

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

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

Date of Report (Date of earliest event reported): July 18, 2006

GRIFFON CORPORATION  
(Exact Name of Registrant as Specified in Charter)

Delaware (State or Other Jurisdiction of Incorporation)	1-6620 (Commission File Number)	11-1893410 (I.R.S. Employer Identification Number)
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100 Jericho Quadrangle Jericho, New York (Address of Principal Executive Offices)	11753 (Zip Code)
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(516) 938-5544  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

Amendment to CEO Employment Agreement

On July 18, 2006, Griffon Corporation (the "Company") entered into Amendment No. 2 (the "Amendment") to the Employment Agreement between the Company and Harvey R. Blau, dated July 1, 2001, as amended on August 8, 2003 (the "Employment Agreement"). Mr. Blau is the Chief Executive Officer and Chairman of the Board of the Company.

The purpose of the Amendment was in part to bring the severance provisions of the existing agreement into compliance with new Section 409A of the Internal Revenue Code ("Section 409A") and clarify some existing ambiguities. Section 409A applies to arrangements that provide for the payment of deferred compensation on or after January 1, 2005. The Amendment was effective as of July 18, 2006 and includes the following material terms:

- o The definition of change in control has been modified to relate to the acquisition of 35% of the voting power of the Company, replacing the prior 20% threshold.

- o Severance payments to Mr. Blau on a change in control would become payable in lump sum upon such change in control, irrespective of whether Mr. Blau's employment with the Company is terminated upon such change in control. Except as otherwise provided below, the amount of severance payable upon a

termination is not altered by this Amendment and remains as previously provided in the Employment Agreement.

o A provision has been added that payments due to a separation from service (other than due to death or a change in control) must be delayed at least six months if such payments would otherwise result in additional taxation under Section 409A.

o Under the Employment Agreement, the Company is obligated to provide Mr. Blau with lifetime medical benefits after his termination of service. In event that these benefits would become subject to a tax under Section 409A after two years, then, pursuant to the Amendment, Mr. Blau will forego such benefits after two years and receive instead a lump sum payment equal to the foregone economic benefit.

o Clarifications have been made to the definition of retirement, the determination of the severance payment (to include the consideration of partial year bonuses and other compensation), and the events upon which the post-termination consulting services would commence.

The above is a brief summary of the Amendment and does not purport to be complete. Reference is made to the Amendment for a full description of its terms, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

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#### Severance Agreement with Vice President

On July 18, 2006, the Company entered into a Severance Agreement with Patrick L. Alesia, Vice President, Treasurer and Secretary of the Company (the "Severance Agreement"). The Severance Agreement is for an initial term of two years, subject to automatic renewal unless a party gives 120 days prior written notice to the other of non-renewal; notwithstanding the foregoing, the Severance Agreement shall not terminate if a change in control occurs during the term of the Severance Agreement. During the term of the Severance Agreement, Mr. Alesia has agreed to continue to perform his regular duties as an executive of the Company.

The Severance Agreement provides that if within 24 months of a change in control (as defined in the Severance Agreement and summarized below) of the Company, Mr. Alesia's employment with the Company is terminated by the Company without Cause or by Mr. Alesia for Good Reason (as such terms are defined in the Severance Agreement), then Mr. Alesia will be entitled to, among other things, a lump sum payment of 2.5 times his base salary plus the average of the bonuses received by Mr. Alesia in the prior three fiscal years. If any payments or benefits payable to Mr. Alesia would be subject to the excise tax under Section 280G of the Internal Revenue Code (the "Code"), then such portion of Mr. Alesia's payments would be forfeited so that no such excise tax would be incurred. All benefits payable under the Severance Agreement will be subject to the mandatory six-month payment delay under Section 409A of the Code, if applicable at the time of payment. Mr. Alesia has agreed to a non-competition provision that extends for 24 months post-termination.

Change of control is defined in the Severance Agreement to include, among other things, the acquisition by a person or entity of more than 35% of the voting securities of the Company, the current Board of Directors no longer constituting a majority of the Board (directors approved by 2/3 of the Board will be considered a part of the current Board), and certain merger or sale of assets transactions.

The above is a brief summary of the Severance Agreement and does not purport to be complete. Reference is made to the Severance Agreement for a full description of its terms, a copy of which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

#### Amendment to Supplemental Executive Retirement Plan

On July 18, 2006, the Supplemental Executive Retirement Plan of the Company

was amended (as amended, the "Plan"). In part, the amendment to the Plan serves to bring the provisions of the Plan into compliance with Section 409A and to clarify existing ambiguities. The amendment to the Plan became effective as of July 18, 2006 and includes the following material terms:

o The definition of change in control has been modified to relate to the acquisition of 35% of the voting power of the Company, replacing the prior 30% threshold.

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o A change in control resulting from a change in the composition of the Board of Directors would only occur if the nomination of the replacement Board members were not approved by a majority of the current members. Previously, under the terms of the Plan, a change in control would occur upon a change for any reason in the majority of the Board of Directors over any two year period.

o Payments upon a change in control will be made in a lump sum upon the change in control. The Plan originally provided for lump sum payment of benefits only following a termination during the period commencing 30 days prior to a change in control and ending one year after the change in control.

o Payments that are to be made due to a separation from service (other than due to death or a change in control) must be delayed at least six months to certain key employees.

o Clarifications have been made to the calculation of the benefits under the Plan to include consideration of partial year bonuses in the Plan's benefit formula and in the definition of present value (to require the use of more current mortality assumptions).

The above is a brief summary of the amendment to the Plan and does not purport to be complete. Reference is made to the Plan for a full description of its terms, a copy of which is attached hereto as Exhibit 10.3 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

10.1 Amendment No. 2 to Employment Agreement, dated July 18, 2006, between the Company and Harvey R. Blau.

10.2 Severance Agreement, dated July 18, 2006, between the Company and Patrick L. Alesia.

10.3 Supplemental Executive Retirement Plan (as amended through July 18, 2006).

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SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GRIFFON CORPORATION

By: /s/ Patrick L. Alesia

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Patrick L. Alesia  
Vice President, Treasurer and Secretary

Date: July 21, 2006

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Exhibit Index

- 10.1 Amendment No. 2 to Employment Agreement, dated July 18, 2006, between the Company and Harvey R. Blau.
- 10.2 Severance Agreement, dated July 18, 2006, between the Company and Patrick L. Alesia.
- 10.3 Supplemental Executive Retirement Plan (as amended through July 18, 2006).

AMENDMENT NO. 2 TO EMPLOYMENT AGREEMENT  
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AMENDMENT NO. 2 TO THE EMPLOYMENT AGREEMENT (this "Amendment") made as of the 18th day of July, 2006 by and between GRIFFON CORPORATION, a Delaware corporation (hereinafter the "Company") and HARVEY R. BLAU (hereinafter the "Executive").

WITNESSETH:

WHEREAS, the Company and Executive entered into an Employment Agreement dated July 1, 2001, as amended subsequently by the Amendment Agreement dated August 8, 2003 (hereinafter the "Employment Agreement"); and

WHEREAS, the Company and Executive desire to further modify the said Employment Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. All references to 20 percent with regard to an amount of voting securities or outstanding stock in Section 1(d) shall henceforth be read to mean 35 percent, effective as of the date hereof.
2. Section 1(1) shall be amended and restated in its entirety to read as follows, effective as of the date hereof:

"(1) 'Retirement' shall mean the voluntary termination of Blau's employment by Blau with eligibility to receive a fully vested benefit under Griffon's Supplemental Executive Retirement Plan as in effect on the date hereof, other than a termination due to Disability or death, or for Good Reason."

3. A new sentence shall be added at the end of Section 8(b), which shall read in its entirety as follows, effective as of the date hereof:

"Any payment of such club dues shall be made within 2 and 1/2 months of the later of (a) the end of the calendar year in which the invoice for such club dues is received or (b) the end of Griffon's fiscal year in which the invoice for such club dues is received."

4. A new sentence shall be added at the end of Section 9(b), which shall read in its entirety as follows, effective as of the date hereof:

"Notwithstanding the foregoing, if, in the mutual good faith determination and agreement of Blau and Griffon, such lifetime benefits may not be provided without subjecting Blau to any tax, interest or penalty imposed under Section 409A(a)(1)(B) of the Code (or any regulation or any guidance promulgated thereunder

or with respect to), then on the second anniversary of the later of (a) a termination of employment or (b) a termination of the Consulting Period, in lieu of such lifetime benefits, Blau shall receive a lump sum payment equal to the value (as mutually determined as of the date of any such termination in good faith and agreed to by Blau and Griffon) of such lifetime benefits Blau and his Spouse would otherwise have been entitled to receive under this Section.

Notwithstanding any other provisions of the Agreement to the contrary, if Blau has received a lump sum payment of his and his Spouse's lifetime medical benefits under either Section 10(g)(ii)(C) or Section 10(i)(iii), Griffon shall no longer be responsible for the provision of such benefits under this Section 9(b)."

5. The heading of Section 10 shall be amended and restated in its

entirety to read as follows, effective as of the date hereof:

"TERMINATION OF EMPLOYMENT - CHANGE IN CONTROL"

6. The second sentence of Section 10(a) shall be amended and restated in its entirety to read as follows, effective as of the date hereof:

"If he does so, except for Good Reason, his entitlement shall be the same as if Griffon had terminated his employment for Cause, provided that Blau shall also be entitled to commence the Consulting Period upon such termination, as provided in Section 10(h)."

7. Section 10(g) (ii) (B) shall be amended and restated in its entirety to read as follows, effective as of the date hereof:

"(B) a lump sum payment equal to the annual bonuses for the remainder of the Employment Term (including, without limitation, a prorated bonus for any partial Fiscal Year) equal to the average of the three highest annual bonuses awarded to Blau during the ten Fiscal Years (or portions thereof) preceding the termination of Blau's employment as an employee (including, without limitation, any bonus awarded to Blau in the year of termination, which is unpaid as of the date of termination);"

8. Section 10(g) (ii) (C) shall be amended and restated in its entirety to read as follows, effective as of the date hereof:

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"(C) continued medical reimbursement, as described in Section 9(b) above for the lesser of: (a) two years after any termination of employment or (b) the remainder of the Employment Term; provided however, that if, in the mutual good faith determination and agreement of Blau and Griffon, such medical reimbursement may be provided without subjecting Blau to any tax, interest or penalty imposed under Section 409A(a) (1) (B) of the Code (or any regulation or any guidance promulgated thereunder or with respect to), then the period of medical reimbursement shall continue for the remainder of the Employment Term, without regard to the two year period referred to above. Upon the expiration of the relevant period referred to above, Blau shall receive the lifetime medical benefits in accordance with Section 9(b) above;"

9. Section 10(g) (ii) (E) shall be amended and restated in its entirety to read as follows, effective as of the date hereof:

"(E) continued participation in all employee benefit plans or programs available to Griffon employees generally in which Blau was participating on the date of termination of his employment until the end of the Employment Term; provided; however, that (x) if Blau is either precluded from continuing his participation in any employee benefit plan or program as provided in this clause (E) or if Blau's continued participation would subject Blau to any tax, interest or penalty imposed under Section 409A(a) (1) (B) of the Code (or any regulation or any guidance promulgated thereunder or with respect to), then Blau shall be entitled to the after-tax economic equivalent of the benefit foregone under the plan or program in which he is unable to participate until the end of the Employment Term (which shall be paid in one lump sum as soon as administratively feasible after his termination of participation), and (y) the "economic equivalent of the benefit foregone" shall be deemed to be the lowest cost that Blau would incur in obtaining such benefit on an individual basis; further provided that if such benefit cannot be obtained at any cost, Blau shall be entitled to a lump sum payment equal to the aggregate benefit payments he would reasonably be expected to receive through the end of the

Employment Term, and the valuation of such lump sum benefit payment amount shall be mutually determined in good faith by Blau and Griffon; and"

10. Section 10(g)(ii)(F) shall be amended and restated in its entirety to read as follows, effective as of the date hereof:

"(F) other benefits in accordance with applicable plans and programs of the Griffon; provided however, that if such other

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benefits would subject Blau to any tax, interest or penalty imposed under Section 409A(a)(1)(B) of the Code (or any regulation or any guidance promulgated thereunder or with respect to), then Blau shall receive a lump sum payment, which shall be valued in accordance with the principles set forth in Section 10(g)(ii)(E) above."

11. Section 10(i) shall be amended and restated in its entirety to read as follows, effective as of the date hereof:

"(i) Change in Control. Notwithstanding anything to the contrary in this Section 10, upon the occurrence of a Change in Control, Blau shall be entitled to:

(i) a lump sum payment equal to the net present value of his Salary for the remainder of the Employment Term at the salary amount in effect immediately before the Change in Control. The interest rate used to determine the present value of these payments shall be the mid-term Applicable Federal Rate compounded semi-annually for the month in which such Change in Control occurs;

(ii) a lump sum payment equal to the annual bonuses otherwise payable under Section 10(g)(ii)(B) for the remainder of the Employment Term (including, without limitation, a prorated bonus for any partial Fiscal Year) with each such bonus equal to the average of the three highest annual bonuses awarded to Blau during the ten Fiscal Years (or portions thereof) preceding the Change in Control (including, without limitation, any bonus awarded to Blau in the year in which the Change in Control occurs, which is unpaid as of the date of the Change in Control);

(iii) continued medical reimbursement, as described in Section 9(b) above for the lesser of: (a) two years after the later to occur of a termination of employment or, if applicable, a termination of the Consulting Period following a Change in Control or (b) the remainder of the Employment Term; provided however, that if, in the mutual good faith determination and agreement of Blau and Griffon, such medical reimbursement may be provided without subjecting Blau to any tax, interest or penalty imposed under Section 409A(a)(1)(B) of the Code (or any regulation or any guidance promulgated thereunder or with respect to), then the period of medical reimbursement shall continue for the remainder of the Employment Term, without regard to the two year period referred to above. Upon the expiration of the relevant period referred to above, Blau shall receive the lifetime medical benefits in accordance with Section 9(b) above;

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(iv) a lump-sum payment equal to the then present value of the excess, if any, of (x) the retirement benefit to which Blau

would have been entitled if he had remained employed under this Agreement until age 72 over (y) the early retirement benefit actually payable to him, both as calculated and payable under the SERP, provided such amount is not otherwise paid to Blau under the terms of the SERP; and

(v) continued participation in all employee benefit plans or programs available to Griffon employees generally in which Blau was participating on the date of any termination of his employment until the end of the Employment Term; provided; however, that (x) if Blau is either precluded from continuing his participation in any employee benefit plan or program as provided in this clause or if Blau's continued participation would subject Blau to any tax, interest or penalty imposed under Section 409A(a)(1)(B) of the Code (or any regulation or any guidance promulgated thereunder or with respect to), then Blau shall be entitled to the after-tax economic equivalent of the benefit foregone under the plan or program in which he is unable to participate until the end of the Employment Term (which shall be paid in one lump sum as soon as administratively feasible after his termination of participation), and (y) the "economic equivalent of the benefit foregone" shall be deemed to be the lowest cost that Blau would incur in obtaining such benefit on an individual basis; further provided that if such benefit cannot be obtained at any cost, Blau shall be entitled to a lump sum payment equal to the aggregate benefit payments he would reasonably be expected to receive through the end of the Employment Term, and the valuation of such lump sum benefit payment amount shall be mutually determined in good faith by Blau and Griffon; and

(vi) other benefits in accordance with applicable plans and programs of the Griffon; provided however, that if such other benefits would subject Blau to any tax, interest or penalty imposed under Section 409A(a)(1)(B) of the Code (or any regulation or any guidance promulgated thereunder or with respect to), then Blau shall receive a lump sum payment, which shall be valued in accordance with the principles set forth in Section 10(i)(v) above.

Notwithstanding the foregoing, if a Change in Control occurs prior to January 1, 2007, the lump sum payments provided under Sections 10(i)(i), 10(i)(ii) and 10(i)(iv) of this Agreement shall be made on January 2, 2007.

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Payments under this Section 10(i) shall be in full satisfaction of any payments or benefits Blau would otherwise be entitled to under Section 10(g)."

12. Section 10(j) shall be added, which shall read in its entirety as follows, effective as of the date hereof

"10(j) Notwithstanding the foregoing, if (a) Blau or his estate is to receive payments or benefits under Section 10 for any reason other than due to Blau's death or due to a Change in Control, and (b) Blau is a "specified employee" within the meaning of Code Section 409A for the period in which the payment or benefits would otherwise commence, and (c) such payment or benefit would otherwise subject Blau to any tax, interest or penalty imposed under Section 409A(a)(1)(B) of the Code (or any regulation or any guidance promulgated thereunder or with respect to) if the payment or benefit would commence within six months of a termination of Blau's employment, then such payment or benefit required under Section 10 shall not commence until the first day which is at least six months after the termination of Blau's employment. Such payments or benefits, which would have otherwise been required to be made



over such six month period, shall be paid to Blau in one lump sum payment or otherwise provided to Blau, as soon as administratively feasible after the first day which is at least six months after the termination of Blau's employment. Thereafter, payments or benefits shall continue, if applicable, for the relevant period set forth above."

13. Section 13(a) shall be amended and restated in its entirety to read as follows, effective as of the date hereof:

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

14. Except as specifically provided in and modified by this Amendment, the Employment Agreement is in all other respects hereby ratified and confirmed and references to the Employment

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Agreement shall be deemed to refer to the Employment Agreement as modified by this Amendment.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the day and year first above written.

GRIFFON CORPORATION

By: /s/ Patrick L. Alesia

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Name: Patrick L. Alesia  
Title: Vice President, Treasurer and  
Secretary

/s/ Harvey R. Blau

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Harvey R. Blau

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (this "Agreement"), made and entered into as of July 18, 2006 ("the Effective Date"), by and between Griffon Corporation, a Delaware corporation, with its principal office located at 100 Jericho Quadrangle, Jericho, New York 11753 (hereinafter, together with its subsidiaries, collectively referred to as "the Corporation") and Patrick Alesia who resides at 169 Country Club Drive, Commack, NY 11725 (hereinafter referred to as "the Executive").

WITNESSETH:

WHEREAS, the Executive has had extensive experience in the business and affairs of the Corporation and is a valuable member of the management team; and

WHEREAS, the Board of Directors of Griffon Corporation (the "Board") has determined that it is appropriate to reinforce the continued attention of certain key management employees, including the Executive, to their assigned duties without distraction if the possibility should arise of a change in control of the Corporation;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. EMPLOYMENT. During the term of this Agreement, the Executive agrees to remain in the employ of the Corporation and to continue to perform the Executive's regular duties as an executive of the Corporation.

2. CHANGE IN CONTROL. No benefits shall be payable hereunder unless there shall have been a Change in Control of Corporation, as set forth below, and the Executive's employment by Griffon Corporation shall thereafter have been terminated in accordance with Section 3 hereof. For purposes of this Agreement, a "Change in Control" shall mean the occurrence of any of the following events after the date of this Agreement:

2.1 the acquisition, directly or indirectly, by a "person" (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto (the "Exchange Act") (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 35% of the combined voting power of the voting securities of Griffon Corporation entitled to vote generally in the election of directors (the "Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (a) any acquisition by or from Griffon Corporation or any corporation or other entity in which the Griffon Corporation owns or controls directly or indirectly at least 50 percent of the total combined voting power represented by all classes of stock issued by such corporation, or in the case of a noncorporate entity, at least 50% of the profits or capital interest in such entity (a "Subsidiary,") or by any employee benefit plan (or related trust) sponsored or maintained by

Griffon Corporation or any Subsidiary, (b) any acquisition by an individual who as of the effective date of the Plan is a member of the Board, (c) any acquisition by any underwriter in any firm commitment underwriting of securities to be issued by Griffon Corporation, or (d) any acquisition by any corporation (or other entity) if, immediately following such acquisition, 65% or more of the then outstanding shares of common stock (or other equity unit) of such corporation (or other entity) and the combined voting power of the then outstanding voting securities of such corporation (or other entity), are beneficially owned, directly or indirectly, by all or substantially all of the individuals or entities who, immediately prior to such acquisition, were the beneficial owners of the then outstanding Voting Securities in substantially the same proportions, respectively, as their ownership immediately prior to the acquisition of the stock and Voting Securities; or

2.2 the following individuals cease for any reason to constitute a majority of the Board: individuals who, as of the date of the this Agreement,

constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including, but not limited to, a consent solicitation relating to the election of directors of Griffon Corporation) whose appointment or election by the Board or nomination for election by the stockholders of Griffon Corporation was approved and recommended by a vote of at least two-thirds of the directors then still in office who either were directors on the effective date of the Plan or whose appointment, election or nomination for election was previously so approved or recommended; or

2.3 the consummation of the sale or other disposition of all or substantially all of the assets of Griffon Corporation, other than to an entity, at least 65% of the Voting Securities of which are owned by Persons in substantially the same proportions as their ownership of Griffon Corporation immediately prior to such sale; or

2.4 the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Corporation or any of its Subsidiaries that requires the approval of the Corporation's stockholders, whether for such transaction or the issuance of securities in the transaction (a "Business Combination"), unless immediately following such Business Combination: (i) more than 65% of the total voting power of (x) the corporation resulting from such Business Combination (the "Surviving Corporation"), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Corporation Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Voting Securities among the holders thereof immediately prior to the Business Combination; or

2.5 the consummation of a plan of complete liquidation or substantial dissolution of Griffon Corporation, other than a liquidation or substantial dissolution, which

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would result in the Voting Securities of the entity after such liquidation or dissolution, if any, continuing to represent (whether by remaining outstanding or by being converted to voting securities of the surviving entity) 65% or more of the Voting Securities or the voting power of the voting securities of such surviving entity outstanding immediately after such liquidation or dissolution, and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Voting Securities among the holders thereof immediately prior to the such liquidation or dissolution; or

2.6 the sale, transfer, assignment, distribution or other disposition by Griffon Corporation and/or one of its Subsidiaries, in one transaction, or in a series of related transactions within any period of 18 consecutive calendar months (including, without limitation, by means of the sale, transfer, assignment, distribution or other disposition of the capital stock of any Subsidiary or Subsidiaries), of assets which account for an aggregate of 50% or more of the consolidated revenues of Griffon Corporation and the Subsidiaries of Griffon Corporation, as applicable, as determined in accordance with U.S. generally accepted accounting principles, for the fiscal year most recently ended prior to the date of such transaction (or, in the case of a series of transactions as described above, the first such transaction); provided, however, that no such transaction shall be taken into account if substantially all the proceeds thereof (whether in cash or in kind) are used after such transaction in the ongoing conduct by Griffon Corporation and/or its Subsidiaries) of the business conducted by Griffon Corporation and/or its Subsidiaries prior to such transaction.

3. TERMINATION FOLLOWING A CHANGE IN CONTROL. If any of the events described in Section 2 hereof constituting a Change in Control of Griffon Corporation shall have occurred, the Executive, if terminated during the twenty four (24) months following such Change in Control, shall be entitled to the

benefits provided in Section 4 hereof, unless such termination is due to the Executive's death or Disability, or is by Griffon Corporation for Cause, or is by the Executive for other than Good Reason. In the event that, upon the occurrence of a Change in Control, the Executive is eligible for retirement in accordance with the terms and conditions of any applicable corporate retirement plan or program in effect immediately preceding such Change in Control, the Executive's eligibility for immediate retirement benefits, and any request therefor, shall not preclude the Executive's receipt of severance benefits under Section 4 hereof as a result of any termination without Cause or for Good Reason. For purposes of this Agreement, the following definitions shall apply:

3.1 "Cause" shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties (other than any such failure resulting from incapacity due to physical or mental illness); or (ii) conviction of a felony or acts of dishonesty resulting in gain or personal enrichment at the expense of the Corporation; or (iii) the Executive's willful misconduct or insubordination which is materially injurious to the Corporation. With respect to (i) and (iii) "Cause" shall only be determined to exist until Griffon Corporation presents written notice to the Executive specifically identifying the alleged circumstances or actions giving rise to Cause (a "Cause Notice"), and the Executive fails to correct such action or circumstances within 20 days of receiving the Cause Notice. For purposes

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of this paragraph, no act or failure to act on the Executive's part shall be considered as willful unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the action or omission was in the best interests of the Corporation.

3.2 "Disability" shall mean the illness or other mental or physical disability of the Executive, as determined by a physician reasonably acceptable to the Corporation and the Executive, resulting in the Executive's failure to perform substantially all of his applicable material duties for a period of six consecutive months and to return to the performance of such duties within 30 days after receiving written notice of termination.

3.3 "Good Reason" shall mean (i) reduction in the Executive's (then) current base salary immediately preceding the Change in Control; (ii) diminution, reduction or other adverse change in the annual bonus opportunity or other incentive compensation opportunities available to the Executive immediately preceding the Change in Control; (iii) the Corporation's failure to pay the Executive any amounts otherwise earned, vested or due under any compensation plan or human resources policy of the Corporation immediately preceding the Change in Control; (iv) diminution of the Executive's title, position, authority or responsibility; (v) assignment to the Executive of duties incompatible with the position occupied by the Executive immediately preceding the Change in Control; (vi) a change in the organizational position to which the Executive directly reports; or (vii) relocation of the Executive's position to a location more than 35 miles from the location to which the Executive was assigned immediately preceding the Change in Control.

4. CERTAIN SEVERANCE BENEFITS ON TERMINATION. If, after any Change in Control (as defined herein) shall have occurred, the Executive's employment shall be terminated during the twenty-four (24) months following the date of such Change in Control (i) by the Corporation other than for death, Disability or Cause or (ii) by the Executive for Good Reason, the Executive shall be entitled to certain severance benefits (hereinafter "the Severance Benefits") as provided below:

4.1 The Corporation shall pay the Executive's full base salary through the date of termination at the rate which is the higher of the (then) current annual rate or the annual rate in effect immediately prior to the date of any Change in Control. The Corporation shall also pay the Executive the amount, if any, of any unpaid earned annual bonus for the preceding fiscal year, as well as a pro rata portion of the higher of (i) the earned annual bonus for the preceding fiscal year or (ii) the target or projected annual bonus for the fiscal year in which the termination of employment occurs. In addition, the Corporation shall continue in full force and effect through the date of termination the Executive's participation in all stock ownership, stock purchase or stock option

plans, all health and welfare benefit plans, and all insurance and disability plans as may be in effect at the date of the Change in Control.

4.2 Subject to Section 4.4 and 4.5 hereof, the Corporation shall pay as Severance Benefits to the Executive on or before the fifth (5th) day following the date of termination of employment, a lump sum payment ("the lump sum payment") equal to two and fifty one hundredths (2.50) times the sum of (i) the Executive's base salary at the rate which is

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the higher of the (then) current annual rate or the annual rate in effect immediately prior to the date of any Change in Control and (ii) the average of the annual bonuses received by the Executive for each of the last three fiscal years of the Corporation. Such lump sum payment shall be subject to all applicable Federal, state and local income and FICA taxes including all required withholding amounts.

4.3 For the continued benefit of the Executive and the Executive's eligible dependents, the Corporation shall maintain in full force and effect until the earlier of (i) December 31 of the second calendar year following the calendar year of termination or (ii) the Executive's commencement of full-time employment with a new employer, at the same cost as is paid by similarly-situated continuing employees all medical and health plans and programs for which the Executive was eligible immediately prior to the date of termination, provided that the Executive's continued participation is possible under the general terms and provisions of such plans and programs, and subject further to such periodic changes in such plans and programs as are generally applicable to all participants in such plans and programs. The Executive will be responsible for any income tax liability arising out of any continued participation in such health and medical plans and programs, and notwithstanding the provision of this Section 4.3, no additional employment service credits shall be given for the period of such continued participation.

4.4 The Severance Benefits to be provided to the Executive hereunder and all other payments or benefits which are "parachute payments" (as defined in Section 280(G)(b)(2)(A) of the Code) payable to the Executive under other arrangements or agreements (the "Total Payments") shall be adjusted as set forth in this Section 4.4. If the Total Payments as a result of any Change in Control would (in the aggregate) result in an amount not being deductible under Code Section 280G or an excise tax under Section 4999, the Total Payments shall be reduced to the extent necessary so that the deductibility of the full amount of such reduced Total Payments is not limited by Code Section 280G or such Total Payment is not subject to an excise tax under Section 4999.

4.5 Notwithstanding anything herein to the contrary, if any payments due under this Agreement would subject Executive to any tax imposed under Section 409A of the "Code" if such payments were made at the time otherwise provided herein, then the payments that cause such taxation shall be payable in a single lump sum on the first day which is at least six months after the date of the Executive's "separation of service" as set forth in Code Section 409A and the regulations issued thereunder.

4.6 The Executive shall not be required to mitigate or offset the amount of any Severance Benefits or other benefits provided under this Section 4 by seeking employment or otherwise, nor shall the amount of any payment provided under this Section 4 be reduced by any compensation earned by the Executive as the result of employment by another employer after the date of termination from the Corporation.

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## 5. RESTRICTIVE COVENANTS.

5.1 Executive agrees at all times during Executive's employment with the Corporation and at all times thereafter (except as otherwise required by

applicable law, regulation or legal process) that Executive shall hold in strictest confidence and not to use for his own benefit or the benefit of any other person, or to disclose to any person without authorization from the Corporation, any Confidential Information. "Confidential Information" means any and all confidential or proprietary business information of the Corporation or its affiliates, including, without limitation, information relating to the Corporation's or its affiliates' trade secrets, software and technology architecture, networks, business methodologies, facilities, financial and operational information, contracts, customer lists, marketing or sales prospect lists, "know how", and all copies, reproductions, notes, analyses, compilations, studies, interpretations, summaries and other documents in connection with the foregoing. Confidential Information does not include any information which (i) is or becomes publicly known or available other than as a result of wrongful disclosure by Executive, (ii) becomes available to Executive on a non-confidential basis from a source which, to Executive's knowledge, is not prohibited from disclosing such Confidential Information to Executive, or (iii) is generally known in the industry in which the Corporation or its affiliates operate and pertains to activities or business not specific to the Corporation or its affiliates.

5.2 From the Effective Date through the date that is twenty-four (24) months following the Executive's termination of employment (the "Restriction Period"), Executive will not, without the prior written consent of the Board, engage in "Competition" (as defined below) with the Corporation. For purposes of this Agreement, if Executive takes any of the following actions Executive will be engaged in "Competition": if Executive is engaging in or carrying on, directly or indirectly, any enterprise, whether as an advisor, principal, agent, partner, officer, director, employee, stockholder, associate or consultant to any person, partnership, corporation or any other business entity, that is engaged in a business that is competitive with any material business that the Corporation is engaged in at the time of the Executive's termination of employment. Notwithstanding anything herein to the contrary, "Competition" will not include the ownership of less than a one percent equity interest in a publicly held company and exercise of rights appurtenant thereto.

5.3 If a court or arbitrator holds that the duration, scope, area or other restrictions stated herein are unreasonable under circumstances then existing, the Corporation, and Executive agree that the maximum duration, scope, area or other restrictions reasonable under such circumstances will be substituted for the stated duration, scope, area or other restrictions.

5.4 The existence of any claim or cause of action of Executive against the Corporation, whether or not predicated upon the terms of this Agreement, will not constitute a defense to the enforcement of the provisions of this Section 5.

5.5 The parties acknowledge that any violation of this Section 5 can cause substantial and irreparable harm to the Corporation. Therefore, the Corporation will be entitled to pursue any and all legal and equitable remedies, including but not limited to any injunctions.

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6. PROPRIETARY INFORMATION. Upon termination, except to the extent required to render services to or on behalf of the Corporation, Executive will deliver to the Corporation any documents, files, copies which constitute Proprietary Information (whether in written, printed, electronic or other form). "Proprietary Information" means all information or data with respect to the conduct or details of the businesses of the Corporation, and its affiliates (whether constituting a trade secret or not) including, without limitation, methods of operation, customers and customer lists, supplier lists, sales data, details of contracts with customers, consultants, suppliers or employees, products, proposed products, former products, proposed, pending or completed acquisitions of any company, division, product line or other business unit, prices and pricing policies, fees, costs, plans, designs, technology, inventions, trade secrets, know how, software, marketing methods, policies, plans, personnel, suppliers, competitors, markets or other specialized information or proprietary matters of the Corporation or any of its affiliates.

7. TERM OF AGREEMENT. This Agreement shall have an original term expiring on the second anniversary of Effective Date, and shall thereafter be automatically renewed for successive one-year terms unless the Corporation has notified the Executive of its election not to renew the term of this Agreement

not less than 120 days before the expiration of the (then) current term. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not terminate in the event that a Change in Control (as defined herein) shall have occurred.

8. SUCCESSORS; BINDING AGREEMENT. The Corporation shall require any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business, equity and/or assets of the Corporation to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place. Failure of the Corporation to obtain such agreement prior to the effective date of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Corporation in the same amount and on the same terms as that which the Executive would be entitled to hereunder as if the Executive's employment by the Corporation were immediately terminated without Cause or for Good Reason. As referred to in this Agreement, "Corporation" shall mean the Corporation as herein defined and any successor to its business, equity and/or assets which becomes bound by the terms and conditions of this Agreement by operation of law. This Agreement shall inure to the benefit and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable hereunder, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's estate.

9. NOTICES. Any and all notices which may be given hereunder by either party to the other shall be sufficient if in writing and sent by registered mail to the respective party at its or their last known address.

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10. MODIFICATIONS AND WAIVERS; ENTIRE AGREEMENT. No agreements or representations, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. No provisions of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in writing signed by the Executive and the Chief Executive Officer of the Corporation. No waiver by either party hereto at any time of any breach by the other party hereto of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or any prior or subsequent time. This Agreement shall not supercede or in any way limit the rights, duties or obligations the Executive may have under any other written agreement with the Corporation including, without limitation, any employment agreement now in effect or subsequently entered into by and between the Executive and the Corporation.

11. GOVERNING LAW. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York without reference to principles of conflict of laws thereof.

12. COUNTERPARTS. This Agreement may be executed in one or more counterparts each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

13. DISPUTES. Any dispute or controversy arising under, out of or in connection with this Agreement may be resolved in any court of competent jurisdiction.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as the day and year first written above.

GRIFFON CORPORATION:

By: /s/Harvey R. Blau

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Harvey R. Blau  
Chairman and Chief Executive Officer

EXECUTIVE:

Signature: /s/Patrick Alesia  
-----  
Name: Patrick Alesia

WITNESS:

Signature: /s/Evelyn Caruso  
-----  
Name: Evelyn Caruso



GRIFFON CORPORATION  
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN  
(Amended and Restated as of July 18, 2006)

Effective Date: October 1, 1996

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ARTICLE I  
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Definitions  
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1.1 "Average Base Salary" and "Average Bonus/Incentive Compensation" mean  
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the average of the Participant's Base Salary and the Participant's  
Bonus/Incentive Compensation during the three (3) calendar years (or portions  
thereof) of such Participant's employment with the Employer (or actual calendar

years (or portions thereof) of such employment if less than three), falling within the last ten (10) calendar years (or portions thereof) of such Participant's employment with the Employer (or actual calendar years (or portions thereof) of such employment if less than ten), in which such Base Salary and Bonus/Incentive Compensation is highest; provided, however, that, in the event that a Participant's Employment with the Employer terminates after such Participant's Normal Retirement Date, such Participant's Average Base Salary and Average Bonus Incentive Compensation for purposes of determining his benefit shall not be less than it would have been if such Participant had retired on his Normal Retirement Date, and further provided that for purposes of computing Average Base Salary and Average Bonus/Incentive Compensation the amounts paid to the Participant while employed by the Employer for periods prior to January 1, 1994, shall be disregarded.

1.2 "Base Salary" and "Bonus/Incentive Compensation" mean the total amount

of (i) salary (reflecting cost of living and other salary adjustments) and (ii) bonus and incentive compensation paid by the Employer to the Participant in respect of services rendered by such Participant during a calendar year (or portion thereof), and shall include any such amounts that (a) were deferred by the Participant under a qualified plan described in Sections 401(a) and 401(k) of the Code or (b) would have been paid by the Employer to such Participant in respect of services rendered during such calendar year (or portion thereof) but for an

arrangement under a nonqualified plan applicable to such amounts that results in the deferred recognition of such amounts for Federal income tax purposes. In the event that a Participant's employment with the Employer terminates within a calendar year and, as of the date of such termination, such Participant has completed at least six (6) months of Service within such calendar year, such Participant's Base Salary and Bonus/Incentive Compensation for such year of termination shall be calculated by annualizing the Participant's salary, bonus and incentive compensation for such year of termination.

1.3 "Code" means the Internal Revenue Code of 1986, as amended.

1.4 "Committee" means the Board of Directors of the Employer (the "Board"),

or such group of individuals (who may or may not be directors, officers or employees of the Employer) as may be designated by such Board for this purpose.

1.5 "Early Retirement Date" means the first day of the first month

following the month in which the Participant attains age fifty-five (55), or any date thereafter before the Participant's Normal Retirement Date, but only if such Participant's right to receive a benefit under the Plan is vested on such date.

1.6 "Effective Date" means October 1, 1996.

1.7 "Employer" means Griffon Corporation, a Delaware corporation, and any

successor entity thereto. Prior to March 6, 1995, "Employer" means Instrument Systems Corporation. Solely for purposes of calculating the Participant's Base Salary, Bonus/Incentive Compensation, and Service, such term shall also include any business entity which is an affiliate of the Employer and any successor entity thereto. Determinations as to whether an entity is an affiliate or successor entity for purposes of this Agreement shall be made by the Committee in its sole discretion.

1.8 "Normal Retirement Date" means the first day of the month coincident  
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with or next following the date on which the Participant attains age seventy-two  
(72), but only if such Participant's right to receive a benefit under the Plan  
is vested on such date; otherwise, the first date thereafter on which such  
Participant's right to receive a benefit is vested.

1.9 "Participant" means those officers and former officers of the Employer  
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who, while employed by the Employer, have been selected by the Committee to  
participate in the Plan and have been so notified in writing.

1.10 "Plan" means this Griffon Corporation Supplemental Executive  
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Retirement Plan, as may be amended from time to time.

1.11 "Present Value" means, with respect to an annual benefit, the present  
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value of such benefit as determined on the basis of (i) the RP-2000 Combined  
Healthy (White Collar) Male Mortality Table mortality assumptions and (ii) a  
discount rate equal to the annualized yield (adjusted for constant maturity) on  
ten-year U.S. Treasury notes, as reported by the Federal Reserve Board and  
reprinted in the Wall Street Journal (or, if not so reprinted, as reprinted in  
another publication or in a release of the Federal Reserve Board), for the most  
recent week ended prior to the week in which the determination of present value  
is made.

1.12 "Service" means the number of years and completed months between the  
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Participant's date of hire by the Employer and the termination, for whatever  
reason, of his employment with the Employer. If, following such a termination,  
the Participant is again hired by the Employer, Service shall be computed by  
taking into account the duration of each period of employment of the Participant  
by the Employer, computed on the same basis as described in the immediately  
preceding sentence.

1.13 "Surviving Spouse" means the spouse of a Participant who is legally  
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married to the Participant on the date of the Participant's death.

ARTICLE II  
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Vesting  
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2.1 A Participant's right to receive a benefit under this Plan shall be  
vested only if such Participant's employment with the Employer terminates on or  
after the date the Participant has accumulated twenty (20) years of Service and  
participated in the Plan for one (1) year. In determining the period of  
participation for purposes of the preceding sentence, the individuals designated  
as Participants on or before the Effective Date shall be deemed to have begun to  
participate in the Plan on January 1, 1996. The portion of the Participant's  
benefit which shall have vested (once the requirements described in the first  
sentence of this Section have been met) shall be computed at the time of the  
Participant's termination of employment by reference to the sum of the  
Participant's age (rounded to the nearest whole year) and completed years of  
Service, under the following schedule:

Age plus Service -----	Vesting Percentage -----
at least 75, but less than 77	50%
at least 77, but less than 79	60%
at least 79, but less than 81	70%
at least 81, but less than 83	80%
at least 83, but less than 85	90%

2.2 To the extent that a Participant's benefit is not vested as of the date that such Participant's employment with the Employer terminates, neither such Participant nor such Participant's Surviving Spouse, named beneficiary or estate, if any, shall be entitled to receive the unvested portion of such benefit under this Plan.

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2.3 Notwithstanding Sections 2.1 and 2.2, a Participant's right to receive a benefit hereunder shall become fully vested upon a "Change of Control" as defined in Section 2.4. The preceding sentence shall also apply if a Participant's employment is terminated during a period beginning 30 days before a Change of Control.

2.4 A "Change of Control" shall mean either or both of the following:

(a) if any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act")) other than the Employer or any "person" who on the date of this Agreement is a director or officer of the Employer, becomes the "beneficial owner" (as defined in Rule 13(d)-3 under the Exchange Act), directly or indirectly, of securities of the Employer representing thirty-five (35%) percent of the voting power of the Employer's then outstanding securities; or

(b) if, during any period of two (2) consecutive years during the term of this Plan, individuals who at the beginning of such period and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of any such period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board.

### ARTICLE III

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#### Timing and Payment of Benefits

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3.1 Except as otherwise provided in this Article, the payment of a benefit to a Participant after such Participant's retirement from the Employer or after the termination of such Participant's employment with the Employer shall commence (i) on the first day of the first month following the month in which the Participant attains age fifty-five (55), if the Participant's

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employment by the Employer terminates before such day and such Participant's right to receive a benefit under the Plan is vested on the date of such termination; (ii) if applicable, on such Participant's Early Retirement Date; or (iii) on the first day of the first month following the later of such Participant's Normal Retirement Date or such retirement, if the Participant retires on or after his Normal Retirement Date. Notwithstanding the foregoing, if the Participant is a "specified employee" within the meaning of Section 409A of the Code for the period in which payments would otherwise commence, and such payments would otherwise subject the Participant to any tax, interest or penalty imposed under Section 409A(a)(1)(B) of the Code (or any regulation or any guidance promulgated thereunder or with respect to) if the payment or benefit would commence within six months of a termination of the Participant's employment, then such payments shall not commence until the first day which is at least six months after the date on which the Participant's employment terminates. All payments, which would have otherwise been required to be made to

the Participant over such six month period, shall be paid to the Participant in one lump sum payment, as soon as administratively feasible after the first day which is at least six months after the date on which the Participant's employment terminates. Thereafter, payments shall continue as so provided in this Section 3.1.

3.2 In the case of a vested Participant who dies, a death benefit, if any, shall commence and be payable in accordance with the provisions of Article V hereof.

3.3 If a Change of Control occurs while a Participant is employed by the Employer (or if the Participant was employed by the Employer thirty days before, the Change of Control, then, notwithstanding any other provision of this Plan to the contrary, the Present Value of a benefit computed in the manner described in Article IV shall be paid to such Participant in a lump sum within thirty days after such Change of Control (or, if later January 2, 2007), in lieu of

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any annual benefit otherwise payable under this Plan. If the date of such Change of Control precedes the Participant's Normal Retirement Date, the benefit referred to in the preceding sentence shall be computed in the manner described in Section 4.2 as if the date of the Change of Control were the Participant's Early Retirement Date (regardless of whether the Change of Control occurs on or before his Early Retirement Date).

3.4 In the case of a Participant whose employment by the Employer terminates more than thirty days before a Change of Control, then, notwithstanding any other provision of this Plan to the contrary, the Present Value of any benefit under this Plan that is payable after such Change of Control with respect to such Participant shall be paid to or in respect of such Participant in a lump sum within thirty days after such Change of Control, in lieu of any benefit otherwise payable under this Plan after such Change of Control.

#### ARTICLE IV

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#### Amount of Retirement Benefit

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4.1 Upon the termination of a Participant's employment with the Employer on or after such Participant's Normal Retirement Date, the Participant shall be eligible to receive an annual gross retirement benefit (subject to Section 2.1, and as adjusted in the manner provided in Section 4.3, if applicable) equal to the sum of:

(a) one quarter of one percent (0.25%) of the Average Base Salary multiplied by such completed years of Service, and

(b) one and one-half percent (1.5%) of the Participant's Average Bonus/Incentive Compensation by such Participant's completed years of Services;

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provided, however, that for purposes of computing the annual gross retirement benefit the maximum number of the Participant's years of Service that shall be taken into account is thirty (30).

4.2 Upon the termination of a Participant's employment with the Employer on his Early Retirement Date, the Participant shall be eligible to receive an annual gross retirement benefit, based on such Participant's Average Base Salary and Average Bonus/Incentive Compensation as of his Early Retirement Date and calculated in the same manner as the normal retirement benefit described in Section 4.1 hereof (with Service projected, for purposes of Section 4.1 only, to the date that would have been such Participant's Normal Retirement Date if such

Participant had continued to work for the Employer), but reduced by the product of (i) such annual benefit, (ii) two percent (2%), and (iii) the number of full years by which the Participant's Early Retirement Date precedes the date that would have been the Participant's Normal Retirement Date if the Participant had continued to work for the Employer. (For example: If a fully vested Participant's annual benefit upon retirement, based on Service projected to his Normal Retirement Date, would be \$10,000, and the Participant retires two years before such Participant's Normal Retirement Date, the annual benefit would be \$10,000 - (\$10,000 x .02 x 2), or \$9,600.)

4.3 In the event that a Participant's employment with the Employer terminates on or after the first anniversary of such Participant's Normal Retirement Date, the benefit payable to the Participant shall be the greater of (a) the benefit determined under Section 4.1 as of the Participant's date of termination and (b) the benefit determined under Section 4.1 as of the Participant's Normal Retirement Date, provided that the amount determined under clauses (a) and (b) shall be increased by the product of (i) such annual benefit, (ii) two percent (2%), and

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(iii) the number of full years by which the Participant's Normal Retirement Date precedes the date of such Participant's termination of employment with the Employer (with the increase being calculated in the same manner as the reduction under Section 4.2). (For example: If the amount computed with respect to a fully vested Participant as the greater of clauses (a) and (b) above is \$10,000, and the Participant retires two years after such Participant's Normal Retirement Date, the annual benefit would be \$10,000 + (\$10,000 x .02 x 2), or \$10,400.)

4.4 Upon the termination of a Participant's employment with the Employer prior to his Early Retirement Date but after becoming vested, the Participant shall be eligible to receive an annual gross retirement benefit, commencing on the first day of the first month following the month in which the Participant attains age fifty-five (55), based on such Participant's Average Base Salary and Average Bonus/Incentive Compensation as of such Participant's date of termination and calculated in the same manner as the normal retirement benefit described in Section 4.1 hereof, reduced in the manner described in Section 4.2 (with the reduction being computed by reference to the number of full years by which the commencement of payment of the benefit precedes what would have been the Participant's Normal Retirement Date if the Participant had continued to work for the Employer).

4.5 Any benefit otherwise payable under this Article IV shall be reduced by any benefit payable to the Participant under (i) any defined benefit retirement plan that is qualified under Section 401(a) of the Code and sponsored by the Employer and (ii) any Social Security benefit attributable to the employment of the Participant.

4.6 One-twelfth (1/12) of the applicable annual benefit determined under this Article IV shall be paid each month, beginning on the Participant's applicable benefit

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commencement date as determined under Article III hereof, and, subject to Section 5.2, shall continue so long as such Participant shall live.

ARTICLE V

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Death Benefits

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5.1 In the event that a vested Participant dies while an active employee of the Employer, then, upon the death of such Participant, a benefit shall be payable to such Participant's Surviving Spouse, named beneficiary or estate, computed in the manner provided in Article IV. If the date of death precedes the Participant's Normal Retirement Date, the benefit shall be computed in the manner described in Section 4.2 as if the date of death were the Participant's Early Retirement Date (regardless of whether the Participant dies on or before his Early Retirement Date); if such Participant dies at least one year after the Participant's Normal Retirement Date, the benefit shall be computed in accordance with Section 4.3. Such benefit shall be payable for a period of ten (10) years beginning as soon as practicable after the death of the Participant; provided, however, that the Committee may determine in its sole discretion, by reason of financial hardship of the Surviving Spouse or other beneficiary, to pay the Present Value of such benefit in a lump sum as soon as practicable after the death of the Participant (in lieu of payment over a ten-year period).

5.2 In the event that a vested Participant dies after the termination of the Participant's employment by the Employer, but before benefit payments to the Participant under this Plan have been paid for a period of ten (10) years, the benefit otherwise payable to the Participant under Article IV shall be paid to the Participant's Surviving Spouse, named beneficiary or estate, beginning as soon as practicable after the death of the Participant, for a

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period equal to ten (10) years minus the duration of the period over which benefits were paid to the Participant.

ARTICLE VI

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Miscellaneous

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6.1 Nothing contained herein shall confer upon any Participant the right to be retained in the service of the Employer, nor will it interfere with the right of the Employer to discharge or otherwise deal with any Participant without regard to the existence of this Plan.

6.2 (a) The Employer shall establish and make contributions to a trust (the "Trust") in such amounts as are determined by the Committee to be necessary to provide for the payment to the Participants of the benefits provided for hereunder. The Trust is intended to be a grantor trust, of which the Employer is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Code, and shall be construed accordingly.

(b) In the event of a Change of Control as defined in Section 2.4 or upon a change in "control," as such term is presently defined in Regulation 240.12b-2 under the Exchange Act, with respect to the Employer, then the Employer shall within ten (10) days after either such event make such contributions to the Trust as are necessary to cause the Trust to have sufficient funds to pay all benefits then accrued under the Plan, to the extent such benefits have not already been paid, in the manner provided for in Articles III through V.

(c) A Participant shall have no preferred claim on, or any beneficial interest in, any assets of the Trust. Any rights created under this Plan with respect to a Participant shall be mere unsecured contractual rights of the Participant against the Employer. Any assets held by the Trust shall be subject to the claims of general creditors of the Employer under federal and state law in the event of "insolvency," i.e., that the Employer is unable to pay

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its debts as they become due or is subject to a pending proceeding as a debtor

under the United States Bankruptcy Code.

(d) It is intended that this Plan be an unfunded arrangement for the purposes of providing deferred compensation for a select group of management or highly compensated employees for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974.

6.3 Except as otherwise provided by applicable law, no benefits payable under this Plan shall be assignable (either at law or in equity) or subject in any manner to alienation, sale, transfer, claims of creditors, pledge, attachment, garnishment, levy, execution or encumbrances of any kind.

6.4 This Plan shall be administered by the Committee, which may adopt such rules and regulations as the Committee, in its sole discretion, believes to be necessary to assist it in such administration. The Committee shall interpret the Plan and shall have sole authority and discretion to determine all questions arising in the administration, interpretation and application of the Plan, and all such determinations by the Committee shall be conclusive and binding on all persons. The Committee may employ or engage accountants, legal counsel, actuaries, custodians, agents or other persons to render advice or perform ministerial duties with regard to any responsibility or duty which the Committee has under the Plan.

6.5 The claim of any person (hereinafter referred to as the "Claimant") with respect to any benefits to which such Claimant may be entitled under the Plan shall be considered in accordance with the following procedure:

(a) Claimant may make written application to the Committee for benefits to which the Claimant believes he is entitled, at the time the application is made, under

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the Plan. Such application shall set forth all information necessary to determine whether the claim should be approved or denied.

(b) The Committee shall either approve the claim and take any appropriate action, or deny the claim. Such approval or denial shall be accomplished within an initial period of thirty days after receipt of the claim by the Committee unless special circumstances require an extension of time for processing the claim. If such an extension is required, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial thirty-day period. Any such extension shall expire no later than thirty days after the end of the initial period. The extension notice shall describe the special circumstances requiring the extension of time and the expected date of decision.

(c) If a claim is denied, the Committee shall furnish a written notice of such action to the Claimant within the applicable time limit described in paragraph (b). Such notice shall include specific reasons for the denial of the claim.

(d) A Claimant whose claim has been denied (or to whom no written notice of denial has been furnished within the applicable time limit described in paragraph (b)) may appeal by written notice to the Committee requesting a review of the denial. The Claimant must submit such request for review to the Committee within thirty days after the Claimant's receipt of the notice of the denial.

(e) The Committee shall render the decision on review within an initial period of thirty days after receipt of the Claimant's written request for review, unless special circumstances require an extension of time. Any such extension shall expire no later than thirty days after the end of the initial period. If such an extension is required, written notice

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thereof shall be furnished to the Claimant before the end of the initial period. The decision on review shall be in writing and shall include specific reasons for the decision.

(f) Any claim, request for review or other action which may be made or taken by the Claimant under this Section may be made or taken by the Claimant's duly authorized representative.

6.6 The singular, where appearing in this Plan, may include the plural and the masculine gender, where appearing in this Plan, may include the feminine gender, unless the context clearly indicates the contrary.

6.7 The section headings used in this Plan are placed herein for convenience of reference only and, in case of any conflict, the text of this Plan rather than such headings shall control.

6.8 This Plan is established under and will be construed according to the laws of the State of New York, except that state's laws as to choice of law.

6.9 This Plan may be amended or terminated by the Employer at any time; provided, however, that no such amendment or termination shall diminish any rights of a Participant or other person to whom amounts are payable pursuant to Articles III through V to receive payments under the Plan as of the day immediately prior to the date of such amendment or termination. In the event of any termination of the Plan, distributions of benefits payable hereunder shall comply with Section 409A of the Code and the regulations thereunder.