. In order for us to conduct our meeting, a majority of our outstanding shares of common stock as of January 3, 2005 must be present at the meeting. This is referred to as a quorum. On January 3, 2005, there were 28,946,702 shares of common stock outstanding and entitled to vote.

***What vote is required to elect directors?***

Directors are elected by a plurality of the votes cast. Shares not voted will have no effect on the vote for election of directors.

**PROPOSAL 1 ELECTION OF DIRECTORS**

Our certificate of incorporation provides for a Board of Directors consisting of not less than twelve nor more than fourteen directors, classified into three classes as nearly equal in number as possible, whose terms of office expire in successive years. Our Board of Directors now consists of thirteen directors as set forth below.

Class I (To Serve Until the Annual Meeting of Stockholders in 2005)	Class II (To Serve Until the Annual Meeting of Stockholders in 2006)	Class III (To Serve Until the Annual Meeting of Stockholders in 2007)
Bertrand M. Bell (2)(3) Martin S. Sussman (1) Joseph J. Whalen (1)(4) Lester L. Wolff	Robert Balemian Harvey R. Blau Ronald J. Kramer Lieutenant General James W. Stansberry (USAF Ret.)(4)	Henry A. Alpert (2) Abraham M. Buchman (1)(2) Rear Admiral Clarence A. Hill, Jr. (USN Ret.)(2)(4) William H. Waldorf (1)(3)
Rear Admiral Robert G. Harrison was appointed as a director in February 2004, but has not been assigned to a class.		

(1) Member of Audit Committee.

(2) Member of Compensation Committee.

(3) Member of Ethics Oversight Committee.

(4) Member of Nominating and Corporate Governance Committee.

Bertrand M. Bell, Martin S. Sussman, Joseph J. Whalen and Lester L. Wolff, directors in Class I, are to be elected at this Annual Meeting of Stockholders to hold office until the Annual Meeting of Stockholders in 2008, or until their successors are chosen and qualified. Robert G. Harrison is serving as a director but has not been assigned to a class and is also proposed to be elected to Class I to serve until the Annual Meeting of Stockholders in 2008 or until his successor is elected and qualified.

Unless you indicate otherwise, shares represented by executed proxies in the form enclosed will be voted, if authority to do so is not withheld, for the election as directors of the aforesaid nominees (each of whom is now a director) unless any such nominee shall be unavailable, in which case such shares will be voted for a substitute nominee designated by the Board of Directors. We have no reason to believe that any of the nominees will be unavailable or, if elected, will decline to serve.

**Nominee Biographies**

*Dr. Bertrand M. Bell* (75) has been a director since 1976. Dr. Bell has been Professor of Medicine at Albert Einstein College of Medicine for more than the past five years and was appointed Distinguished Professor in September 1992.

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**Rear Admiral Robert G. Harrison (U.S.N. Ret.)** (68) has been a director since February 2004. He was an officer in the United States Navy for more than thirty-five years prior to his retirement in 1994. Since retirement, Rear Admiral Harrison has been a consultant for various defense systems companies in the areas of acquisition, support, and program management. Rear Admiral Harrison is also a director of Indra Systems, a company engaged in the manufacture and support of training and simulation systems and automatic test equipment.

**Mr. Martin S. Sussman** (67) has been a director since 1989. He has been a practicing attorney in the State of New York since 1961, and has been a member of the law firm of Seltzer, Sussman & Habermann LLP for more than the past five years.

**Mr. Joseph J. Whalen** (72) has been a director since 1999. He was a partner at Arthur Andersen LLP for more than five years prior to his retirement in 1994. Mr. Whalen is also a director of Interpool, Inc., a company engaged in the leasing of transportation equipment.

**Mr. Lester L. Wolff** (85) has been a director since 1987. He has been President of Lester Wolff Enterprises Limited, a public relations firm, since 1981. Mr. Wolff served as a member of the U.S. House of Representatives from 1964 to 1981. Mr. Wolff is Chairman of Pacific Community Institute, an educational organization. He is also President of International Trade and Development Agency, a consulting firm, Chairman of American International Learning Corporation, an educational coordinating organization, and of International Information Agency, Inc., a company involved in television production.

### Standing Director Biographies

**Mr. Henry A. Alpert** (57) has been a director since 1995. Mr. Alpert has been President of Spartan Petroleum Corp., a real estate investment firm and a distributor of petroleum products, for more than the past five years. Mr. Alpert is also a director of Boyar Value Fund, a mutual fund.

**Mr. Robert Balemian** (65) has been President and a director since 1982. Mr. Balemian was Vice President from February 1976 through December 1978 and Vice President of Finance from December 1978 until March 1982.

**Mr. Harvey R. Blau** (69) has been Chairman of the Board and Chief Executive Officer since 1983. Mr. Blau also is Chairman of the Board of Aeroflex Incorporated, a diversified manufacturer of electronic components and test equipment.

**Mr. Abraham M. Buchman** (88) has been a director since 1966. Mr. Buchman has been a practicing attorney in the State of New York for more than the past five years and is a partner in the law firm of Buchman & O'Brien.

**Rear Admiral Clarence A. Hill, Jr. (USN Ret.)** (84) has been a director since 1982. Rear Admiral Hill was an officer in the United States Navy for more than thirty-five years prior to his retirement in 1973. Since retirement, Rear Admiral Hill has been acting as an independent consultant with respect to the utilization of advanced concepts of system modeling and manpower survey techniques. For more than the past five years, Rear Admiral Hill has been Vice President, Treasurer and a director of the Naval Aviation Foundation which supports Naval Aviation plans and programs.

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**Mr. Ronald J. Kramer** (46) has been a director since 1993 and Vice Chairman of the Board since November 2003. Mr. Kramer has served as President and as a director of Wynn Resorts, Ltd., the developer, owner and operator of a hotel and casino resorts, since April 2002. From July 1999 to October 2001, he was a Managing Director at Dresdner Kleinwort Wasserstein, an investment banking firm, and at its predecessor Wasserstein Perella & Co. Mr. Kramer served as Chairman and Chief Executive Officer of Ladenburg Thalmann Group Inc., an investment banking firm, from May 1995 to July 1999. Mr. Kramer is also a member of the board of directors of Monster Worldwide, Inc., a global provider of career solutions, Lakes Entertainment, Inc., a developer and manager of casinos, and New Valley Corporation, a company engaged, in the real estate business. Mr. Kramer is the son-in-law of Mr. Harvey R. Blau.

**Lieutenant General James W. Stansberry (USAF Ret.)** (77) has been a director since 1991. He was an officer in the United States Air Force for thirty-five years prior to his retirement in 1984. Since 1984, Lieutenant General Stansberry has been President of Stansberry Associates International, Inc., an independent consulting firm specializing in strategic planning for aerospace and defense firms. Lieutenant General Stansberry is also a director of Kiddie Technology, Inc., a company engaged in the manufacture of protective devices which sense overheating and industrial explosive risks.

**Mr. William H. Waldorf** (65) has been a director since 1963. He has been President of Landmark Capital, LLC, an investment firm, for more than the past five years.

### CORPORATE GOVERNANCE

#### Director Independence

The Board of Directors has determined that each of Messrs. Alpert, Bell, Buchman, Harrison, Hill, Stansberry, Sussman, Waldorf, Whalen and Wolff, are independent under NYSE Rule 303A. All of the standing committees of the Board are composed of independent directors. These committees are: the Audit Committee, the Compensation Committee, the Ethics Oversight Committee and the Nominating and Corporate Governance Committee.

#### Committee Membership, Meetings and Attendance

During the fiscal year ended September 30, 2004, there were:

4 meetings of the Board of Directors;

4 meetings of the Audit Committee;

3 meetings of the Compensation Committee;

1 meeting of the Ethics Oversight Committee; and

2 meetings of the Nominating and Corporate Governance Committee.

Each director attended or participated in at least 75% of the meetings of the Board of Directors and his respective committees held during our fiscal year ended September 30, 2004, other than Robert G. Harrison who has attended all meetings of the Board of Directors since his appointment in February 2004.



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We encourage all of our directors to attend our annual meetings of stockholders. All of our directors attended last year's annual meeting of stockholders.

### **Board Committees**

We have a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. Our Audit Committee is involved in discussions with management and our independent registered public accounting firm with respect to financial reporting and our internal accounting controls. The Audit Committee appoints our independent registered public accounting firm and determines whether the fees paid to our independent registered public accounting firm are compatible with that firm's independence. See "Audit Committee Report". A copy of the Audit Committee charter can be found on our website at [www.griffoncorp.com](http://www.griffoncorp.com).

Our Compensation Committee awards stock options to officers and employees and recommends executive compensation. See "Compensation Committee Report on Executive Compensation." A copy of the Compensation Committee charter can be found on our website at [www.griffoncorp.com](http://www.griffoncorp.com).

Our Ethics Oversight Committee is responsible for establishing and maintaining procedures for receipt, investigating and reporting of information and reports concerning alleged violations of our Code of Business Ethics and Standards of Conduct. A copy of the Ethics Oversight Committee charter can be found on our website at [www.griffoncorp.com](http://www.griffoncorp.com).

The Nominating and Corporate Governance Committee is responsible for (1) monitoring compliance with our Code of Business Ethics and Standards of Conduct; (2) reviewing suggestions of candidates for director made by directors and others; (3) identifying individuals qualified to become Board members, and recommending to the Board the director nominees for the next annual meeting of shareholders; (4) recommending to the Board director nominees for each committee of the Board; (5) recommending to the Board the corporate governance principles applicable to the Company; and (6) overseeing the annual evaluation of the Board and management. The Nominating and Corporate Governance Committee has nominated the directors to be elected at this meeting. There is no difference in the manner in which a nominee is evaluated based on whether the nominee is recommended by a Stockholder or otherwise. A copy of the Nominating and Corporate Governance Committee charter can be found on our website at [www.griffoncorp.com](http://www.griffoncorp.com).

### **Stockholder Communications**

Mail can be addressed to Directors in care of the Office of the Secretary, Griffon Corporation, 100 Jericho Quadrangle, Jericho, New York 11753. Mail addressed to a particular Director will be forwarded or delivered to that Director. Mail addressed to "Outside Directors," "Independent Directors," "Non Employee Directors" or "Non Management Directors" will be forwarded or delivered to each of the non-employee directors. Mail addressed to the "Board of Directors" will be forwarded or delivered to the Chairman of the Board.

### **Directors' Compensation**

Directors who are not our employees receive an annual fee of \$25,000 and a fee of \$1,500 for each Board of Directors meeting attended. Audit committee members receive \$2,500 for each committee meeting attended and members of each other committee receive \$1,500 for each committee meeting attended. The fees paid to our non-employee directors were established by the Board after consultation with a compensation consultant. In addition, under our Outside Director Stock Award Plan, each non-employee director receives, at the time of the Annual Meeting of Stockholders each year, shares of our common stock having a market value of \$10,000. See "Stock and Compensation Plans Outside Director Stock Award Plan".

### **Guidelines for Business Conduct and Governance Guidelines**

Our Board of Directors has adopted a Code of Business Ethics and Standards of Conduct which has been designated as the code of ethics for directors, officers and employees in performing their duties. The Code of Business Ethics and Standards of Conduct also sets forth information and procedures for employees to report ethical or accounting concerns, misconduct or violations of the Code in a confidential manner. The Code of Business Ethics and Standard of Conduct may be found on our website at [www.griffoncorp.com](http://www.griffoncorp.com).

Our Board of Directors has also adopted Corporate Governance guidelines as required by NYSE rules to assist the Board in exercising its responsibilities to Griffon and its shareholders. The Corporate Governance Guidelines may be found on our website at [www.griffoncorp.com](http://www.griffoncorp.com).

### **Executive Sessions**

Our independent directors meet periodically at regularly scheduled executive sessions. No one director chairs the executive sessions of the independent directors; the chair of each session is elected by the directors present at such session. Our independent directors met in executive session once during fiscal 2004.

### **Board Self-Evaluation**

The Board is required to conduct an annual self-evaluation that is overseen by our Nominating and Corporate Governance Committee to determine whether the Board and its committees are functioning effectively. In addition, each of the Compensation, Ethics Oversight and Nominating and Corporate Governance committees is required to conduct an annual self-evaluation and all committees of the Board are required to review and reassess the adequacy of their charters.

**Directors' Nominations**

Any stockholder who wants to nominate a candidate for election to the Board must deliver timely notice to our Secretary at our principal executive offices. In order to be timely, the notice must be delivered

in the case of an annual meeting, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders, although if the annual meeting is called for a date that is not within 25 days of the anniversary date of the prior year's annual meeting, the notice must be received not later than the close of business on the 10th day following the first to occur of the day on which notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made; and

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 10th day following the first to occur of 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.

The stockholder's notice to the Secretary must set forth (1) as to each person whom the stockholder proposes to nominate for election as a director (a) his name, age, business address and residence address, (b) his principal occupation and employment, (c) the class and series and number of shares of each class and series of capital stock of Griffon which are owned beneficially or of record by him and (d) any other information relating to the nominee 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, and the rules and regulations promulgated thereunder; and (2) as to the stockholder giving the notice (a) his name and record address, (b) the class and series and number of shares of each class and series of capital stock of Griffon which are owned beneficially or of record by him, (c) a description of all arrangements or understandings between the 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 the stockholder, (d) a representation by him that he is a holder of record of stock of Griffon entitled to vote at such meeting and that he intends to appear in person or by proxy at the meeting to nominate the person or persons named in his notice and (e) any other information relating to the 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 and the rules and regulations promulgated thereunder. The notice delivered by a stockholder 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. The stockholder must be a stockholder of record on the date on which he gives the notice described above and on the record date for the determination of stockholders entitled to vote at the meeting.

## STOCK OWNERSHIP

The following information, including stock ownership, is submitted with respect to our directors, each executive officer named in the "Summary Compensation Table," for all executive officers and directors as a group, and, based solely on filings with the Securities and Exchange Commission, for each holder of more than five percent of our common stock as of November 30, 2004.

Name of Beneficial Owner	Common Stock Beneficially Owned(1)	Percent of Class
LSV Asset Management (2)	1,731,501	6.0%
Barclays Global Investors (3)	1,569,370	5.4%
Griffon Corporation Employee Stock Ownership Plan (4)	2,707,606	9.4%
Patrick L. Alesia (5)	93,795	
Henry A. Alpert (6)(7)	23,461	
Robert Balemian (5)	2,469,524	7.1%
Bertrand M. Bell (6)	16,746	
Harvey R. Blau (5)(8)	3,129,830	9.0%
Abraham M. Buchman (6)	16,120	
Robert G. Harrison		
Rear Admiral Clarence A. Hill, Jr. (Ret.) (6)	19,475	
Edward I. Kramer (5)(9)(10)	98,669	
Ronald J. Kramer (6)(11)	53,354	
Lieutenant Gen. James W. Stansberry (Ret.) (6)(12)	22,291	
Martin S. Sussman (6)	12,896	
William H. Waldorf (6)	14,763	
Joseph J. Whalen (6)	7,954	
Lester L. Wolff (6)	14,226	
Directors and executive officers as a group (15 persons) (13)	5,993,104	17.3%

- (1) No officer or director beneficially owns more than one percent of the issued and outstanding shares of our common stock unless otherwise indicated. Ownership represents sole voting and investment power, except where otherwise indicated.
- (2) Reflects shares of common stock beneficially-owned by LSV Asset Management whose address is 1 N. Wacker Drive, Suite 4000, Chicago, IL 60606.
- (3) Reflects shares of common stock beneficially-owned by Barclays Global Investors whose address is 45 Fremont Street, San Francisco, CA 94105.
- (4) The address for the Griffon Corporation Employee Stock Ownership Plan ("ESOP") is c/o U.S. Trust Company, N.A., as Trustee, 515 South Flower Street, Los Angeles, California 90071. See "Management Stock and Compensation Plans Employee Stock Ownership Plan."
- (5) Includes for Messrs. Blau, Balemian, Alesia and Edward I. Kramer, 2,378,000, 1,787,500, 54,000 and 59,000 shares of common stock, respectively, issuable with respect to options currently exercisable and

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options which become exercisable within 60 days under our stock option plans. See "Management Stock and Compensation Plans." Also includes for Messrs. Blau, Balemian, Alesia and Edward I. Kramer 32,886, 32,786, 10,417 and 3,267 shares of common stock, respectively, allocated to their accounts under the ESOP as to which they can direct the vote, which shares are also reported in the ESOP holdings, above.

- (6) Includes shares of common stock granted pursuant to our Outside Director Stock Award Plan. See "Management Stock and Compensation Plans Outside Director Stock Award Plan."
- (7) Includes 14,400 shares of common stock owned by the Spartan Petroleum Profit Sharing Trust of which Mr. Alpert is one of two trustees.
- (8) Includes 35,809 shares of common stock owned by Mr. Blau's wife.
- (9) The Kramer, Coleman, Wactlar & Lieberman, P.C. Profit Sharing Plan, of which Mr. Edward I. Kramer is one of three trustees, owns 5,926 shares of common stock of the company, all of which are allocated to Mr. Kramer.
- (10) Includes 326 shares of common stock owned by Mr. Edward I. Kramer's wife.
- (11) Includes 22,880 shares of common stock owned by Mr. Ronald J. Kramer's wife and daughters and 8,800 shares of common stock owned by a limited partnership of which Mr. Kramer is a general partner, as to which Mr. Kramer disclaims beneficial ownership of such shares of common stock which are in excess of his pecuniary interest.
- (12) Includes 10,315 shares of common stock owned by Lieutenant General Stansberry's wife and 1,925 shares of common stock owned by the Stansberry Associates Money Purchase Plan of which Mr. Stansberry and his wife are the trustees.
- (13) Includes 4,278,500 shares of common stock issuable with respect to options currently exercisable and options which become exercisable within 60 days granted to executive officers under our stock option plans. See "Management Stock and Compensation Plans."

**MANAGEMENT**

**Our Officers**

Our officers are:

Name	Age	Office Held
Harvey R. Blau	69	Chairman of the Board and Chief Executive Officer
Robert Balemian	65	President and Chief Financial Officer
Patrick L. Alesia	56	Vice President and Treasurer
Edward I. Kramer	70	Vice President, Administration and Secretary

Mr. Patrick L. Alesia has been our Vice President since May 1990 and has been our Treasurer since April 1979.

Mr. Edward I. Kramer has been our Vice President, Administration since February 1997 and our Secretary since February 1998. He has been a member of the law firm of Kramer, Coleman, Wactlar & Lieberman, P.C., our general counsel, for more than the past five years. See "Management - Certain Transactions". Mr. Kramer is also a member of our Ethics Oversight Committee.

**Executive Compensation**

The following table sets forth the annual and long-term compensation with respect to the Chairman/Chief Executive Officer and each of our other executive officers for services rendered during the fiscal years ended September 30, 2004, 2003 and 2002:

**Summary Compensation Table**

Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation		
		Salary	Bonus(1)	Other Annual Compensation(2)	Number of Shares Underlying Options	Long-Term Incentive Plan Payouts	All Other Compensation(3)
Harvey R. Blau	2004	\$ 866,000	\$ 5,460,000			\$ 119,435	
Chairman and Chief Executive Officer	2003	824,000	4,319,000		100,000	63,348	
	2002	797,000	3,337,000		150,000	116,886	
Robert Balemian	2004	\$ 782,000	\$ 5,403,000			\$ 27,005	
President and Chief Financial Officer	2003	744,000	4,261,000		75,000	26,377	
	2002	720,000	3,279,000		100,000	48,300	
Patrick L. Alesia	2004	\$ 345,000	\$ 150,000		25,000	\$ 11,159	
Vice President and Treasurer	2003	325,000	135,000		25,000	10,397	
	2002	308,000	125,000		25,000	16,862	
Edward I. Kramer	2004	\$ 135,000				\$ 7,598	
Vice President, Administration and Secretary	2003	132,000			10,000	7,401	
	2002	125,000			10,000	7,126	

- (1) Includes for Messrs. Blau and Balemian a cash incentive bonus under our Senior Management Incentive Compensation Plan. See "Management Employment Agreements and Stock and Compensation Plans."
- (2) Other Annual Compensation excludes certain perquisites and other non-cash benefits provided by us since such amounts do not exceed the lesser of \$50,000 or 10% of the total annual compensation disclosed in this table for the respective officer.
- (3) All Other Compensation in fiscal 2004 includes: (a) \$109,633, \$17,203, \$1,357 and \$1,067 paid by us for life insurance policies on Messrs. Blau, Balemian, Alesia and Kramer, respectively; (b) our contributions under the Griffon Corporation 401(k) Retirement Plan of \$8,802 paid by us for each of Messrs. Blau, Balemian and Alesia and \$5,531 for Mr. Kramer; and (c) \$1,000 in company contributions allocated under our Employee Stock Ownership Plan on behalf of each of Messrs. Blau, Balemian, Alesia and Kramer.

**Employment Agreements**

In May 2001, we entered into amended and restated employment agreements with each of Messrs. Blau and Balemian. In July 2003, the agreements were amended to extend their term until December 1, 2009. Pursuant to these agreements, Messrs. Blau and Balemian receive a base salary and an annual bonus calculated in accordance with our Senior Management Incentive Compensation Plan.

The employment agreements further provide for a five year consulting period after the termination of employment during which each executive will receive consulting payments in an annual amount equal to two-thirds of his last annual base salary. The employment agreements also provide for cost of living adjustments, life insurance and medical care reimbursement for the executive and his spouse. In addition, the employment agreements provide, following the disability of the executive, for lifetime medical insurance for the executive and his spouse and, following the death of the executive, for such insurance for his spouse.

The employment agreements further provide that in the event there is a change in the control of the company, as defined therein, each executive has the option, exercisable within one year after such event, to terminate his employment agreement. Upon such termination, he has the right to receive as a lump sum payment the compensation (including incentive bonus, if any) remaining to be paid for the balance of the term of the agreement. In addition, we will provide the executive with a tax gross-up payment to cover any excise tax due.



**Stock and Compensation Plans***Stock Option Plans*

We maintain various stock option plans under which options generally vest 50% one year after date of grant and 100% two years after date of grant. The purchase price of the shares of common stock subject to each option granted is not less than 100% of the fair market value at the date of grant. The term of each option is generally ten years and is determined at the time of grant by the Board of Directors or its Compensation Committee. The participants in these plans are officers and employees of the company and its subsidiaries or affiliates, except that our 1998 Employee and Director Stock Option Plan may also include directors and consultants.

Name of Plan	Shares Issuable for Exercisable Options as of November 30, 2004	Range of Exercise Prices of Outstanding Options	Shares Issuable under Options Available for Grant at November 30, 2004
2001 Stock Option Plan	804,900	\$8.35 to \$20.99	463,125
1998 Employee and Director Stock Option Plan	809,500	\$5.46 to \$22.20	2,950
1998 Stock Option Plan	1,100,000	\$10.11	
1997 Stock Option Plan	1,492,700	\$12.00 to \$14.32	
1995 Stock Option Plan	755,700	\$7.84 to \$12.00	
1992 Non-Qualified Stock Option Plan (expired November 2002)	35,200	\$6.59 to \$12.00	
1988 Non-Qualified Stock Option Plan (expired May 1998)	5,500	\$7.61 to \$8.52	

*Compensation Plans*

*Senior Management Incentive Compensation Plan.* Our Senior Management Incentive Compensation Plan (the "Incentive Plan"), which was adopted by the Board of Directors in November 1997 and approved by the stockholders in February 1998, provides for annual bonuses to Messrs. Blau and Balemian based upon company performance. Under the Incentive Plan, each of Messrs. Blau and Balemian is entitled to receive a bonus based upon our consolidated pretax earnings, as defined, for each fiscal year. In the case of Mr. Blau, the annual bonus equals 4% of the first \$5,000,000 of consolidated pretax earnings, plus 5% of the amount of consolidated pretax earnings in excess of \$5,000,000. In the case of Mr. Balemian, the annual bonus equals 2.5% of the first \$3,000,000 of consolidated pretax earnings, plus 3.5% of the next \$2,000,000 of consolidated pretax earnings, plus 5% of the amount of consolidated pretax earnings in excess of \$5,000,000.

Upon a Change in Control of the company (as defined in the Incentive Plan), bonuses will be paid, with respect to the portion of our then current fiscal year before the Change in Control, based upon performance for that portion of the year.

*Outside Director Stock Award Plan.* We have an Outside Director Stock Award Plan (the "Outside Director Plan"), which was approved by stockholders in 1994, under which 330,000 shares of common stock may be issued to non-employee directors. Annually, at the time of each annual meeting of stockholders, each eligible director is awarded shares of our common stock having a value of \$10,000, which shares vest in equal installments over a three-year period. During fiscal 2004, 4,650 shares of common stock were issued under the Outside Director Plan. As of November 30, 2004, an aggregate of 217,534 shares of common stock remained available for future grants under the Outside Director Plan.

*Employee Stock Ownership Plan.* In May 1983, we adopted an Employee Stock Ownership Plan, as amended ("ESOP" or "Plan"). Our employees and employees of our subsidiaries are eligible to participate in the Plan, provided they are not members of a collective bargaining unit. The ESOP has a Trustee, U.S. Trust Company, N.A. (the "Trustee"), who votes the securities held by the Plan (other than securities of the company which have been allocated to employees' accounts).

The annual contributions to the Plan are to be in such amounts as the Board of Directors in its sole discretion shall determine. Historically, the Board of Directors has authorized contributions in an amount sufficient to satisfy the Plan's obligations with respect to the Loan Agreement described below. Each employee who participates in the Plan has a separate account and the annual contribution by us to an employee's account is not permitted to exceed the lesser of \$40,000 (or such other limit as may be the maximum permissible pursuant to the provisions of Section 415 of the Internal Revenue Code and Regulations issued thereunder) or 100% of such employee's annual compensation, as defined under the Plan. No contributions are required of, nor are any accepted from, any employee.

Contributions to the Plan are invested primarily in the company's securities. The Trustee has the right to purchase the company's securities on behalf of employees. The Trustee is considered the shareholder for the purpose of exercising all owners' and shareholders' rights, with respect to the company's securities held in the Plan, except for voting rights, which inure to the benefit of each participant who can vote all shares of common stock held in his account, even if said shares are not vested. As of November 30, 2004, there were 2,707,606 shares of common stock in the Plan, of which 2,483,573 were allocated to employees and 224,033 were unallocated.

The Trustee is empowered to borrow funds for the purpose of purchasing the company's securities. The securities so purchased are required to be held in an acquisition indebtedness account, to be released and made available for allocation as principal and interest are repaid. The ESOP has entered into a loan agreement, the proceeds of which were used to purchase our common stock. The loan is guaranteed by us and is being repaid in quarterly installments through 2007. As of November 30, 2004, the Plan had outstanding borrowings of \$3,000,000.

**Stock Option Grants in Last Fiscal Year**

The following table sets forth all stock option grants to the executive officers named in the "Summary Compensation Table" during the fiscal year ended September 30, 2004:

Name	Individual Grants(1)				Potential Realized Value at Assumed Annual Rates of Stock Price Appreciation for Option Terms(5)			
	Number of Shares Underlying Options Granted (2)	% of Total Shares Granted to Employees in Fiscal Year (3)	Exercise Price (\$/Sh)	Expiration Date	Stock Price 5% (\$)(4)	Dollar Gain(1)	Stock Price 10% (\$)(4)	Dollar Gain(1)
Harvey R. Blau								
Robert Balemian								
Patrick L. Alesia	25,000	9.8%	\$ 20.99	8-2-2014	\$ 34.19	\$ 330,000	\$ 54.45	\$ 837,000
Edward I. Kramer								

- (1) All grants are under our stock option plans. Dollar gains are based on the assumed annual rates of appreciation above the exercise price of each option for the term of the option.
- (2) Grants were made at the fair market value of our common stock on the date of grant. Grants vest 50% one year after date of grant and 100% two years after the date of grant.
- (3) Total options granted to employees in fiscal 2004 were for 256,000 shares of common stock.
- (4) The stock price represents the price of our common stock if the assumed annual rates of stock price appreciation are achieved over the term of each of the options.
- (5) The increase in market value of our common stock for all stockholders as of November 30, 2004, assuming annual rates of stock appreciation from September 30, 2004 (stock price of \$21.10 per share) over the ten year period used in this table, aggregate approximately \$384,128,000 at a 5% rate and \$973,450,000 at a 10% rate.

**Aggregate Option Exercises In Last Fiscal Year and Fiscal Year-End Option Values**

The following table sets forth stock options exercised during fiscal 2004 and all unexercised stock options of the executive officers named in the "Summary Compensation Table" as of September 30, 2004:

Name	Shares Acquired on Exercise	Value Realized(1)	Number of Shares Under Outstanding Options at Fiscal Year-End		Value of Outstanding In-The-Money Options at Fiscal Year-End(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Harvey R. Blau	753,500	\$ 9,352,000	2,378,000	50,000	\$ 24,248,000	\$ 374,000
Robert Balemian			1,787,500	37,500	18,676,000	280,000
Patrick L. Alesia	66,000	860,000	120,000	37,500	1,145,000	96,000
Edward I. Kramer	27,500	363,000	86,500	5,000	855,000	37,000

- (1) Value realized is calculated by subtracting the exercise price from the fair market value of the stock on the exercise date.
- (2) Value is calculated by subtracting the exercise price from the fair market value of the stock as of September 30, 2004 of \$21.10 per share.

**Supplemental Executive Retirement Plan**

Effective October 1, 1996, we adopted the Griffon Corporation Supplemental Executive Retirement Plan ("SERP") for certain of our officers.

The normal retirement age under the SERP is 72. No benefit is payable unless a participant is vested at the time of termination of employment. A participant's right to receive a benefit vests after 20 years of service and one year of participation in the SERP, or upon a Change of Control (as defined in the SERP).

The SERP provides an annual benefit upon termination equal to the sum of .25% of Average Base Salary and 1.5% of Average Bonus/Incentive Compensation multiplied by completed years of service (up to a maximum of 30). "Average" means the average of the three highest paid years out of the last ten prior to retirement. The benefit is reduced by any Social Security benefit attributable to the employment of the participant. Benefits are adjusted for early retirement and retirement after the normal retirement date. Retirement benefits are payable for life, with a guarantee of 10 years of payments. In addition, the SERP provides a pre-retirement death benefit payable for 10 years to the participant's beneficiary.

The following tables show the projected annual benefits payable at age 72 under the SERP before the reduction for Social Security benefits. A participant's SERP benefit would be the total of the applicable amounts from each table, minus the Social Security benefit attributable to the participant's employment. The number of years of service of the participants as of November 30, 2004 are: Mr. Blau, 32; Mr. Balemian, 31; and Mr. Alesia, 31.

Base Salary		Bonus/Incentive Compensation	
Assumed Average Annual Base Salary(1)	30 Years of Service With the Company	Assumed Average Bonus/Incentive Compensation(2)	30 Years of Service With the Company
\$ 300,000	22,500	\$ 100,000	\$ 45,000
400,000	30,000	250,000	112,500
500,000	37,500	500,000	225,000
600,000	45,000	1,000,000	450,000
700,000	52,500	2,000,000	900,000
800,000	60,000	3,000,000	1,350,000
900,000	67,500	4,000,000	1,800,000
1,000,000	75,000	5,000,000	2,250,000

(1) Average of a participant's base salary for the highest three years out of the last ten prior to retirement.

(2) Average of a participant's bonus/incentive compensation for the highest three years out of the last ten prior to retirement.

**Certain Transactions**

Edward I. Kramer, our Vice President, is a member of the law firm of Kramer, Coleman, Wactlar & Lieberman, P.C., our general counsel for fiscal 2004. During fiscal 2004, we paid approximately \$410,000 in legal fees to this firm. Legal fees paid by us to this law firm were approved by the Board of Directors.

**Compensation Committee Interlocks and Insider Participation**

During fiscal 2004, our Compensation Committee consisted of Messrs. Henry A. Alpert, Abraham M. Buchman, Dr. Bertrand M. Bell and Rear Admiral Clarence A. Hill, Jr. (Ret.). None of these persons were our officers or employees during fiscal 2004 nor had any relationship requiring disclosure in this Proxy Statement.

*Filings made by companies with the Securities and Exchange Commission sometimes "incorporate information by reference." This means the company is referring you to information that has been previously filed with the SEC and that this information should be considered as part of the filing you are reading. The Compensation Committee Report, Audit Committee Report and Stock Performance Graph in this proxy statement are not incorporated by reference into any other filings with the SEC.*

## COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The compensation of our executive officers is generally determined by the Compensation Committee of the Board of Directors, subject to applicable employment agreements and incentive plans. Each member of the Compensation Committee is a director who is not employed by us or any of our affiliates. The following report with respect to certain compensation paid or awarded to our executive officers during fiscal 2004 is furnished by the directors who comprised the Compensation Committee during fiscal 2004.

### Executive Compensation Objectives

Our compensation programs are intended to enable us to attract, motivate, reward and retain the management talent required to achieve corporate objectives, and thereby increase shareholder value. It is our policy to provide incentives to senior management to achieve both short-term and long-term objectives and to reward exceptional performance and contributions to the development of our businesses. To attain these objectives, our executive compensation program includes a competitive base salary, cash incentive bonuses and stock-based compensation. See "Management Employment Agreements" and "Management Stock and Compensation Plans."

Stock options are granted to employees, including our executive officers, by the Compensation Committee under our stock option plans. The Committee believes that stock options provide an incentive that focuses the executive's attention on managing our company from the perspective of an owner with an equity stake in the business. Options are awarded with an exercise price equal to the fair market value of common stock on the date of grant, have a maximum term of ten years and generally become exercisable for half of the option shares one year from the date of grant and for all of the option shares two years from the date of grant. Among our executive officers, the number of shares of common stock subject to options granted to each individual generally depends upon the level of that officer's responsibility. The largest grants are generally awarded to the most senior officers who, in the view of the Compensation Committee, have the greatest potential impact on our profitability and growth. Previous grants of stock options are reviewed but are not considered the most important factor in determining the size of any executive's stock option award in a particular year.

From time to time, the Compensation Committee utilizes the services of independent consultants to perform analyses and to make recommendations to the Committee relative to executive compensation matters.

### Determining Executive Officer Compensation

The Compensation Committee annually establishes, subject to the approval of the Board of Directors, and the terms of any applicable employment agreements and our Senior Management Incentive Plan ("Incentive Plan"), the salaries which will be paid to our executive officers during the coming year. In setting salaries, the Compensation Committee takes into account several factors, including competitive compensation data, the extent to which an individual may participate in the stock plans maintained by us, and qualitative factors bearing on an individual's experience, responsibilities, management and leadership abilities, and job performance.

For fiscal 2004, pursuant to the terms of his employment agreement with us and the Incentive Plan, Mr. Robert Balemian, our President and Chief Financial Officer, received a base salary and an incentive bonus based on our Consolidated Pretax Earnings. See "Management Employment Agreements" and "Management Senior Management Incentive Compensation Plan." Mr. Patrick L. Alesia, our Vice President and Treasurer received a base salary, a cash bonus and a grant of stock options under our 1998 Employee and Director Stock Option Plan. Mr. Edward I. Kramer, our Vice President, Administration and Secretary, received a base salary. The Compensation Committee determined that the base salaries paid to Messrs. Alesia and Kramer, the bonus paid to Mr. Alesia and the grant of stock options to Mr. Alesia were appropriate given our financial performance, the substantial contributions made by them to such performance and the compensation levels of executives at comparable companies.

**Compensation of Chief Executive Officer**

For fiscal 2004, pursuant to the terms of his employment agreement with us and the Incentive Plan, Mr. Harvey R. Blau, our Chairman and Chief Executive Officer, received a base salary and an incentive bonus based on our Consolidated Pretax Earnings. See "Management Employment Agreements" and "Management Stock and Compensation Plans."

*The Compensation Committee*

Abraham M. Buchman (Chairman)  
Henry A. Alpert  
Dr. Bertrand M. Bell  
Rear Admiral Clarence A. Hill, Jr.  
(Ret.)



**AUDIT COMMITTEE REPORT**

As required by its written charter, which sets forth its responsibilities and duties, a copy of which is attached as Exhibit A to this Proxy Statement, the Audit Committee reviewed and discussed our audited financial statements as of and for the year ended September 30, 2004 with management.

The Audit Committee reviewed and discussed with representatives of PricewaterhouseCoopers LLP, our independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 61, (edification of Statements on Auditing Standards, AU §380), as amended. The Audit Committee has also received and reviewed the written disclosures and the letter from PricewaterhouseCoopers LLP required by Independence Standard No. 1, "Independence Discussions with Audit Committees", as amended by the Independence Standards Board, and has discussed with PricewaterhouseCoopers LLP their independence.

Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors that the financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended September 30, 2004 for filing with the Securities and Exchange Commission.

The Audit Committee has also reviewed and discussed the fees paid to PricewaterhouseCoopers LLP during the last fiscal year for audit and non-audit services, which are set forth below under "Audit and Related Fees" and has considered whether the provision of the non-audit services is compatible with maintaining PricewaterhouseCoopers LLP's independence and concluded that it is.

*The Audit Committee*

William H. Waldorf (Chairman)  
Abraham M. Buchman  
Martin S. Sussman  
Joseph J. Whalen

**Audit Committee Financial Expert**

The Board has determined that Joseph J. Whalen, a member of the Audit Committee since 1999, qualifies as an "Audit Committee Financial Expert", as defined by Securities and Exchange Commission Rules, based on his education, experience and background.

**AUDIT AND RELATED FEES**

**Audit Fees**

We were billed by PricewaterhouseCoopers LLP the aggregate amount of approximately \$915,000 in respect of fiscal 2004 and \$853,000 in respect of fiscal 2003 for fees for professional services rendered for the audit of our annual financial statements, review of our financial statements included in our Forms 10-Q, review of registration statements and other SEC related matters.

**Audit-Related Fees**

We were billed by PricewaterhouseCoopers LLP, the aggregate amount of \$85,000 in respect of fiscal 2004 and \$50,000 in respect of fiscal 2003 for fees for professional services rendered in connection with readiness assessment related to compliance with Section 404 of the Sarbanes-Oxley Act of 2002.

**Tax Fees**

We were billed by PricewaterhouseCoopers LLP the aggregate amount of approximately \$195,000 in respect of fiscal 2004 and \$153,000 in respect of fiscal 2003 for tax compliance, tax advice and tax planning, primarily related to our foreign operations.

**All Other Fees**

PricewaterhouseCoopers LLP did not receive fees for any other services in fiscal 2004 and fiscal 2003 not described in the preceding paragraphs.

Our Audit Committee has determined that the services provided by PricewaterhouseCoopers LLP are compatible with maintaining the independence of PricewaterhouseCoopers LLP as our independent registered public accounting firm.

**Pre-Approval Policies**

Our Audit Committee has adopted a statement of principles with respect to the pre-approval of services provided by the independent registered public accounting firm, a copy of which is attached as Exhibit A to this Proxy Statement. In accordance with the statement of principles, the Audit Committee determined that all non-prohibited services to be provided by the independent registered public accounting firm are to be approved in advance pursuant to a proposal from such independent registered public accounting firm and a request by management for approval.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTNG FIRM**

PricewaterhouseCoopers LLP acted as our independent registered public accounting firm for the fiscal year ended September 30, 2004.

A representative of PricewaterhouseCoopers LLP plans to be present at the Annual Meeting with the opportunity to make a statement if he desires to do so, and will be available to respond to appropriate questions.

**PERFORMANCE GRAPH**

The following graph sets forth the cumulative total return to our stockholders during the five year period ended September 30, 2004 as well as an overall stock market index (S & P SmallCap 600 Index) and our peer group index (Dow Jones U.S. Industrial-Diversified Index).

\* \$100 invested on 9/30/99 in stock or index-including reinvestment of dividends.

## FINANCIAL STATEMENTS

A copy of our Annual Report to Stockholders for the fiscal year ended September 30, 2004 has been provided to all stockholders as of the Record Date. Stockholders are referred to the report for financial and other information about us, but such report is not incorporated in this proxy statement and is not a part of the proxy soliciting material

## MISCELLANEOUS INFORMATION

### Section 16(a) Beneficial Ownership Compliance

Section 16(a) of the Exchange Act of 1934, as amended, requires our executive officers, directors and persons who own more than ten percent of a registered class of our equity securities ("Reporting Persons") to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Securities and Exchange Commission and the New York Stock Exchange. These Reporting Persons are required by SEC regulation to furnish us with copies of all Forms 3, 4 and 5 they file with the SEC and The New York Stock Exchange. Based solely upon our review of the copies of the forms we have received, we believe that all Reporting Persons complied on a timely basis with all filing requirements applicable to them with respect to transactions during fiscal 2004.

### Matters to be Considered at the Meeting

The Board of Directors does not intend to present to the meeting any matters not referred to in the form of proxy. If any proposal not set forth in this Proxy Statement should be presented for action at the meeting, and is a matter which should come before the meeting, it is intended that the shares represented by proxies will be voted with respect to such matters in accordance with the judgment of the persons voting them.

### Cost of Solicitation

The cost of soliciting proxies in the accompanying form, which we estimate to be \$65,000, will be paid by us. In addition to solicitations by mail, arrangements may be made with brokerage houses and other custodians, nominees and fiduciaries to send proxy material to their principals, and we may reimburse them for their expenses in so doing. To the extent necessary in order to assure sufficient representation, our officers and regular employees may request the return of proxies personally, by telephone or telegram. The extent to which this will be necessary depends entirely upon how promptly proxies are received, and stockholders are urged to send in their proxies without delay.

### Deadline for Submission of Stockholder Proposals for the 2006 Annual Meeting

Proposals of stockholders intended to be presented at the 2006 Annual Meeting of Stockholders pursuant to SEC Rule 14a-8 must be received at our principal office not later than September 9, 2005 to be included in the proxy statement for that meeting.

In addition, our by-laws require that we be given advance notice of stockholder nominations for election to the Board of Directors and of other matters which stockholders wish to present for action at an

annual meeting of stockholders. The required notice must be delivered to the Secretary of the company at our principal offices not less than 90 days and not more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders. These requirements are separate from and in addition to the SEC requirements that a stockholder must meet in order to have a stockholder proposal included in our proxy statement.

Pursuant to our by-laws, if notice of any stockholder proposal is received after November 18, 2005, then the notice will be considered untimely and we are not required to present such proposal at the 2006 Annual Meeting. If the Board of Directors chooses to present a proposal submitted after November 18, 2005 at the 2006 Annual Meeting, then the persons named in proxies solicited by the Board of Directors for the 2006 Annual Meeting may exercise discretionary voting power with respect to such proposal.

**We will provide without charge to any stockholder as of the record date, copies of our Annual Report on Form 10-K, upon written request delivered to Edward I. Kramer, Secretary, at the Company's offices at 100 Jericho Quadrangle, Jericho, New York 11753.**

By Order of the Board of  
Directors,  
EDWARD I. KRAMER  
Secretary

Dated: January 7, 2005  
Jericho, New York

**GRIFFON CORPORATION**

**AUDIT COMMITTEE STATEMENT OF PRINCIPLES**

I.

Statement of Principles

The Audit Committee is required to approve in advance all services performed by the independent auditor in order to assure that the providing of such services does not impair the auditor's independence. Such services may be audit, audit-related, tax or other services. Approval may be given in any of the following methods:

A. General Approval given annually in advance pursuant to a proposal from the independent auditor and request by management for approval. Normally includes audit, audit-related and tax services, given at a meeting addressing the annual engagement proposal from the independent auditor.

B. General Pre-approval given annually in advance in an amount to be used as budget for one or more unanticipated engagements as requested by management. Normally includes minor audit, audit-related and tax services for which specific proposals are not available at the time of the annual General Approval.

C. Specific Pre-approval given from time to time as conditions may dictate for specific engagements not anticipated and already approved, pursuant to a proposal from the independent auditor and request by management. Normally includes services which are not included in the definitions of audit, audit-related or tax services or are in excess of the cumulative amounts set forth in General Pre-approval.

II.

Delegation

The Audit Committee does not delegate its responsibilities to approve or pre-approve any service provided by the independent auditor. In cases where Specific Pre-Approval is required, the Committee may delegate its authority to one or more of its members. The member or members to whom such authority is delegated shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting for affirmation. Until changed by a majority vote of the members of the Audit Committee, the members authorized to have pre-approval authority are William H. Waldorf and Martin S. Sussman.

III.

Services

A. Audit Services The annual Audit Services engagement terms and fees will be subject to the General Approval of the Audit Committee. The Audit Committee may approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, company structure or other matters. In addition to the annual Audit Services engagement proposal approved by the Audit Committee, the Committee may grant General Pre-approval for other Audit Services, which are those services that only the independent auditor reasonably can provide.

B. Audit-related Services These are services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by an independent auditor. The Audit Committee believes that the performance of Audit-related Services does

not impair the independence of the auditor. All Audit-related Services are to be given either General Approval or General Pre-approval by the Audit Committee.

C. **Tax Services** The Audit Committee believes that the independent auditor can provide Tax Services to the Company such as tax compliance, tax planning and tax advice without impairing the auditor's independence. All Tax Services are to be given either General Approval or General Pre-approval by the Audit Committee.

D. **Other Services** The Audit Committee may grant Specific Pre-approval to those permissible services which do not fall within the above-defined categories of service. Such services are normally routine and recurring services that would not impair the independence of the auditor. The SEC's rules and relevant guidance will be consulted from time to time to determine the precise definitions of such services and the applicability of any exceptions to prohibited services.

IV.

Procedures

Requests of management and proposals from the independent auditor to provide services that require approval by the Audit Committee shall be submitted to the Committee or an individual to which authority has been delegated. Requests for approval must include (i) a statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence and that the fees requested are reasonable, and (ii) if the request is not for Audit Services, a statement from counsel for the Company that the services to be performed are not prohibited services under the Sarbanes-Oxley Act of 2002.

**VOTING INSTRUCTIONS TO**  
**U.S. TRUST COMPANY, N.A., AS TRUSTEE**  
**UNDER THE GRIFFON CORPORATION EMPLOYEE STOCK**  
**OWNERSHIP PLAN**

I hereby direct that at the Annual Meeting of Stockholders of Griffon Corporation on February 16, 2005 and at any adjournments thereof, the voting rights pertaining to the shares of Griffon Corporation Common Stock deemed allocated to my account under the Griffon Corporation Employee Stock Ownership Plan solely for the purpose of voting at the Annual Meeting shall be exercised as checked on this card, or if not checked, shall be voted in the discretion of the Trustee.

PARTICIPANTS ARE STRONGLY ENCOURAGED TO READ THE ENCLOSED PROXY STATEMENT CAREFULLY. YOUR VOTING INSTRUCTIONS TO U.S. TRUST ARE STRICTLY CONFIDENTIAL AND WILL NOT BE DISCLOSED UNLESS REQUIRED BY LAW.

**PARTICIPANTS MAY WITHHOLD THE VOTE FOR ONE OR MORE NOMINEE(S) BY FOLLOWING THE INSTRUCTIONS ON THE REVERSE HEREOF. IF NO SPECIFICATION IS MADE, THE SHARES WILL BE VOTED BY THE TRUSTEE IN ITS DISCRETION.**

(Continued and to be signed on reverse side)

**SEE REVERSE SIDE**

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ANNUAL MEETING OF STOCKHOLDERS OF

**GRIFFON CORPORATION**

**FEBRUARY 16, 2005**

**Please date, sign and mail  
your voting card in the  
envelope provided as soon  
as possible.**

**Please detach along perforated line and mail in the envelope provided.**

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**The Board of Directors recommends a vote FOR the election of directors.  
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK  
AS SHOWN HERE    ý**

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1. Election of the following nominees, as set forth in the proxy statement:

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li><input type="radio"/> <b>FOR ALL NOMINEES</b></li><li><input type="radio"/> <b>WITHHOLD AUTHORITY<br/>FOR ALL NOMINEES</b></li><li><input type="radio"/> <b>FOR ALL EXCEPT</b><br/>(See instructions below)</li></ul> | <b>NOMINEES:</b> <ul style="list-style-type: none"><li><input type="radio"/> Bertrand M. Bell</li><li><input type="radio"/> Martin S. Sussman</li><li><input type="radio"/> Joseph J. Whalen</li><li><input type="radio"/> Lester Wolff</li><li><input type="radio"/> Robert Harrison</li></ul> |
|---|---|

**INSTRUCTION:** To withhold authority to vote for any individual nominee(s), mark "**FOR ALL EXCEPT**" and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Stockholder

\_\_\_\_\_

Date:

\_\_\_\_\_

Please sign and date and return this voting instruction card in the attached envelope. This card must be received by 5:00 p.m. Eastern Time on February 7, 2005.

**NOTE:** Please sign exactly as your name appears on this voting card.

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**GRIFFON CORPORATION**

**BOARD OF DIRECTORS PROXY FOR ANNUAL MEETING**

**FEBRUARY 16, 2005**

The undersigned hereby appoints PATRICK L. ALESIA and EDWARD I. KRAMER, or either of them, attorneys and Proxies with full power of substitution in each of them, in the name and stead of the undersigned to vote as Proxy all the stock of the undersigned in GRIFFON CORPORATION, a Delaware corporation, at the Annual Meeting of Stockholders scheduled to be held on February 16, 2005 and any adjournments thereof.

**THE SHARES REPRESENTED HEREBY SHALL BE VOTED BY PROXIES, OR EITHER OF THEM, AS SPECIFIED AND, IN THEIR DISCRETION, UPON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING. STOCKHOLDERS MAY WITHHOLD THE VOTE FOR ONE OR MORE NOMINEE(S) BY FOLLOWING THE INSTRUCTIONS ON THE REVERSE HEREOF. IF NO SPECIFICATION IS MADE, THE SHARES WILL BE VOTED FOR THE ELECTION OF DIRECTORS.**

(Continued and to be signed on reverse side)

**SEE REVERSE SIDE**

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ANNUAL MEETING OF STOCKHOLDERS OF

**GRIFFON CORPORATION**

**FEBRUARY 16, 2005**

**Please date, sign and mail  
your proxy card in the  
envelope provided as soon  
as possible.**

**Please detach along perforated line and mail in the envelope provided.**

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**The Board of Directors recommends a vote FOR the election of directors.  
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK  
AS SHOWN HERE    ý**

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1. Election of the following nominees, as set forth in the proxy statement:

- FOR ALL NOMINEES**
- WITHHOLD AUTHORITY**
- FOR ALL NOMINEES**
- FOR ALL EXCEPT**  
(See instructions below)

- NOMINEES:**
- Bertrand M. Bell
  - Martin S. Sussman
  - Joseph J. Whalen
  - Lester Wolff
  - Robert Harrison

**INSTRUCTION:** To withhold authority to vote for any individual nominee(s), mark "**FOR ALL EXCEPT**" and fill in the circle next to each nominee you wish to withhold, as shown here:

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

2. Upon such other business as may properly come before the meeting or any adjournment thereof.

Signature of Stockholder \_\_\_\_\_

Date: \_\_\_\_\_

Signature of Stockholder \_\_\_\_\_

Date: \_\_\_\_\_

**NOTE:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

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