



CHARTER OF THE COMPENSATION COMMITTEE

PURPOSE OF THE COMMITTEE

The purposes of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Griffon Corporation ("Griffon") are to oversee, review and approve (i) the compensation of Griffon's Chief Executive Officer (the "CEO"), Griffon's other executive officers (together with the CEO, the "Executive Officers") and the Presidents of each of Griffon's business units ("Business Unit Presidents"), and (ii) Griffon's compensation and benefit plans and programs. The Committee shall also define Griffon's compensation philosophy and the goals of Griffon's compensation policies.

COMMITTEE MEMBERSHIP

The Committee shall consist of at least three members of the Board. The members of the Committee shall be appointed and replaced by the Board.

The members of the Committee shall meet the independence requirements of the New York Stock Exchange. Members of the Committee shall also qualify as outside directors within the meaning of Section 162(m) of the Internal Revenue Code and as non-employee directors within the meaning of Rule 16b-3 of the Securities and Exchange Act of 1934.

The Chairman of the Committee shall be designated by the Board. If the Board does not designate a Chairman, the members of the Committee, by majority vote, may designate a Chairman.

MEETINGS AND PROCEDURES OF THE COMMITTEE

The Committee shall meet as often as necessary to carry out its duties and responsibilities. The Committee may ask members of management or others to attend its meetings and to provide pertinent information to the Committee.

A majority of the members of the Committee shall constitute a quorum.

The Committee shall maintain minutes of its meetings and regularly deliver to the Board a report, which may be oral, on its activities.

In the event the Chairman is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such meeting.

The Committee may form subcommittees and may delegate to subcommittees such authority as it the Committee deems appropriate, but the Committee shall not delegate any authority required by law, regulation, the NYSE or Board resolution to be exercised by the Committee as a whole.

**COMMITTEE
AUTHORITIES
AND
RESPONSIBILITIES**

The Committee shall:

Annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives and, subject to the terms of any employment agreement between the CEO and Griffon, determine and approve the CEO's compensation based on this evaluation, including salary, bonus and equity awards. In determining CEO compensation, the Committee may consider a number of factors, including, but not limited to, the individual performance of the CEO, Griffon's performance and relative shareholder return, the compensation of CEOs at comparable companies, the awards given to the CEO in past years and the terms of any applicable employment agreement.

At least annually, after receiving the recommendations of the CEO, review and approve the compensation, including salary, bonus and equity awards, of the Executive Officers and the Business Unit Presidents, subject to the terms of any applicable employment agreements with Griffon. In determining the compensation for the Executive Officers and the Business Unit Presidents, the Committee shall consider factors similar to those used in determining the compensation of the CEO, together with any other factors deemed relevant by the Committee.

Establish financial performance and other goals and aggregate target award amounts with respect to cash incentive plans and equity incentive plans covering the Executive Officers and Business Unit Presidents and certify as to whether such goals have been achieved.

Periodically review whether cash and equity incentive plans and arrangements are likely to promote excessive risk taking behavior and review the effectiveness of any policies and practices that mitigate against such behavior.

Grant and approve awards under Griffon's equity incentive plans to participants under these plans. The Committee shall approve for submission by the Board to Griffon's stockholders all equity incentive plans or amendments to equity incentive plans that are required to be submitted for stockholder approval under the NYSE listing standards.

Review and approve any proposed employment agreements and severance arrangements, or amendments to such agreements and arrangements, to be entered into with Griffon's Executive Officers and Business Unit Presidents, and any change-in-control agreements and change-in-control provisions, or amendments to such agreements and provisions, with or applicable to Griffon's Executive Officers and Business Unit Presidents.

Review and approve supplemental benefits and perquisites to Griffon's Executive Officers, Business Unit Presidents, directors and persons who formerly served as an Executive Officer or Business Unit President, including supplemental retirement benefits and the perquisites provided to them during and after employment.

Review and discuss the Compensation Discussion and Analysis (the "CD&A") required to be included in Griffon's proxy statement filed with the Securities and Exchange Commission (the "SEC") with management and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.

Produce a Committee report as required by the SEC to be included in Griffon's annual proxy statement filed with the SEC.

Review, and recommend to the Board for approval, all compensation for non-employee members of the Board, including all fees and equity-based compensation.

Periodically review Griffon's compensation and benefits plans to determine their effectiveness in attracting, retaining and motivating employees, and amend or adopt such plans as appropriate, except that the adoption of any equity incentive plan shall require approval of the Board.

Oversee and periodically review and appoint the fiduciaries and plan administrators of Griffon's employee benefit plans.

Perform such duties and responsibilities as may be assigned to the Committee under the terms of any compensation or benefit plan. With regard to qualified retirement, welfare and benefit plans that provide benefits to a broad group of employees, the Committee may delegate authority to individual employees or to committees consisting of employees, as it deems appropriate.

Keep abreast of and maintain compliance with regulatory developments applicable to the approval and disclosure of the compensation of directors and executive officers at public companies.

**EVALUATION OF
THE COMMITTEE**

The Committee shall:

Review and assess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval.

Annually review the Committee's own performance.

**OUTSIDE
ADVISORS;
CONSULTANTS**

The Committee shall have the sole authority to retain, oversee and terminate any compensation consultant, legal counsel or other compensation adviser (each, an "Adviser") to be used to assist it in the performance of its duties hereunder and shall have sole authority to approve the consultant's fees and other retention terms. Griffon shall provide appropriate funding, as determined by the Committee, for payment of reasonable compensation to any such Adviser. Prior to engaging any Adviser (other than in-house legal counsel), the Committee shall assess the independence of the Adviser by considering all relevant factors, including, without limitation, each of the following factors, the presence of which will not necessarily preclude any particular engagement:

- i. whether the Adviser's employer provides other services to the Company;
- ii. the amount of fees the Company pays to the Adviser's employer, as a percentage of total revenue;
- iii. the policies and procedures of the Adviser's employer designed to prevent and address conflicts of interest;
- iv. any business or personal relationships of the Adviser with any member of the Committee;

- v. any stock of the Company owned by the Adviser; and
- vi. any business or personal relationship of the Adviser or the Adviser's employer with an executive of the Company

Notwithstanding the foregoing, the Committee shall not be required to assess the independence of any Adviser whose role is limited to (i) consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors of Griffon and that is available generally to all salaried employees or (ii) providing information that either is not customized for Griffon or that is customized based on parameters that are not developed by the Adviser and for which the Adviser does not provide advice.

Any services to be performed by any such Adviser relating to a matter other than compensation shall require the approval of the Committee.