

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

FORM S-8
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

GRIFFON CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

11-1893410
(I.R.S. Employer Identification No.)

100 JERICHO QUADRANGLE, JERICHO, NEW YORK
(Address of principal executive offices)

11753
(Zip Code)

1997 STOCK OPTION PLAN
1988 NON-QUALIFIED STOCK OPTION PLAN, AS AMENDED
(Full title of the plan)

ROBERT BALEMIAN, PRESIDENT
GRIFFON CORPORATION
100 JERICHO QUADRANGLE
JERICHO, NEW YORK 11753
(Name and address of agent for service)

(516) 938-5544
(Telephone number, including area code, of agent for service)

copy to:
DAVID H. LIEBERMAN, ESQ.
BLAU, KRAMER, WACTLAR & LIEBERMAN, P.C.
100 JERICHO QUADRANGLE
JERICHO, NEW YORK 11753
(516) 822-4820

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock, par value \$.25 per share together with the associated Preferred Share Purchase Rights (2)	1,500,000 shs.(3)	\$13.5625	\$20,343,750	\$6,165
Common Stock, par value \$.25 per share together with the associated Preferred Share Purchase Rights (2)	500,000 shs.(4)	\$13.5625	\$ 6,781,250	\$2,055

(1) Estimated solely for the purpose of calculating the registration fee, based upon the average of the high and low prices of the Company's Common Stock reported on the consolidated reporting system on February 4, 1997, pursuant to Rule 457.

(2) The Registration Statement also covers an indeterminate number of additional shares of Common Stock which may become issuable pursuant to anti-dilution and adjustment provisions of the Plan.

(3) Represents shares of Common Stock issuable under the Griffon Corporation 1997 Stock Option Plan.

(4) Represents shares of Common Stock issuable pursuant to the Griffon Corporation 1988 Non-Qualified Stock Option Plan, As Amended. 500,000 shares of Common Stock of the 1,000,000 shares of Common Stock issuable under this plan were previously registered on a Registration Statement on Form S-8, Registration No. 33-39090.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents have been filed by the Company with the Commission (File No. 1-6620) pursuant to the Exchange Act, are incorporated by reference in this Registration Statement and shall be deemed to be a part hereof:

- (1) The Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1996;
- (2) The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 1996;
- (3) The Company's Proxy Statement dated December 20, 1996 for its 1997 annual meeting of stockholders.
- (4) The Registration Statement on Form 8-A dated January 19, 1993 with respect to the Company's Common Stock (File No. 1-6620), including any amendment or report filed for the purpose of updating the description of the Common Stock contained therein.
- (5) The Registration Statement on Form 8-A dated May 16, 1996 with respect to the Company's Preferred Share Purchase Rights.

All documents filed pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Registration Statement and prior to the termination of this offering of Common Stock shall be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference in this Registration Statement shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

The Company will provide without charge to each person to whom a copy of this Registration Statement is delivered, upon the written or oral request of such person, a copy of any or all of the documents incorporated by reference (except for exhibits thereto unless specifically incorporated by reference therein). Requests for such copies should be directed to the Secretary, Griffon Corporation, 100 Jericho Quadrangle, Suite 224, Jericho, New York 11753, (516) 938-5544.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Harvey R. Blau, a member of the law firm of Blau, Kramer, Wactlar & Lieberman, P.C. is Chairman of the Board and Chief Executive Officer of the Registrant. As of the date hereof, Mr. Blau owns 354,440 shares of Common Stock, a warrant to purchase 226,413 shares of Common Stock and 1,565,000 options to purchase Common Stock granted to Mr. Blau pursuant to the Registrant's various stock option plans. In addition, the Blau, Kramer, Wactlar & Lieberman, P.C. Profit Sharing Plan owns 24,715 shares of Common Stock.

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Item 6. Indemnification of Directors and Officers.

Under provisions of the Certificate of Incorporation and the By-Laws of the Company, each person who is or was a director or officer of the Company may be indemnified by the Company to the full extent permitted or authorized by the

General Corporation Law of Delaware.

Under such law, to the extent that such person is successful on the merits of defense of a suit or proceeding brought against him by reason of the fact that he is a director or officer of the Company, he shall be indemnified against expenses (including attorneys' fees) reasonably incurred in connection with such action.

If unsuccessful in defense of a third-party civil suit or if a criminal suit is settled, such a person may be indemnified under such law against both (1) expenses (including attorneys' fees) and (2) judgements, fines and amounts paid in settlement if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company, and with respect to any criminal action, had no reasonable cause to believe his conduct was unlawful.

If unsuccessful in defense of a suit brought by or in the right of the Company, or if such suit is settled, such a person may be indemnified under such law only against expenses (including attorneys' fees) incurred in the defense or settlement of such suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company except that if such a person is adjudged to be liable in such suit for negligence or misconduct in the performance of his duty to the Company, he cannot be made whole even for expenses unless the court determines that he is fairly and reasonably entitled to indemnity for such expenses.

The Company and its officers and directors are covered by officers and directors liability insurance. The policy coverage is \$30,000,000, which includes reimbursement for costs and fees. There is a maximum deductible under the policy of \$100,000 for each claim. The Company has entered into Indemnification Agreements with certain of its officers and directors. The Agreements provide for reimbursement for all direct and indirect costs of any type or nature whatsoever (including attorneys' fees and related disbursements) actually and reasonably incurred in connection with either the investigation, defense or appeal of a Proceeding, as defined, including amounts paid in settlement by or on behalf of an Indemnitee.

Item 7. Exemption from registration claimed.

Not applicable.

Item 8. Exhibits.

- 4.1 1988 Non-Qualified Stock Option Plan, As Amended.
- 4.2 1997 Stock Option Plan.
- 5 Opinion and consent of Blau, Kramer, Wactlar & Lieberman, P.C.
- 23.1 Consent of Blau, Kramer, Wactlar & Lieberman, P.C. - included in their opinion filed as Exhibit 5.
- 23.2 Consent of Arthur Andersen LLP.
- 24 Powers of Attorney-included in signature page hereof.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

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(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the

information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement; provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3 or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(2) That, for the purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all

requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Jericho, New York on the 7 day of February, 1997.

GRIFFON CORPORATION

By: /s/ Robert Balemian

Robert Balemian
President and Director

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed on February 7, 1997 by the following persons in the capacities indicated. Each person whose signature appears below constitutes and appoints Harvey R. Blau and Robert Balemian, and each of them acting individually, with full power of substitution, our true and lawful attorneys-in-fact and agents to do any and all acts and things in our name and on our behalf in our capacities indicated below which they or either of them may deem necessary or advisable to enable Griffon Corporation to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this Registration Statement including specifically, but not limited to, power and authority to sign for us or any of us in our names in the capacities stated below, any and all amendments (including post-effective amendments) thereto, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in such connection, as fully to all intents and purposes as we might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Signature -----	Title -----
/s/ Harvey R. Blau ----- Harvey R. Blau	Chairman of the Board (Principal Executive Officer)
/s/ Robert Balemian ----- Robert Balemian	President and Director (Principal Financial Officer)
/s/ Patrick Alesia ----- Patrick Alesia	Vice President and Treasurer (Principal Accounting Officer)
/s/ Henry A. Alpert ----- Henry A. Alpert	Director
/s/ Bertrand M. Bell ----- Bertrand M. Bell	Director
/s/ Robert Bradley ----- Robert Bradley	Director
/s/ Abraham M. Buchman ----- Abraham M. Buchman	Director
/s/ Clarence A. Hill, Jr. ----- Clarence A. Hill, Jr.	Director
/s/ Ronald J. Kramer ----- Ronald J. Kramer	Director

GRIFFON CORPORATION
1988 NON-QUALIFIED STOCK OPTION PLAN,
AS AMENDED

1. Purpose and Effect

The purpose of this plan (the "Plan") is to induce officers, directors and other senior executives and management and supervisory personnel of and consultants to Griffon Corporation, a Delaware corporation ("Griffon") and its subsidiaries (Griffon and its subsidiaries being hereinafter collectively referred to as the "Company"), who are in a position to make material contributions to the Company's success, to remain in the service of the Company, to offer them incentives and rewards in recognition of their share in the Company's progress, and to encourage them to continue to promote the best interests of the Company through the grant to them of options (the "Options") for the purchase of the Common Stock, \$.25 par value, of Griffon (the "Common Stock"). The Plan is also intended to aid the Company in competing with other enterprises for the services of new senior executives needed to help insure continued development. For purposes of this Plan, the term "subsidiaries" shall include all corporations at least 50% of the voting stock of which is owned directly or indirectly by Griffon.

2. Administration

(a) The Plan shall be administered by the Board of Directors of Griffon (the "Board"), provided however, that the Board may, in the exercise of its discretion, designate from among its members a Compensation Committee (the "Committee") consisting of no fewer than three directors, each of whom shall be a "disinterested person" within the meaning of Rule 16b-3 (or any successor rule or regulation) promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and may delegate to the Committee full power and authority, subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be issued or adopted by the Board, to interpret the provisions and supervise the administration of the Plan. Any member of the Committee may be removed at any time either with or without cause by resolution adopted by the Board, and any vacancy on the Committee may at any time be filled by resolution adopted by the Board. Any or all power and functions of the Committee may at any time and from time to time be exercised by the Board; provided, however, that with respect to the participation in the Plan of persons who are members of the Board, such powers and functions of the Committee may be exercised by the Board only if, at the time of such exercise, a majority of the members of the entire Board and a majority of the directors acting in the particular matter are "disinterested persons" within the meaning of Rule 16b-3 promulgated under the Exchange Act.

(b) Each Option shall be evidenced by an Option Agreement that shall contain such terms and conditions (consistent with the terms and conditions of this Plan) as may be approved by the Board or the Committee, as the case may be, and shall be signed by an officer of Griffon and the optionee (the "Optionee").

(c) Subject to any applicable provisions of Griffon's By-Laws, all decisions made by the Board or the Committee pursuant to the provisions of the Plan and related orders or resolutions of the Board shall be final, conclusive and binding on all persons, including the Company, stockholders, employees and Optionees.

3. Shares Subject to the Plan

(a) The shares of Common Stock to be delivered upon exercise of Options granted under the Plan shall be made available, at the discretion of the Board, either from the authorized but unissued shares of Common Stock or from shares of Common Stock required by Griffon and held in treasury.

(b) Subject to adjustments made pursuant to the provisions of Paragraph (c) of this Section 3, the aggregate number of shares to be delivered upon exercise of all Options that may be granted under this Plan shall be 500,000(*) shares. If an Option granted under the Plan shall expire or terminate for any reason during the term of the Plan, the shares subject to but not

delivered under such Option shall be available for the grant of other Options.

(c) In the event of a merger, reorganization, consolidation, recapitalization, stock dividend, stock split, or other change in corporate structure affecting the Common Stock, appropriate adjustments shall be made in the aggregate number of shares subject to the Plan and in the number and exercise price of shares subject to unexercised Options previously granted under the Plan.

4. Eligibility and Participation

The persons eligible to receive Options shall consist of officers, directors and other senior executives and management and supervisory personnel of and consultants to the Company. Subject to the limitations of the Plan, the Board or the Committee, as the case may be, shall select the persons to be granted Options, determine the number and exercise price of the shares subject to each Option, and determine the time when each Option shall be granted. More than one Option may be granted to the same person.

5. Term of Plan and Option Period

The term during which Options may be granted under this Plan shall commence on May 5, 1988 and expire on May 4, 1998. Subject to the provisions of the Plan with respect to death, retirement and termination of employment, the maximum period during which each Option may be exercised may be fixed by the Board or the Committee, as the case may be, at the time such Option is granted but shall in no event exceed ten (10) years.

6. Exercise Price

(a) The price at which shares of Common Stock may be purchased upon exercise of a particular Option shall be not less than one hundred percent (100%) of the fair market value of such shares on the date such Option is granted, as determined by the Board or the Committee, as the case may be.

(b) For purposes of determining the fair market value of a share of Common Stock on the date of grant, if the Common Stock (i) is then listed on any national securities exchange, the fair market value shall be the closing price per share of the Common Stock on such exchange at the close of the trading session on the date of grant, (ii) is then listed on NASDAQ (but not on any national securities exchange), the fair market value shall be the closing price per share of the Common Stock on NASDAQ on the date of grant, or (iii) is then traded on the over-the-counter market (but not on a national securities exchange or NASDAQ, the fair market value shall be the average of the closing bid and asked prices of the Common Stock as reported by the National Quotation Bureau, Inc. or other entity then publishing bid and asked prices for the Common Stock for the date of grant, or, if unavailable, then the last trading date on which bid and asked quotations were published immediately preceding the date of grant.

7. Exercise of Options

(a) Each Option granted under this Plan may be exercised only during the continuance of the Optionee's employment or service with the Company and only as to such percentage of the shares covered thereby during such periods as may be determined at the time of grant by the Board or the Committee, as the case may be, but if no such percentage is specified, then each Option granted under this Plan may be exercised as to 50% of the shares covered

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(*) Increased to 1,000,000 shares as per amendment of November 12, 1992.

thereby on the date of grant and as to an additional 50% of the shares covered thereby one-year after the date of grant (so that such Option may be exercised as to 100% of the shares covered thereby beginning one (1) year after the date of grant), except in case of death, retirement or termination of employment or service as hereinafter provided. Subject to the foregoing limitations and the terms and conditions of the option agreement, each Option shall be exercisable with respect to such number of shares and during such periods as shall be fixed by the Board or the Committee, as the case may be; provided, however, that if

the Board or the Committee grants an Option or Options exercisable in more than one installment, and if the employment or service of an Optionee holding such Option is terminated, the Option shall be exercisable as to such number of shares as to which the Optionee had the right to exercise on the date of termination of employment or service.

(b) No shares of Common Stock shall be delivered pursuant to the exercise of any Option, in whole or in part, until qualified for delivery under such laws and regulations as may be deemed by the Board or the Committee, as the case may be, to be applicable thereto and until payment in full of the exercise price thereof is received by the Company.

(c) When exercising Options in whole or in part, Optionees may pay the exercise price in cash, in shares of Common Stock or by means of any other consideration acceptable to the Board or the Committee. For purposes of valuing any share of Common Stock used to exercise any Option in whole or in part, such shares shall be valued as provided in Section 6(b). Shares of Common Stock used to exercise any Option granted hereunder shall be free and clear of all liens, pledges, claims, encumbrances and restrictions of any kind or nature whatsoever, other than restrictions imposed upon such shares pursuant to the provisions of the Securities Act of 1933, as amended.

(d) No Optionee, or legal representative, legatee, or distributee of an optionee, shall be deemed to be a holder of any shares subject to any Option granted hereunder unless and until the certificate or certificates therefor have been issued and delivered.

8. Non-Transferability of Options

An Option granted under the Plan may not be transferred except by will or the laws of descent and distribution, and during the lifetime of the person to whom granted, may be exercised only by such person.

9. Death, Retirement and Termination of Employment

Any Option, the period of which has not theretofore expired, shall terminate at the time of death of the person to whom granted or at the time or retirement or termination for any reason of such person's employment or service with the Company, and no share of Common Stock may thereafter be delivered pursuant to such Option, except that:

(a) upon retirement or termination of employment or service (other than by death, disability, voluntary termination or termination for cause), an Optionee may within two (2) months after the date of such retirement or termination, purchase all or part of the shares with respect to which such Optionee is entitled to exercise such Option, in accordance with the provisions of Section 7 hereof, but in no event after the expiration of the term of the Option ("cause" for purposes of this Plan shall mean (i) willful disregard of duties, (ii) habitual absence from employment or service, (iii) intoxication, or (iv) dishonesty);

(b) upon the "disability" of any Optionee, the Optionee may within six (6) months after the date of such termination of employment, but in no event after the expiration of the term of the Option, purchase all or part of the shares with respect to which such Optionee is entitled to exercise such Option, in accordance with the provisions of Section 7 hereof. For purposes of the Plan the term "disability" shall mean a physical or mental disability as defined in Section 105 of the Internal Revenue Code of 1986, as amended; and

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(c) upon the death of any Optionee while in active employment or service, the person or persons to whom such Optionee's rights under the Option are transferred by will or the laws of descent and distribution may, within six (6) months after the date of such Optionee's death, but in no event after the expiration of the term of the Option, purchase all or any part of the shares with respect to which the Option was exercisable on the date of termination of employment or service in accordance with the provisions of Section 7 hereof.

10. Amendments and Discontinuance

The Board may, suspend, discontinue or make any amendment that would (i) make any material change in the class of eligible persons as defined in the Plan, (ii) increase the total number of shares for which Options may be granted under the Plan, (iii) extend the term of the Plan or the maximum option period, (iv) decrease the minimum option price, or (v) permit adjustments in the number and option price of shares granted under the Plan.

GRIFFON CORPORATION
1997 STOCK OPTION PLAN

SECTION 1. GENERAL PROVISIONS

1.1. NAME AND GENERAL PURPOSE

The name of this plan is the Griffon Corporation 1997 Stock Option Plan (hereinafter called the "Plan"). The purpose of the Plan is to enable Griffon Corporation (the "Company") and its subsidiaries and affiliates to foster and promote the interests of the Company by attracting and retaining officers and employees of the Company who contribute to the Company's success by their ability, ingenuity and industry, to enable such officers and employees of the Company to participate in the long-term success and growth of the Company by giving them a proprietary interest in the Company and to provide incentive compensation opportunities competitive with those of competing corporations.

1.2 DEFINITIONS

- a. "Affiliate" means any person or entity controlled by or under common control with the Company, by virtue of the ownership of voting securities, by contract or otherwise.
- b. "Board" means the Board of Directors of the Company.
- c. "Change in Control" means a change of control of the Company, or in any person directly or indirectly controlling the Company, which shall mean:
 - (a) a change in control as such term is presently defined in Regulation 240.12b-(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); or
 - (b) if any "person" (as such term is used in Section 13(d) and 14(d) of the Exchange Act) other than the Company or any "person" who on the date of this Agreement is a director or officer of the Company, becomes the "beneficial owner" (as defined in Rule 13(d)-3 under the Exchange Act) directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the voting power of the Company's then outstanding securities; or
 - (c) if during any period of two (2) consecutive years during the term of this Plan, individuals who at the beginning of such period constitute the Board of Directors cease for any reason to constitute at least a majority thereof.
- d. "Code" means the Internal Revenue Code of 1986, as amended.
- e. "Committee" means the Committee referred to in Section 1.3 of the Plan.
- f. "Common Stock" means shares of the Common Stock, par value \$.25 per share, of the Company.
- g. "Company" means Griffon Corporation, a corporation organized under the laws of the State of Delaware (or any successor corporation).
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- h. "Fair Market Value" means the market price of the Common Stock on the New York Stock Exchange consolidated reporting system on the date of the grant or on any other date on which the Common Stock is to be valued hereunder. If no sale shall have been reported on the New York Stock Exchange consolidated reporting system on such date, Fair Market Value shall be determined by the Committee in accordance with the Treasury Regulations applicable to incentive stock options under Section 422 of the Code.

- i "Incentive Stock Option" means an Incentive Stock Option as described in Section 2.1 of the Plan.
- j. "Non-Employee Director" shall have the meaning set forth in Rule 16(b) promulgated by the Securities and Exchange Commission ("Commission"); provided, that such person is also an "outside director" as set forth in Section 162(m) of the Code and the regulations promulgated thereunder.
- k. "Non-Qualified Stock Option" means a Non-Qualified Stock Option as described in Section 2.1 of the Plan.
- l. "Option" means any option to purchase Common Stock under Section 2 of the Plan.
- m. "Participant" means any officer or employee of the Company, a Subsidiary or an Affiliate who is selected by the Committee to participate in the Plan.
- n. "Subsidiary" means any corporation in which the Company possesses directly or indirectly 50% or more of the combined voting power of all classes of stock of such corporation.
- o. "Total Disability" means accidental bodily injury or sickness which wholly and continuously disabled an optionee. The Committee, whose decisions shall be final, shall make a determination of Total Disability.

1.3 ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Committee appointed by the Board consisting of two or more members of the Board all of who shall be Non-Employee Directors. The Committee shall serve at the pleasure of the Board and shall have such powers as the Board may, from time to time, confer upon it.

Subject to this Section 1.3, the Committee shall have sole and complete authority to adopt, alter, amend or revoke such administrative rules, guidelines and practices governing the operation of the Plan as it shall, from time to time, deem advisable, and to interpret the terms and provisions of the Plan.

The Committee shall keep minutes of its meetings and of action taken by it without a meeting. A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all of the members of the Committee without a meeting, shall constitute the acts of the Committee.

1.4 ELIGIBILITY

Stock options may be granted only to officers or employees of the Company or a Subsidiary or Affiliate. Subject to Section 2.3, any person who has been granted any Option may, if he is otherwise eligible, be granted an additional Option or Options.

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1.5 SHARES

The aggregate number of shares reserved for issuance pursuant to the Plan shall be 1,500,000 shares of Common Stock, or the number and kind of shares of stock or other securities which shall be substituted for such shares or to which such shares shall be adjusted as provided in Section 1.6. No individual may be granted options to purchase more than an aggregate of 750,000 shares of Common Stock pursuant to the Plan.

Such number of shares may be set aside out of the authorized but unissued shares of Common Stock or out of issued shares of Common Stock acquired for and held in the Treasury of the Company, not reserved for any other purpose. Shares subject to, but not sold or issued under, any Option terminating or expiring for any reason prior to its exercise in full will again be available for Options thereafter granted during the balance of the term of the Plan.

1.6 ADJUSTMENTS DUE TO STOCK SPLITS,
MERGERS, CONSOLIDATION, ETC.

If, at any time, the Company shall take any action, whether by stock dividend, stock split, combination of shares or otherwise, which results in a proportionate increase or decrease in the number of shares of Common Stock theretofore issued and outstanding, the number of shares which are reserved for issuance under the Plan and the number of shares which, at such time, are subject to Options shall, to the extent deemed appropriate by the Committee, be increased or decreased in the same proportion, provided, however, that the Company shall not be obligated to issue fractional shares.

Likewise, in the event of any change in the outstanding shares of Common Stock by reason of any recapitalization, merger, consolidation, reorganization, combination or exchange of shares or other corporate change, the Committee shall make such substitution or adjustments, if any, as it deems to be appropriate, as to the number or kind of shares of Common Stock or other securities which are reserved for issuance under the Plan and the number of shares or other securities which, at such time are subject to Options.

In the event of a Change in Control, at the option of the Board or Committee, (a) all options outstanding on the date of such Change in Control shall, for a period of sixty (60) days following such Change in Control, become immediately and fully exercisable, and (b) an optionee will be permitted to surrender for cancellation within sixty (60) days after such Change in Control any option or portion of an option which was granted more than six (6) months prior to the date of such surrender, to the extent not yet exercised, and to receive a cash payment in an amount equal to the excess, if any, of the Fair Market Value (on the date of surrender) of the shares of Common Stock subject to the option or portion thereof surrendered, over the aggregate purchase price for such Shares under the option.

1.7 NON-ALIENATION OF BENEFITS

Except as herein specifically provided, no right or unpaid benefit under the Plan shall be subject to alienation, assignment, pledge or charge and any attempt to alienate, assign, pledge or charge the same shall be void. If any Participant or other person entitled to benefits hereunder should attempt to alienate, assign, pledge or charge any benefit hereunder, then such benefit shall, in the discretion of the Committee, cease.

1.8 WITHHOLDING OR DEDUCTION FOR TAXES

If, at any time, the Company or any Subsidiary or Affiliate is required, under applicable laws and regulations, to withhold, or to make any deduction for any taxes, or take any other action in connection with any Option exercise, the Participant shall be required to pay to the Company or such Subsidiary or Affiliate, the amount of any taxes required to be withheld, or, in lieu thereof, at the option of the Company, the Company or such Subsidiary or Affiliate may accept a sufficient number of shares of Common Stock to cover the amount required to be withheld.

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1.9 ADMINISTRATIVE EXPENSES

The entire expense of administering the Plan shall be borne by the Company.

1.10 GENERAL CONDITIONS

- a. The Board or the Committee may, from time to time, amend, suspend or terminate any or all of the provisions of the Plan, provided that, without the Participant's approval, no change may be made which would prevent an Incentive Stock Option granted under the Plan from qualifying as an Incentive Stock Option under Section 422 of the Code or result in a "modification" of the Incentive Stock Option under Section 424(h) of the Code or otherwise alter or impair any right theretofore granted to any Participant; and further provided that, without the consent and approval of the holders of a

majority of the outstanding shares of Common Stock of the Company present at a meeting at which a quorum exists, neither the Board nor the Committee may make any amendment which (i) changes the class of persons eligible for options; (ii) increases (except as provided under Section 1.6 above) the total number of shares or other securities reserved for issuance under the Plan; (iii) decreases the minimum option prices stated in Section 2.2 hereof (other than to change the manner of determining Fair Market Value to conform to any then applicable provision of the Code or any regulation thereunder); (iv) extends the expiration date of the Plan, or the limit on the maximum term of Options; or (v) withdraws the administration of the Plan from a committee consisting of two or more members, each of whom is a non-employee director.

- b. With the consent of the Participant affected thereby, the Committee may amend or modify any outstanding Option in any manner not inconsistent with the terms of the Plan, including, without limitation, and irrespective of the provisions of Sections 2.3(c) and 2.4(b) below, to accelerate the date or dates as of which an installment of an Option becomes exercisable.
- c. Nothing contained in the Plan shall prohibit the Company or any Subsidiary or Affiliate from establishing other additional incentive compensation arrangements for employees of the Company or such Subsidiary or Affiliate.
- d. Nothing in the Plan shall be deemed to limit, in any way, the right of the Company or any Subsidiary or Affiliate to terminate a Participant's employment with the Company (or such Subsidiary or Affiliate) at any time.
- e. Any decision or action taken by the Board or the Committee arising out of or in connection with the construction, administration, interpretation and effect of the Plan shall be conclusive and binding upon all Participants and any person claiming under or through any Participant.
- f. No member of the Board or of the Committee shall be liable for any act or action, whether of commission or omission, (i) by such member except in circumstances involving actual bad faith, nor (ii) by any other member or by any officer, agent or employee.

1.11 COMPLIANCE WITH APPLICABLE LAW

Notwithstanding any other provision of the Plan, the Company shall not be obligated to issue any shares of Common Stock, or grant any Option with respect thereto, unless it is advised by counsel of its selection that it may do so without violation of the applicable Federal and State laws pertaining to the issuance of securities and the Company may require any stock certificate so issued to bear a legend, may give its transfer agent instructions limiting the transfer thereof, and may take such other steps, as in its judgment are reasonably required to prevent any such violation.

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1.12 EFFECTIVE DATES

The Plan was adopted by the Board on November 6, 1996, subject to approval by the stockholders of the Company. The Plan shall terminate on November 5, 2006.

SECTION 2. OPTION GRANTS

2.1 AUTHORITY OF COMMITTEE

Subject to the provisions of the Plan, the Committee shall have the sole and complete authority to determine (i) the Participants to whom Options shall be granted; (ii) the number of shares to be covered by each Option; and (iii) the conditions and limitations, if any, in addition to those set forth in

Sections 2 and 3 hereof, applicable to the exercise of an Option, including without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of shares acquired upon exercise of an Option.

Stock options granted under the Plan may be of two types: an incentive stock option ("Incentive Stock Option"); and a non-qualified stock option ("Non-Qualified Stock Option").

It is intended that the Incentive Stock Options granted hereunder shall constitute incentive stock options within the meaning of Section 422 of the Code and shall be subject to the tax treatment described in Section 422 of the Code.

Anything in the Plan to the contrary notwithstanding, no provision of the Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify either the Plan or, without the consent of the optionee, any Incentive Stock Option under Section 422 of the Code.

The Committee shall have the authority to grant Incentive Stock Options, or to grant Non-Qualified Stock Options, or to grant both types of Options. To the extent that any Option does not qualify as an Incentive Stock Option, in whole or in part, it shall constitute a separate Non-Qualified Stock Option to the extent of such disqualification.

2.2 OPTION EXERCISE PRICE

The price of stock purchased upon the exercise of Options granted pursuant to the Plan shall be the Fair Market Value thereof at the time that the Option is granted.

If an employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of the stock of the Company or any parent corporation of the Company or Subsidiary and an Option granted to such employee is intended to qualify as an Incentive Stock Option within the meaning of Section 422 of the Code, the exercise price shall be no less than 110% of the Fair Market Value of the Common Stock on the date the Option is granted. The purchase price is to be paid in full in cash, certified or bank cashier's check or, at the option of the Company, Common Stock valued at its Fair Market Value on the date of exercise, or a combination thereof, when the Option is exercised and stock certificates will be delivered only against such payment.

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2.3 INCENTIVE STOCK OPTION GRANTS

Each Incentive Stock Option will be subject to the following provisions:

a. Term of Option

An Incentive Stock Option will be for a term of not more than ten years from the date of grant, except in the case of an employee described in the second paragraph of Section 2.2 above in which case an Incentive Stock Option will be for a term of not more than five years from the date of the grant.

b. Annual Limit

To the extent the aggregate Fair Market Value of the Common Stock (determined as of the date of grant) with respect to which any options granted hereunder are intended to be designated as Incentive Stock Options under the Plan (or any other incentive stock option plan of the Company or any Subsidiary) which may be exercisable for the first time by the optionee in any calendar year exceeds \$100,000, such options shall not be considered incentive stock options.

c. Exercise

Subject to the power of the Committee under Section 1.10(b) above and except in the manner described below upon the death of the optionee, an Incentive Stock Option may be exercised only in installments as follows: up to one-half of the subject shares on and after the first anniversary of the date of grant, up to all of the subject shares on and after the second such anniversary of the date of the grant of such Option but in no event later than the expiration of the term of the Option.

An Incentive Stock Option shall be exercisable during the optionee's lifetime only by the optionee and shall not be exercisable by the optionee unless, at all times since the date of grant and at the time of exercise, such optionee is an employee of the Company, any parent corporation of the Company or any Subsidiary, except that, upon termination of all employment (other than by death, Total Disability, or by Total Disability followed by death in the circumstances provided below) with the Company, any parent corporation of the Company and any Subsidiary or Affiliate, the optionee may exercise an Incentive Stock Option at any time within three months thereafter but only to the extent such Option is exercisable on the date of such termination.

Upon termination of all employment by Total Disability, the Optionee may exercise such options at any time within one year thereafter, but only to the extent such option is exercisable on the date of such termination.

In the event of the death of an optionee (i) while an employee of the Company, any parent corporation of the Company or any Subsidiary or Affiliate, or (ii) within three months after termination of all employment with the Company, any parent corporation of the Company and any Subsidiary or Affiliate (other than for Total Disability) or (iii) within one year after termination on account of Total Disability of all employment with the Company, any parent corporation of the Company and any Subsidiary or Affiliate, such optionee's estate or any person who acquires the right to exercise such option by bequest or inheritance or by reason

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of the death of the optionee may exercise such optionee's Option at any time within the period of three years from the date of death. In the case of clauses (i) and (iii) above, such Option shall be exercisable in full for all the remaining shares covered thereby, but in the case of clause (ii) such Option shall be exercisable only to the extent it was exercisable on the date of such termination.

Notwithstanding the foregoing provisions regarding the exercise of an Option in the event of death, Total Disability or other termination of employment, in no event shall an Option be exercisable in whole or in part after the termination date provided in the Option.

d. Transferability

An Incentive Stock Option granted under the Plan shall not be transferable otherwise than by will or by the laws of descent and distribution.

2.4 NON-QUALIFIED STOCK OPTION GRANTS

Each Non-Qualified Stock Option will be subject to the following provisions:

a. Term of Option

A Non-Qualified Stock Option will be for a term of not more than ten years from the date of grant.

b. Exercise

The exercise of a Non-Qualified Stock Option shall be subject to the same terms and conditions as provided under Section 2.3(c) above except that (i) upon termination of all employment by Total Disability, the Optionee may exercise such options at any time within three years thereafter and (ii) in the event of the death of an Optionee within three years after termination on account of Total Disability of all employment with the Company, or any subsidiary or affiliate, such Optionee's estate or any person who acquires the right to exercise such option by bequest or inheritance or by reason of the death of the Optionee may exercise such Optionee's option at any time within a period of three years from the date of death.

c. Transferability

A Non-Qualified Stock Option granted under the Plan shall not be transferable otherwise than by will or by the laws of descent and distribution, except as may be permitted by the Board or the Committee.

2.5 AGREEMENTS

In consideration of any Options granted to a Participant under the Plan, each such Participant shall enter into an Option Agreement with the Company providing, consistent with the Plan, such terms as the Committee may deem advisable.

February 10, 1997

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Griffon Corporation
Registration Statement on Form S-8

Gentlemen:

Reference is made to the filing by Griffon Corporation (the "Corporation") of a Registration Statement on Form S-8 with the Securities and Exchange Commission pursuant to the provisions of the Securities Act of 1933, as amended, covering the registration of 500,000 shares of the Corporation's Common Stock, \$.25 par value per share, in connection with an amendment to the Corporation's 1988 Non-Qualified Stock Option Plan, as amended (the "1988 Plan"), and 1,500,000 shares of the Corporation's Common Stock, \$.25 par value per share, in connection with the Corporation's 1997 Stock Option Plan (the "1997 Plan").

As counsel for the Corporation, we have examined its corporate records, including its Certificate of Incorporation, as amended, By-Laws, its corporate minutes, the form of its Common Stock certificate, the 1988 Plan, the 1997 Plan, related documents under the 1988 Plan and 1997 Plan and such other documents as we have deemed necessary or relevant under the circumstances.

Based upon our examination, we are of the opinion that:

1. The Corporation is duly organized and validly existing under the laws of the State of Delaware.

2. There have been reserved for issuance by the Board of Directors of the Corporation an additional 500,000 shares of its Common Stock, \$.25 par value per share, for an aggregate of 1,000,000 shares of Common Stock, par value \$.25 per share, reserved for issuance under the 1988 Plan. The shares of the Corporation's Common Stock, when issued pursuant to the 1988 Plan, will be validly authorized, legally issued, fully paid and non-assessable.

3. There have been reserved for issuance by the Board of Directors of the Corporation 1,500,000 shares of its Common Stock, \$.25 par value per share, under the 1997 Plan. The shares of the Corporation's Common Stock, when issued pursuant to the 1997 Plan, will be validly authorized, legally issued, fully paid and non-assessable.

We hereby consent to be named in the Registration Statement and in the Prospectus which constitutes a part thereof as counsel to the Corporation, and we hereby consent to the filing of this opinion as Exhibit 5 to the Registration Statement.

Very truly yours,

/s/ Blau, Kramer, Wactlar & Lieberman, P.C.

BLAU, KRAMER, WACTLAR & LIEBERMAN, P.C.

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated November 6, 1996 included in Griffon Corporation's Form 10-K for the year ended September 30, 1996 and to all references as to our Firm included in this registration statement.

/s/ Arthur Anderson LLP

ARTHUR ANDERSON LLP

February 7, 1997
Roseland, New Jersey