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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2000

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File No. 1-6620

GRIFFON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	11-1893410
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

100 Jericho Quadrangle, Jericho, New York	11753
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (516) 938-5544

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.25 par value	New York Stock Exchange
Preferred Share Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing. As of December 15, 2000 - approximately $224,000,000.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. As of December 15, 2000 - 29,681,197.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III - Registrant's definitive proxy statement to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934.

PART I

ITEM 1 - BUSINESS

THE COMPANY

Griffon is a diversified manufacturing company with operations in four business segments: Garage Doors; Installation Services; Specialty Plastic Films; and Electronic Information and Communication Systems. The company's Garage Doors segment designs and manufactures garage doors for use in the residential housing and commercial building markets. The Installation Services segment sells, installs and services garage doors, garage door openers, manufactured fireplaces, floor coverings, cabinetry and a range of related building products primarily for the residential housing market. The company's Specialty Plastic Films segment develops, produces and sells plastic films and film laminates for use in infant diapers, adult incontinence products, feminine hygiene products and disposable surgical and patient care products. The company's Electronic Information and Communication Systems segment designs, manufactures, and provides logistical support for communications, radar, information, command and control systems and large-scale integrated circuits.

The company has made strategic investments in each of its business segments to enhance its market position, expand into new markets and further accelerate growth. Garage Doors and Installation Services have acquired several manufacturing and installation companies in recent years. In fiscal 1997, the company acquired a West Coast-based garage door manufacturing and installation company, which enhanced the company's national market position. In 1999, Installation Services acquired an operation located in the Southwest that sells and installs a range of specialty products to the new residential construction market, expanding the products and services offered by the company. In 2000 the company acquired a Michigan garage door wholesale and installation company and a Seattle fireplace and garage door installation business. In 1998 Specialty Plastic Films acquired a manufacturer of plastic packaging and specialty films located in Germany, expanding its markets, and in 1998 and 1999 added additional production capacity in its European joint venture in connection with multi-year contracts from a major international consumer products company. In 2000 the Electronic Information and Communication Systems segment acquired a search and weather radar business.

GARAGE DOORS

The company believes that its wholly owned subsidiary, Clopay, is the largest manufacturer and marketer of residential garage doors and among the largest manufacturers of commercial doors in the United States. The company's building products are sold under Clopay(R), Ideal Door(R), Holmes(R), AtlasTM and other brand names through an extensive distribution network throughout the United States. The company estimates that the majority of Garage Doors' net sales are from sales of garage doors to the home remodeling market, with the balance from the new housing and commercial construction markets. Sales into the home remodeling market are being driven by the continued aging of the housing stock and the conversion by homeowners from wood doors to lighter weight, easier to maintain steel doors.

Industry

According to industry sources, the garage door market for 1999 was estimated to be $1.5 billion, comprised of residential garage doors and commercial/industrial doors. Over the past decade there have been several key trends driving the garage door industry including the shift from wood to steel doors and the growth of the home center channel of distribution. The company estimates that over 90% of the total garage door market today is steel doors. Superior strength, reduced weight and low maintenance have favored the steel door. Other product innovations during this period include insulated doublesided steel doors and new springing systems.

The growth of the home center channel of distribution in the United States has resulted in a shift from traditional channels, including professional installers and wholesalers. Over the past decade, an increasing number of garage doors have been sold through home center retail chains such as The Home Depot, Inc. These home centers offer garage doors for the do-it-yourself market and commercial contractors, as well as installation services for other customers. Distribution through the retail channel requires a different approach than that traditionally utilized by garage door manufacturers. Factors such as immediately available inventory, national distribution, point-of-sale merchandising and special packaging are all important to the retailer.

Key Competitive Strengths

The company believes that the following strengths will continue to enhance the market position of Garage Doors:

National Distribution Network. The company distributes its building products through a wide range of distribution channels including installing dealers, retailers and wholesalers. The company owns and operates a national network of 47 distribution centers including two larger regional distribution centers targeted to handle retail distribution. The company's building products are sold to approximately 2,000 independent professional installing dealers and to major home center retail chains, including The Home Depot, Inc., Menards, Inc. and Lowe's Companies, Inc. The company maintains strong relationships with its installing dealers and believes it is the largest supplier of residential garage doors to retail channels.

Strong Brand Franchise. The company's brand names, particularly Clopay(R), Holmes(R) and Ideal Door(R) residential doors and AtlasTM commercial doors, are widely recognized in the building products industry. The company believes that it has earned a reputation among installing dealers, retailers and wholesalers for producing a broad range of high-quality doors. The company's market leadership and strong brand recognition are key marketing tools for expanding its customer base, leveraging its distribution network and increasing its market share.

Low-Cost Manufacturing Capabilities. The company believes it has low-cost manufacturing capabilities as a result of its automated, continuous production manufacturing facilities and its reduced costs for raw materials based on volume purchases. These manufacturing facilities produce a broad line of high quality garage doors for distribution to professional installer, retail and wholesale channels.

Strategy

The company intends to increase its market share in Garage Doors by capitalizing on what it believes to be its leadership position as the largest manufacturer and marketer of residential garage doors and one of the largest manufacturers of commercial garage doors in the United States. Specifically, the company intends to: (i) continue expansion of its dealer network; (ii) increase brand awareness through merchandising programs and trade and consumer advertising; (iii) maintain a leadership position in new product development; and (iv) expand its production and presence nationally through continued strategic acquisitions.

Products and Services

The company manufactures a broad line of residential garage doors, commercial sectional and coiling doors and related products with a variety of options at varying prices. The company's primary manufactured product lines include residential garage doors and commercial/industrial doors. The company also sells related products such as garage door openers. The company offers garage doors made from several materials, including steel and wood. In fiscal 2000 Garage Doors launched The Clopay Reserve Collection(R), a new line of premium wood garage doors. Steel doors accounted for over 90% of garage doors sold by the company in fiscal 2000.

The company markets its line of residential garage doors in three primary product categories: Value, Value Plus and Premium. The Value series door construction consists of a single layer of steel or wood doors targeting the construction market and the cost conscious consumer market. The Value Plus series consists of insulated steel doors targeting the construction market and the quality-oriented consumer market. The Premium series consists of steel doors with a layer of insulation bonded between two sheets of steel targeting consumers who desire exceptional strength, durability, high insulation value, quiet operation, and a finished interior appearance. The company also markets garage door openers that are manufactured by a third party.

The company markets commercial doors in two basic categories: sectional doors and slatted steel coiling doors. Commercial sectional doors are similar to residential garage doors, but are designed to meet more demanding specifications. Slatted steel coiling doors and their openers are generally utilized in more demanding commercial and industrial applications, providing an attractive combination of flexibility and durability. The slatted steel coiling door product line, which includes service doors, thermal doors, and fire doors which can be found in warehouses, manufacturing and military installations as well as in public and other institutional buildings, has been unprofitable and the company is exploring its strategic alternatives. It is likely that this segment's near-term operating results will continue to be impacted until this matter is resolved. The company also provides (i) counter shutters, fire shutters and grilles that are used in shopping malls, schools, hospitals and the concession areas of large arenas and convention centers, and (ii) commercial sectional door openers.

Sales and Marketing

The company sells residential and commercial doors for professional installation directly to a national network of professional installing dealers. The company also sells garage doors to retailers such as The Home Depot, Inc., Menards, Inc. and Lowe's Companies, Inc. In fiscal 2000 the company became the principal supplier of residential garage doors throughout the United States and Canada to The Home Depot, Inc., with Clopay(R) brand doors being sold exclusively to this retail customer in the retail channel of distribution. Sales of the Clopay(R) brand outside the retail channel of distribution are not restricted, and the company continues to sell doors to other retailers under the Ideal Door(R) and Holmes(R) brands. Also, in fiscal 2000 Clopay was awarded an exclusive, multi-year contract with Lennar Corporation, the largest homebuilder in the United States. The company distributes its garage doors directly from its manufacturing facilities to customers, through its network of 47 company-owned distribution centers, including two regional distribution centers, throughout the United States and in Canada. These distribution centers allow the company to maintain an inventory of garage doors near installing dealers and to provide quick-ship service to retail customers.

Acquisitions

In 1997, the company acquired Holmes-Hally Industries, a West Coast manufacturer and installer of residential garage doors and related hardware. This acquisition has increased the company's manufacturing, distribution and installation presence in the West Coast and Southwestern markets.

Manufacturing and Raw Materials

The company currently operates five garage door manufacturing facilities. A key aspect of Garage Doors' research and development efforts has been the ability to continually improve and streamline its manufacturing process. The company's engineering and technological expertise, combined with its capital investment in equipment, generally has enabled the company to efficiently manufacture products in large volume and meet changing customer needs. The company's facilities use proprietary manufacturing processes to produce the majority of its products. Certain of the company's equipment and machinery are internally modified to achieve its manufacturing objectives.

The principal raw material used in the company's manufacturing operations is galvanized steel. The company also utilizes certain hardware components as well as wood and insulated foam. All of these raw materials are generally available from a number of sources.

Research and Development

The company operates a technical development center where its engineers work to design, develop and implement new products and technologies and perform durability and performance testing of new and existing products, materials and finishes.

Competition

The garage door industry is characterized by several large national manufacturers and many smaller regional and local manufacturers. Several of the national garage door manufacturers, including the company, have been consolidating the industry through the acquisition of regional and local manufacturers. During 2000, Garage Doors experienced continued competitive pricing pressures, resulting in selling price reductions and increased costs

associated with retail home center programs that narrowed margins. The company competes on the basis of product line diversity, quality, service, price and brand awareness.

INSTALLATION SERVICES

The company has developed a substantial network of specialty building products installation and service operations. These 37 locations in 23 markets, covering many of the key new single family home markets in the United States, offer an increasing variety of building products and services to the residential construction and remodeling industries. The company believes that it is one of the leading installing dealers of both garage doors and manufactured fireplaces in the United States.

Industry

The company provides installed specialty building products to residential builders and to consumers. Builders are increasingly acting as developers and marketers, sub-contracting substantially all of the actual construction of a home. Consumers require professional installation services of the company's building products due to the skill levels required for installation and/or the lack of time to perform the installation themselves. Traditionally, the market for installation services has been very fragmented, characterized by small operations offering a single type of building product in a single market. Recently, national home center chains have begun to offer installation services to consumers, provided through sub-contractors (including the company), for some of its product categories.

Key competitive Strengths

The company believes that the following strengths will continue to enhance the market position of the Installation Services business:

Scale of Operations. In what has historically been an undercapitalized, fragmented industry, the company has sufficient capital and the scale to attract professional management, achieve operating economies, and serve the needs of even the largest national builders.

Multiple product and service offerings. The company believes it is unique in its offering of products and services in several product categories. This offering is leveraged over a common customer base, providing efficiencies and convenience for the customer.

Selection Centers. The company operates well-appointed product showrooms that facilitate selection of products by the consumer, enhancing customer service and providing an environment conducive to up-selling into higher margin products.

Strategy

The company believes that Installation Services has distinguished itself in the marketplace as an expert in select building product categories, with a focus on value-added service.

Installation Services has targeted geographic markets that have a sizeable population or significant growth demographics. The company currently serves 20 of the top 100 metropolitan markets based on population and 9 of the top 20 new single family residential construction markets. The markets served contain 24% of all new residential housing permits in the United States. The company seeks to promote the continued growth of the Installation Services business through both internal growth and strategic acquisitions of new operations in high growth construction markets.

Installation Services' multiple product offering is primarily targeted at new construction, wherein all products are consumed at approximately the same time in the construction process. Products offered are selected by the customer in the company's selection centers. The company believes that its multi-product offering provides strategic marketing advantages over traditional, single product competitors, and provides the company with operational efficiencies. The company seeks to increase the cross-selling of its multiple products to its existing customers. Additionally, the company plans further growth through the introduction of additional installed building products. The replacement and remodeling markets are additional markets for the company's products and professional installation services.

Products and Services

Installation Services sells and installs a variety of building products:

Garage Doors and Openers - garage doors are distributed, professionally installed and serviced in the new construction and replacement markets. This is the largest product category by volume for Installation Services. Installation Services sources the majority of its garage doors from Garage Doors.

Fireplaces - manufactured wood and gas fireplaces and related products such as stone or marble surrounds, wood mantels and gas logs are distributed, professionally installed and serviced primarily to the new construction market.

Flooring - flooring products distributed and installed to the new construction market include carpeting, tile and stone, wood and vinyl.

Appliances - appliances distributed to the new construction market include refrigerators, stoves, cooktops, ovens and dishwashers.

Kitchen and Bath Cabinets - cabinetry, with options in wood varieties, door styles and organizer inserts are offered for distribution and installation to the new construction market.

Other - other products include seamless gutters, closet systems, window coverings, bath enclosures, and security and house wiring. Tile and stone applications for shower and bath walls, counter tops and fireplace surrounds are also offered.

Acquisitions

The Installation Services business has entered new markets primarily through acquisition. Once established in a market, the company introduces additional product categories to the acquired company's product offerings. Since 1993, the company has completed thirteen acquisitions of building products service and installation operations.

Competition

The installation services industry is fragmented, consisting primarily of small, single-market companies which have less financial resources than the company. The company competes on the basis of service, product line diversity, price and brand awareness.

SPECIALTY PLASTIC FILMS

The company believes that, through Clopay, it is a leading developer and producer of plastic films and laminates for a variety of hygienic, health care and industrial uses in domestic and certain international markets. Specialty Plastic Films' products include thin gauge embossed and printed films, elastomeric films and laminates of film and non-woven fabrics. These products are used primarily as moisture barriers in disposable infant diapers, adult incontinence products and feminine hygiene products, as protective barriers in single-use surgical and industrial gowns, drapes, equipment covers, and as packaging for hygienic products. Specialty Plastic Films' products are sold through the company's direct sales force primarily to multinational consumer and medical products companies.

Industry

The specialty plastic films industry has been affected by several key trends over the past five years. These trends include the increased use of disposable products in emerging countries and favorable demographics in most countries, such as high birth rates in third world countries and the aging of the population. Other key trends representing significant opportunities for manufacturers include the continued demand for new advanced products such as breathable and laminated products and the need of major customers for global supply partners.

Key Competitive Strengths

The company believes that the following strengths will continue to enhance the market position of Specialty Plastic Films:

Technological Expertise and Product Development. The company believes that, as a result of ongoing research and development activities and continued capital investment, it is a leader in new product development for specialty plastic films and laminates. The company has developed technologically advanced embossed films, elastomeric films, breathable films, laminates and cloth-like barrier products for diapers, feminine hygiene products and disposable health care products. The company believes that its technical expertise and product development capabilities enhance its market position and customer relationships.

Long-Term Customer Relationships and Expanding International Presence. The company has developed strong, long-term relationships with leading consumer and health care products companies. The company believes that these relationships, combined with its technological expertise, product development and production capabilities, have positioned it to meet changing customer needs, which the company expects will drive growth. In addition, the company believes its strong, long-term relationships provide it with increasing opportunities to enter new international markets, such as South America and Asia Pacific.

Strategy

The company seeks to expand its market presence for Specialty Plastic Films by capitalizing on its technological and manufacturing expertise and on its relationships with major international consumer products companies. Specifically, the company believes that it can increase its domestic sales and expand internationally through continued product development and enhancement and by marketing its technologically advanced breathable films and laminates for use in all of its markets. The company believes that its Finotech joint venture and 1998 acquisition of Bohme (see European Operations) provide a strong platform for additional sales growth in certain international markets.

Products

Specialty Plastic Films manufactures a wide variety of embossed and printed specialty films and laminates for the hygienic, healthcare and other markets. Specialty Plastic Films' products are used as moisture barriers for disposable infant diapers, adult incontinence and feminine hygiene products and as protective barriers in single-use surgical and industrial gowns, drapes, equipment covers and packaging. A specialty plastic film is a thin-gauge film (typically 0.0005" to 0.003") that is manufactured from polyolefin resins and engineered to provide certain performance characteristics. A laminate is the combination of a plastic film and a non-woven fabric. These products are produced using both cast and blown extrusion and laminating processes. High speed, multi-color custom printing of films and customized embossing patterns further differentiate the products. The company's specialty plastic film products typically provide a unique combination of performance characteristics that meet specific, proprietary customer needs. Examples of such characteristics include strength, breathability, barrier properties, processibility and aesthetic appeal.

Sales and Marketing

The company sells its products primarily in the United States and Europe with sales also in Canada, Latin America and Asia Pacific. The company utilizes an internal direct sales force and manufacturer representatives, organized by customer accounts. Senior management actively participates by developing and maintaining close contacts with customers.

The company's largest customer is Procter & Gamble, which has accounted for a substantial portion of Specialty Plastic Films' sales over the last five years. The loss of this customer would have a material adverse effect on the company's business. Specialty plastic films also are sold to a diverse group of other leading consumer and health care companies.

Research and Development

The company believes it is an industry leader in the research, design and development of specialty plastic films and laminate products. The company operates a technical center where approximately 30 chemists, scientists and engineers work independently and in strategic partnerships with the company's customers to develop new technologies, products and product applications. Currently, the company is engaged in several joint efforts with the research and development departments of its specialty plastic film customers.

The company's research and development efforts have resulted in many inventions covering embossing patterns, improved processing methods, product formulations, product applications and other proprietary technology. Recent new products include microporous breathable films and cost-effective cloth-like films and laminates. Microporous breathability provides for airflow while maintaining

barrier properties resulting in improved comfort and skin care. Cloth-like films and laminates provide consumer preferred aesthetics such as softness and visual appeal. The company holds a number of patents for its current specialty film and laminate products and related manufacturing processes. Such patents are believed to be a less significant factor in the company's success than its proprietary know-how and the knowledge, ability and experience of its employees.

European Operations

In 1996, the company formed Finotech, a joint venture with Corovin GmbH, a manufacturer of non-woven fabrics headquartered in Germany and a subsidiary of BBA Group PLC, a publicly owned diversified U.K. manufacturer. The joint venture was created to develop, manufacture and market specialty plastic film and laminate products for use in the infant diaper, healthcare and other markets. Finotech, which is 60% owned by the company, focuses on selling its products in Europe.

In 1997, Finotech constructed and began to operate a manufacturing facility in Germany, the cost of which was approximately $9 million. Subsequently, Finotech made capital expenditures of approximately $25 million for new production lines. This expansion was designed to meet demand under multi-year contracts with a major international consumer products company.

In July 1998, the company acquired Bohme Verpackungsfolien GmbH & Co., a German manufacturer of high-quality printed and conventional plastic packaging and specialty films. The acquisition provides a platform to further expand Specialty Plastic Films' European operations and the opportunity to broaden the segment's product line by bringing Bohme technology and products to domestic and other international markets. These products include printed and unprinted film and flexible packaging for hygienic products.

Manufacturing and Raw Materials

The company manufactures its specialty plastic film and laminate products on high-speed equipment designed to meet stringent tolerances. The manufacturing process consists of melting a mixture of polyolefin resins (primarily polyethylene) and additives, and forcing this mixture through a computer controlled die and rollers to produce embossed films. In addition, the lamination processes involve extruding the melted plastic films directly onto a non-woven fabric and bonding these materials to form a laminate. Through statistical process control methods, company personnel monitor and control the entire production process.

Plastic resins, such as polyethylene and polypropylene, and non-woven fabrics are the basic raw materials used in the manufacture of substantially all of Specialty Plastic Films' products. The company currently purchases its plastic resins in pellet form from several suppliers. The purchases are made under annual supply agreements that do not specify fixed pricing terms. The company's sources for raw materials are believed to be adequate for its current and anticipated needs.

Competition

The market for the company's specialty plastic film and laminate products is highly competitive. The company has a number of competitors in the specialty plastic films and laminates market, some of which are larger and have greater resources than the company. The company competes primarily on the basis of technical expertise, quality, service and price.

ELECTRONIC INFORMATION AND COMMUNICATION SYSTEMS

The company, through its wholly-owned subsidiary, Telephonics, specializes in advanced electronic information and communication systems for defense, aerospace, civil, industrial and commercial markets worldwide. The company designs, manufactures, and provides logistical support for aircraft communication systems, radar, air traffic management systems, identification friend or foe ("IFF") equipment, transit communications and application specific mixed-signal large scale integrated circuits. The company continues to maintain a significant presence in the markets for airborne maritime surveillance radar and aircraft communication systems, two of the segment's largest product lines. In addition to defense applications, in recent years the company has successfully adapted its core technologies to a number of dual use applications and expanded its presence in non-defense government, commercial, and international markets.

Industry

The United States defense electronics procurement budget is expected to grow between 5% and 8% per year over the next 5 years, according to the Department of Defense's Five Year Defense Expenditure Plan and reflects the government's plan to upgrade the technology in existing weapon systems platforms rather than purchase entirely new platforms and systems.

Some of the major programs in which the company currently participates include:

Description	Customers	Products
SH-60R/CH-60 (U.S. Navy Multi-mission Helicopter)	Lockheed Martin	Multi-mode radar, intercommunication and radio management, and IFF systems
NIMROD 2000 (U.K. Royal Maritime Patrol Aircraft)	BAE Systems	Integration of communications and radio management systems
C-17 (U.S. Air Force Cargo Transport)	The Boeing Company	Integrated radio management and wireless communication systems
AWACS (U.S. Air Force/NATO Airborne Warning and Control System)	The Boeing Company and others	IFF and radio management systems
Joint-STARS (U.S. Air Force Airborne Surveillance System)	Northrop Grumman	Intercommunication and radio management systems
Numerous Maritime Surveillance Radar Programs	Sikorsky Aircraft, Kaman Aerospace and Northrop Grumman	Airborne coastal surveillance radars

The segment's markets are changing from its more traditional lines in the defense and other government programs, to an increasing proportion of commercial

contracts, both domestic and international.

The Electronic Information and Communication Systems segment has expanded its customer base with increasing emphasis on non-defense government, commercial, industrial and new international markets. For example, sales to customers other than the U.S. Department of Defense and its contractors and subcontractors increased from approximately 30% of the segment's net sales in fiscal 1992 to approximately 51% of net sales in fiscal 2000.

Some of the major commercial or non-defense related programs in which the company currently participates include:

Description	Customers	Products
Rail Transit Communications	Kawasaki, Bombardier and others	Car-borne and wayside communications and vehicle health monitoring systems for rail cars
Air Traffic Control Equipment	Civil Aviation Authority of China	Air traffic control systems
Commercial Weather Radar	China, India, Eurocopter and others	Low cost airborne weather radar
Audio equipment for aircraft and other commercial markets	Boeing, Aviall and others	Audio testing equipment, head phones, etc.

One of the major non-defense markets for the segment's products in the United States is the mass transit market. The company believes that there will be increased funding over the next several years to upgrade the infrastructure of mass transit systems. This market is serviced by a limited number of manufacturers who are capable of providing the required electronics, logistics support and installation support.

Electronic Information and Communication Systems' commercial projects include contracts with Kawasaki, Bombardier, Breda, New Jersey Transit, and other rail suppliers for rail communications systems as well as audio products for commercial aircraft.

In recent years, the segment has significantly expanded its customer base in international markets as well. The company's international projects include a contract with BAE Systems as part of the United Kingdom's upgrade of the NIMROD surveillance aircraft and several contracts with the Civil Aviation Authority of China for air traffic management systems. As a result of these and other developments, the segment's sales to these markets increased from 8% of net sales in fiscal 1992 to 34% of net sales in fiscal 2000.

Key Competitive Strengths

The company believes that the following strengths will continue to enhance Telephonics' market position:

Innovative Design and Engineering Capability. The company believes that its reputation for innovative product design and engineering capabilities, especially in the areas of communications and audio technologies, radio frequency (RF)

design, digital signal processing, networking systems, inverse synthetic aperture radar and analog, digital and mixed-signal integrated circuits manufactured in various technologies including CMOS, BiPolar and BiCMOS, has enhanced its ability to secure, retain and expand key contracts in its markets. Telephonics' technological prowess was recognized in 2000 by an industry group that identified it as a leader in the airborne synthetic aperture radar market. The company is capable of meeting a full range of customer requirements including product conceptual design, engineering, production and logistical support. As a result, the company has been successful in increasing its presence in both domestic and international markets and in applying its defense technologies in non-military markets.

Broad Base of Long-Life Programs. The company participates in a range of long-term defense and non-military government programs, both domestically and internationally. The company has developed a base of installed products in these programs that generate significant recurring revenue and retrofit, spare parts and customer support sales. The company believes that its recent awards of significant contracts will add to its installed base and further enhance its ability to generate recurring revenues.

Strategy

The company intends to increase the market penetration of Electronic Information and Communication Systems' products in the defense and non-military government markets both domestically and internationally by leveraging its design and engineering capabilities. For example, during 2000 Telephonics was awarded a contract valued at over $21 million for the next generation of an integrated radio management system for the U.S. Air Force C-17A air transport. The company also expects substantial sales growth as it transitions from development to the production phase of the SH-60R helicopter program, which is now expected to occur in 2003.

Due to increasing demand for broadband wireless data communications, Telephonics is focusing on product development in this area with a view toward creating significant Internet and telecommunications market opportunities. For example, the segment is developing equipment whose purpose is to substantially increase the speed, capacity and quality of service of existing wireless cellular networks and is developing steerable, broadband satellite tracking antennas for voice, data and video applications. TLSI, Telephonics' integrated circuit design subsidiary, also plans to expand its markets by leveraging its expertise to develop application specific standard integrated circuits targeted at the telecommunications, computer and computer peripherals industries.

Products

The company manufactures specialized electronic products for a variety of applications. Electronic Information and Communication Systems' products include communication systems, radar systems, information and command and control systems, and mixed-signal application specific large scale integrated circuits used in defense, non-military government and commercial markets. The company also manufactures audio products for commercial aircraft, such as headsets, microphones and handsets.

The company specializes in communication systems and products and is a leading manufacturer of aircraft intercommunication systems with products in digital and analog communication management, digital audio distribution and control, and communication systems integration. The company's communication products are used on the U.S. Navy's SH-60R multi-mission and CH-60 Utility helicopters, the United Kingdom's NIMROD surveillance aircraft, U.S. Air Force C-17 cargo transport, the

U.S. Air Force's Joint Surveillance and Target Acquisition Radar System (Joint-STARS), and AWACS. The company has expanded its communications expertise into the mass transit rail market and its communication systems have been selected for installation by several major mass transit authorities, including the New York City Transit Authority, Long Island Railroad, Southeastern Pennsylvania Transit Authority, Massachusetts Bay Transit Authority and California Transit Authority.

The company's command and control systems include airborne maritime surveillance and commercial weather and search radar systems, air traffic management systems and landing systems. During 2000 Telephonics acquired a search and weather radar business from Honeywell, rounding out its radar product line. The company provides both the expertise and equipment for detecting and tracking targets in a maritime environment and flight path management systems for air traffic control applications. Its maritime radar systems, which are used in more than 20 countries, are fitted aboard helicopters, fixed-wing aircraft and aerostats for use at sea. The company's aerospace electronic systems include IFF systems used by the U.S. Air Force and NATO on the AWACS aircraft and microwave landing systems used by NASA and other customers for ground and ship based applications.

The company also manufactures mixed-signal application specific large scale integrated circuits primarily for customers in the security, automotive and telecommunications industries. Security applications include smoke and motion detectors as well as intrusion alarm systems. Suppliers to the automotive industry feature the company's custom circuits in engine controllers, power window controllers, airbag sensors, fluid level sensors and rear window defoggers. In addition, the company's custom integrated circuits are important components in various computer peripheral devices.

Backlog

The company's funded backlog for Electronic Information and Communication Systems was approximately $190 million on September 30, 2000, compared to $170 million on September 30, 1999.

Sales and Marketing

Telephonics has approximately 15 technical business development personnel who act as the focal point for its marketing activities and approximately 30 sales representatives who introduce its products and systems to customers worldwide.

Research and Development

A portion of this segment's product development activities are generally performed under government contracts. The segment also regularly updates its core technologies through internally funded research and development. The selection of these projects is based on available opportunities in the marketplace as well as input from the company's customers. These projects have usually represented an evolution of existing products rather than entirely new pursuits. The company's recent internally funded research and development activities are exemplified by the development of a next generation airborne radar system and an all digital interior communication management system. In order to create additional growth opportunities and enter new markets, Telephonics is undertaking a series of development initiatives related to broadband, wireless and integrated circuit operations (see "Strategy"). These development initiatives, which are estimated at approximately $5,000,000 for fiscal 2001 will impact the segment's near-term profitability.

Competition

Electronic Information and Communication Systems competes with major manufacturers of electronic information and communication systems that have greater financial resources than the company, and with several smaller manufacturers of similar products. The company competes on the basis of technology, design, quality, price and program performance.

EMPLOYEES

The company has approximately 5,400 employees located throughout the United States and in Europe. Approximately 100 of its employees are covered by a collective bargaining agreement, primarily with an affiliate of the AFL-CIO. The company believes its relationships with its employees are satisfactory.

RESEARCH AND DEVELOPMENT

Research and development costs not recoverable under contractual arrangements are charged to expense as incurred. Research and development costs for all business segments were approximately $10,700,000 in 2000, $8,900,000 in 1999 and $7,700,000 in 1998.

OFFICERS OF THE REGISTRANT

Name	Age	Served as Officer Since	Positions and Offices
Harvey R. Blau	65	1983	Chairman of the Board and Chief

			Executive Officer
Robert Balemian	61	1976	President and Chief Financial Officer
Patrick L. Alesia	52	1979	Vice President and Treasurer
Edward I. Kramer	66	1997	Vice President, Administration and Secretary

ITEM 2 - PROPERTIES

The company occupies approximately 4,200,000 square feet of general office, factory and warehouse space and showrooms throughout the United States and in Germany. The following table sets forth certain information related to the company's major facilities:

Location	Business Segment	Primary Use	Approximate Square Footage	Owned or Leased
Jericho, NY	Corporate Headquarters	Office	10,000	Leased
Farmingdale, NY	Electronic Information and Communication Systems	Manufacturing and research and develop- ment	167,000	Owned
Huntington, NY	Electronic Information and Communication Systems	Manufacturing	89,000	Owned
Cincinnati, OH	Garage Doors Installation Services Specialty Plastic Films	Office	50,000	See below
Cincinnati, OH	Garage Doors Specialty Plastic Films	Research and development	52,000	See below
Aschersleben, Germany	Specialty Plastic Films	Manufacturing	395,000	Owned
Dombhl, Germany	Specialty Plastic Films	Manufacturing	398,000	Owned
Augusta, KY	Specialty Plastic Films	Manufacturing	143,000	Owned
Nashville, TN	Specialty Plastic Films	Manufacturing	126,000	Leased
Russia, OH	Garage Doors	Manufacturing	274,000	Owned
Baldwin, WI	Garage Doors	Manufacturing	177,000	Leased
Nesbit, MS	Garage Doors	Manufacturing	70,000	Owned
Los Angeles, CA	Garage Doors	Garage door hardware man- ufacturing	40,000	Leased
Auburn, WA	Garage Doors	Manufacturing	123,000	Leased
Tempe, AZ	Garage Doors Installation Services	Manufacturing Warehousing	143,000	Leased

The company also leases approximately 1,800,000 square feet of space for the Garage Doors distribution centers and Installation Services locations in numerous facilities throughout the United States.

The company has aggregate minimum annual rental commitments under real estate leases of approximately $11.5 million. The majority of the leases have escalation clauses related to increases in real property taxes on the leased property and some for cost of living adjustments. Certain of the leases have renewal and purchase options. Clopay, the company's wholly owned subsidiary, is in the process of relocating its offices and a research and development facility. It is anticipated that these two locations, which are leased and presently aggregate 102,000 square feet, will be replaced in fiscal 2002 by newly constructed premises in the Cincinnati, OH area that will provide approximately 126,000 square feet under a long-term lease with an option to purchase. Annual rent expense for the new facility is expected to be approximately the same as for the locations being replaced. The plants and equipment of the company are believed to be in adequate condition and contain sufficient space for current and presently foreseeable needs.

ITEM 3 LEGAL PROCEEDINGS

Department of Environmental Conservation with Lightron Corporation. Lightron, a wholly-owned subsidiary of the company, once conducted operations at a location in Peekskill in the Town of Cortland, New York owned by ISC Properties, Inc., a wholly-owned subsidiary of the company (the "Peekskill Site"). ISC Properties, Inc. sold the Peekskill Site in November 1982.

Subsequently, the company was advised by the New York State Department of Environmental Conservation ("DEC") that random sampling at the Peekskill Site and in a creek near the Peekskill Site indicated concentrations of solvents and other chemicals common to Lightron's prior plating operations. ISC Properties has entered into a consent order with the DEC to perform a remedial investigation and prepare a feasibility study, which has been completed. Management believes, based on facts presently known to it, that the outcome of this matter will not have a material adverse effect on the company's consolidated financial position or results of operations.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year.

PART II

ITEM 5 - MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) The company's Common Stock is listed for trading on the New York Stock Exchange. The following table shows for the periods indicated the quarterly range in the high and low sales prices for the company's Common Stock.

FISCAL QUARTER ENDED	HIGH	LOW
December 31, 1998	$ 11 3/16	$ 7 5/8
March 31, 1999	10 7/8	6 7/8
June 30, 1999	8 3/8	6 7/16
September 30, 1999	8	6 5/8
December 31, 1999	8 3/16	6 3/4
March 31, 2000	8 1/2	6 7/8
June 30, 2000	7 13/16	5 1/4
September 30, 2000	8 1/16	5 5/8

(b) As of November 1, 2000, there were approximately 14,500 recordholders of the company's Common Stock.

(c) No dividends on Common Stock were declared or paid during the five years ended September 30, 2000.

ITEM 6 - SELECTED FINANCIAL DATA

	YEARS ENDED SEPTEMBER 30,				
	2000	1999	1998	1997	1996
Net sales	$ 1,118,386,000	$1,032,697,000	$914,874,000	$770,227,000	$655,063,000
Income before cumulative effect of a change in accounting principle	$ 24,880,000	$ 20,211,000	$ 29,321,000	$ 33,164,000	$ 28,067,000
Per share:					
Basic	$ .83	$ .67	$ .96	$ 1.12	$ .93
Diluted	$ .82	$ .66	$ .94	$ 1.06	$ .88
Total assets	$ 582,026,000	$ 533,440,000	$487,938,000	$384,759,000	$311,169,000
Long-term obligations	$ 134,942,000	$ 135,284,000	$112,829,000	$ 53,854,000	$ 32,458,000

Operating results for 1999 include a $3,500,000 pre-tax restructuring charge which had the effect of reducing earnings per share by $.07.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Fiscal 2000 Compared to Fiscal 1999

Net sales by business segment were as follows:

	2000	1999	Percentage Change
	(thousands)		
Garage doors	$ 431,213	$ 447,713	(3.7%)
Installation services	268,398	240,669	11.5%
Specialty plastic films	262,075	197,474	32.7%
Electronic information and communication systems	186,592	177,091	5.4%
Intersegment revenues	(29,892)	(30,250)	
	$1,118,386	$1,032,697	8.3%

Net sales of the garage doors segment decreased by $16.5 million compared to 1999. The decrease was principally due to unit volume decreases in sales of residential and commercial garage doors by approximately 6% and 15%, respectively, and the effect of the sale last year of a commercial product line that had net sales of approximately $7 million in the first half of 1999, offset in part by improved product mix.

Net sales of the installation services segment increased by $27.7 million compared to 1999. The increase was principally due to the inclusion in fiscal 2000 operating results of a company which was acquired during the second quarter of fiscal 1999, internal growth from expanded product offerings and a business acquired in the latter part of the year, partly offset by the impact of softer housing markets.

Net sales of the specialty plastic films segment increased $64.6 million compared to the prior year. Approximately $49.4 million of the increase was attributable to substantially higher unit sales volume at Finotech, the segment's European joint venture, partly offset by the effect of a stronger U.S. dollar compared to last year. The remainder of the increase is principally due to increased unit sales volume in the segment's domestic operations.

Net sales of the electronic information and communication systems segment increased $9.5 million compared to last year due to increased sales on defense programs transitioning from development to production in the latter part of the year and by sales of an acquired search and weather radar business.

Operating profit by business segment was as follows:

	2000	1999	Percentage Change
	(thousands)		
Garage doors	$17,002	$27,933	(39.1%)
Installation services	6,842	6,518	5.0%
Specialty plastic films	20,315	550	3,593.6%
Electronic information and communication systems	19,097	15,616	22.3%
	$63,256	$50,617	25.0%

Operating profit of the garage doors segment decreased by $10.9 million compared to last year. Increased profitability due to favorable product mix and manufacturing efficiencies was offset by the effect of the sales decrease, higher operating costs associated with establishing regional distribution centers, brand development and merchandising and service programs for the segment's retail distribution channel and the effect of competitive pricing. Also contributing to the decrease was an increased loss of approximately $3 million from a commercial door product line for which strategic alternatives are being explored. This product line had an operating loss in 2000 of approximately $5.7 million and it is anticipated that, pending resolution of this matter, the segment's near-term operating results will continue to be impacted.

Operating profit of the installation services segment increased $.3 million versus the prior year due primarily to earnings of acquired businesses, partially offset by increased distribution and labor costs.

Operating profit of the specialty plastic films segment increased $19.8 million. The majority of the increase was due to substantially higher unit sales volume of the segment's European joint venture and resultant manufacturing efficiencies, partly offset by the unfavorable impact of a stronger U.S. dollar compared to last year. The remainder of the increase was due to improved domestic operations from unit sales increases, including sales of new, higher margin products, partly offset by the effect of higher raw material costs.

Operating profit of the electronic information and communication systems segment increased by $3.5 million compared to last year. The increase reflects improved profitability on certain programs that have transitioned from development to production and earnings of an acquired search and weather radar business, partly offset by increased research and development expenditures. This segment has begun an effort to penetrate markets for broadband, wireless and application specific standard integrated circuits. Increased research and development expenditures and an aggressive and extensive technology conversion program designed to capitalize on advanced technologies previously developed for defense applications are being implemented with the objective of creating significant incremental market opportunities for the segment. We anticipate that these development initiatives, which are estimated at approximately $5 million for fiscal 2001, will impact the unit's near-term profitability.

Net interest expense increased by $3.7 million compared to last year due to higher levels of outstanding debt used to pay for acquisitions in 2000 and 1999.

Fiscal 1999 Compared to Fiscal 1998

Net sales by business segment were as follows:

	1999	1998	Percentage Change
	(thousands)		
Garage doors	$ 447,713	$444,007	.8%
Installation services	240,669	177,116	35.9%
Specialty plastic films	197,474	167,503	17.9%
Electronic information and communication systems	177,091	156,864	12.9%
Intersegment revenues	(30,250)	(30,616)	
	$1,032,697	$914,874	12.9%

Net sales of the garage doors segment increased by $3.7 million compared to 1998. The increase was principally attributable to higher unit sales of garage doors ($18.9 million) due to strong construction and related retail markets and additional production capacity, partly offset by the effects of competitive pricing and the second quarter sale of a commercial product line.

Net sales of the installation services segment increased by $63.6 million compared to 1998. The second quarter acquisition of an operation that sells and installs a range of specialty products to the residential construction market accounted for $39.0 million of the increase. The remainder of the increase was principally attributable to the segment's internal growth due to the strong housing market, increased market share and expanded product line offerings.

Net sales of the specialty plastic films segment increased $30.0 million compared to 1998. Net sales of a 1998 fourth quarter acquisition accounted for $21.7 million of the increase. The remainder of the increase was principally attributable to higher unit volume in the segment's 60%-owned joint venture, partially offset by price competition in the commodity end of the business.

Net sales of the electronic information and communication systems segment increased $20.2 million compared to last year due to new programs and increased funding on existing programs in the segment's defense, international and transit markets.

Operating profit by business segment was as follows:

	1999	1998	Percentage Change
	(thousands)		
Garage doors	$27,933	$32,107	(13.0%)
Installation services	6,518	4,611	41.4%
Specialty plastic films	550	7,446	(92.6%)
Electronic information and communication systems	15,616	13,665	14.3%
	$50,617	$57,829	(12.5%)

Operating profit of the garage doors segment decreased by $4.2 million compared to 1998. The decrease was principally due to competitive pricing pressures, expenses associated with new distribution centers, and through the first six months, capacity constraints and related manufacturing inefficiencies and the operating loss related to a divested commercial product line, partly offset by lower raw material costs and improved manufacturing efficiencies in the second half of the year.

Operating profit of the installation services segment increased by $1.9 million primarily due to the earnings from an acquired company. The effect of remaining revenue growth was offset primarily by higher distribution and labor costs to support the business' continuing expansion.

Operating profit of the specialty plastic films segment decreased by $6.8 million compared to 1998. Earnings of a late 1998 acquisition were offset by the effects of competitive pricing, increased raw material costs and manufacturing inefficiencies related to the ramp-up of the segment's joint venture operation.

Operating profit of the electronic information and communication systems segment increased by $2.0 million compared to 1998 due to the effect of increased sales, partly offset by increased research and development expenditures.

In addition to the operating results described above, in the second quarter of fiscal 1999 the company recorded a $3.5 million restructuring charge in connection with the closing of a garage door manufacturing facility in order to streamline operations and improve efficiency. In addition to divesting a commercial product line, since the last half of 1998 and continuing into 1999 the company has consolidated or closed several of garage doors' manufacturing or distribution facilities. As a result of these actions, facilities employed in the garage doors segment were reduced by approximately 400,000 square feet and the workforce was reduced by 244 employees, including approximately 100,000 square feet and 100 manufacturing employees in connection with the 1999 plant closure.

Net interest expense increased by $3.7 million compared to 1998 due to higher levels of outstanding debt from acquisitions in late 1998 and in 1999, from borrowings to finance new production lines for specialty plastic films' joint venture and from lower investable balances.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow provided by operations for 2000 was $29.2 million, and working capital was $191.7 million at September 30, 2000.

During 2000 net cash used in investing activities was approximately $49.0 million. The company had capital expenditures of approximately $37.4 million, principally made in connection with increasing production capacity and with the purchase of a previously leased garage door manufacturing facility for approximately $4.5 million. Also, the electronic information and communication systems segment acquired a search and weather radar business for approximately $15 million, which was substantially financed under bank credit lines. During 2001 the company anticipates capital expenditures of approximately $25 to $30 million. A substantial portion of these anticipated expenditures are for additional capacity and improvements in the specialty plastic films segment and for garage doors' product development and expansion of operations in the western part of the country.

Net cash provided by financing activities during 2000 was approximately $25.2 million. Borrowings under bank credit lines were used to finance acquisitions and capital expenditures. Also, during the year the company purchased approximately 681,000 shares of its Common Stock for approximately $4.6 million, and increased its stock buyback program from 1,500,000 shares to 3,000,000 shares. Additional purchases will be made from time-to-time, depending upon market conditions, at prices deemed appropriate by management.

The company rents various real property and equipment through noncancellable operating leases. Related future minimum lease payments due in 2001 approximate $21 million and are expected to be funded through operating cash flows.

Anticipated cash flows from operations, together with existing cash, bank lines of credit and lease line availability, should be adequate to finance presently anticipated working capital and capital expenditure requirements and to repay long-term debt as it matures.

CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 1999 the company adopted the provisions of the American Institute of Certified Public Accountants' Statement of Position No. 98-5 (SOP 98-5), "Reporting on the Costs of Start-Up Activities." SOP 98-5 requires that, at the date of adoption, costs of start-up activities previously capitalized be written-off as a cumulative effect of a change in accounting principle, and that after adoption, such costs are to be expensed as incurred.

Consequently, in the first quarter of fiscal 2000, the company's 60%-owned joint venture wrote off costs that were previously capitalized in connection with the start-up of the venture and the implementation of additional production capacity. The cumulative effect of this change in accounting principle is $5,290,000 (net of $3,784,000 income tax effect). The minority interest's share of the net charge is $2,116,000 and is included as an offsetting credit in "Minority interest" in the Consolidated Statement of Income for the year ended September 30, 2000.

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical fact included in this annual report, including without limitation statements regarding the company's financial position, business strategy, and the plans and objectives of the company's management for future operations, are forward-looking statements. When used in this annual report, words such as "anticipate", "believe", "estimate", "expect", "intend" and similar expressions, as they relate to the company or its management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of the company's management, as well as assumptions made by and information currently available to the company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors, including but not limited to, business and economic conditions, competitive factors and pricing pressures, capacity and supply constraints. Such statements reflect the views of the company with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the company. Readers are cautioned not to place undue reliance on these forward-looking statements. The company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect future events or circumstances or to reflect the occurrence of unanticipated events.

ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Management does not believe that there is any material market risk exposure with respect to derivative or other financial instruments that would require disclosure under this item.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements of the company and its subsidiaries and the report thereon of Arthur Andersen LLP, dated November 10, 2000 are included herein:

- Report of Independent Public Accountants.
- Consolidated Balance Sheets at September 30, 2000 and 1999.
- Consolidated Statements of Income, Cash Flows and Shareholders' Equity for the years ended September 30, 2000, 1999 and 1998.
- Notes to Consolidated Financial Statements.

Report of Independent Public Accountants

To Griffon Corporation:

We have audited the accompanying consolidated balance sheets of Griffon Corporation (a Delaware corporation) and subsidiaries as of September 30, 2000 and 1999 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2000. These financial statements and the schedule referred to below are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Griffon Corporation and subsidiaries as of September 30, 2000 and 1999 and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2000 in conformity with accounting principles generally accepted in the United States.

As explained more fully in Note 1 to the consolidated financial statements, in fiscal 2000 the company changed its method of accounting for start-up costs to conform with Statement of Position 98-5.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index to consolidated financial statements and schedules is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP

Roseland, New Jersey
November 10, 2000

GRIFFON CORPORATION
CONSOLIDATED BALANCE SHEETS

	September 30, 2000	September 30, 1999
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 26,616,000	$ 21,242,000
Accounts receivable, less allowance for doubtful accounts of $9,494,000 in 2000 and $8,068,000 in 1999 (Note 1)	144,259,000	123,008,000
Contract costs and recognized income not yet billed (Note 1)	77,513,000	65,527,000
Inventories (Note 1)	98,440,000	94,419,000
Prepaid expenses and other current assets	18,891,000	22,832,000
Total current assets	365,719,000	327,028,000
Property, Plant and Equipment, at cost, net of depreciation and amortization (Note 1)	142,944,000	134,882,000

Other Assets:		
Costs in excess of fair value of net assets of businesses acquired, net (Note 1)	62,463,000	51,315,000
Other	10,900,000	20,215,000
	73,363,000	71,530,000
	$582,026,000	$533,440,000

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:		
Notes payable and current portion of long-term debt (Note 2)	$ 44,709,000	$ 17,836,000
Accounts payable	61,895,000	58,540,000
Accrued liabilities (Note 1)	65,725,000	61,629,000
Federal income taxes (Note 1)	1,727,000	---
Total current liabilities	174,056,000	138,005,000
Long-Term Debt (Note 2)	125,916,000	127,652,000
Minority Interest and Other	18,093,000	17,562,000
Commitments and Contingencies (Note 4)		
Shareholders' Equity (Note 3):		
Preferred stock, par value $.25 per share, authorized 3,000,000 shares, no shares issued	---	---
Common stock, par value $.25 per share, authorized 85,000,000 shares, issued 31,749,199 shares in 2000 and 31,735,349 shares in 1999	7,937,000	7,934,000
Capital in excess of par value	42,167,000	41,232,000
Retained earnings	237,786,000	218,196,000
Treasury shares, at cost, 2,068,002 common shares in 2000 and 1,387,402 common shares in 1999	(19,133,000)	(14,548,000)
Accumulated other comprehensive income (Note 1)	(3,769,000)	(1,074,000)
Deferred compensation	(1,027,000)	(1,519,000)
Total shareholders' equity	263,961,000	250,221,000
	$582,026,000	$533,440,000

<FN>
The accompanying notes to consolidated financial statements are an integral part of these statements.
</FN>

GRIFFON CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	Years ended September 30, 2000	1999	1998
Net sales	$1,118,386,000	$1,032,697,000	$914,874,000
Cost of sales	833,404,000	783,505,000	685,230,000
	284,982,000	249,192,000	229,644,000
Selling, general and administrative expenses	230,060,000	207,499,000	180,211,000
Restructuring charge (Note 1)	---	3,500,000	---
	54,922,000	38,193,000	49,433,000
Other income (expense):			
Interest expense	(11,785,000)	(7,871,000)	(3,934,000)
Interest income	1,092,000	864,000	627,000

Other, net	(780,000)	895,000	416,000
	(11,473,000)	(6,112,000)	(2,891,000)
Income before income taxes	43,449,000	32,081,000	46,542,000
Provision for income taxes (Note 1)	17,380,000	11,870,000	17,221,000
Income before minority interest and cumulative effect of a change in accounting principle	26,069,000	20,211,000	29,321,000
Minority interest	(1,189,000)	---	---
Income before cumulative effect of a change in accounting principle	24,880,000	20,211,000	29,321,000
Cumulative effect of a change in accounting principle, net of income taxes (Note 1)	(5,290,000)	---	---
Net income	$ 19,590,000	$ 20,211,000	$ 29,321,000
Basic earnings per share of common stock (Note 1):			
Income before cumulative effect of a change in accounting principle	$.83	$.67	$.96
Cumulative effect of a change in accounting principle	(.18)	---	---
	$.65	$.67	$.96
Diluted earnings per share of common stock (Note 1):			
Income before cumulative effect of a change in accounting principle	$.82	$.66	$.94
Cumulative effect of a change in accounting principle	(.17)	---	---
	$.65	$.66	$.94

<FN>
The accompanying notes to consolidated financial statements are an integral part of these statements.
</FN>

GRIFFON CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED SEPTEMBER 30, 2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 19,590,000	$ 20,211,000	$ 29,321,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	23,703,000	23,013,000	16,255,000
Minority interest	1,189,000	---	---
Cumulative effect of a change in accounting principle	5,290,000	---	---
Provision for losses on accounts receivable	3,276,000	2,780,000	1,907,000
Deferred income taxes	(1,798,000)	---	(1,039,000)
Non-cash asset write-downs from restructuring	---	2,150,000	---
Change in assets and liabilities:			
Increase in accounts receivable and contract costs and recognized income not yet billed	(36,940,000)	(22,727,000)	(15,070,000)
(Increase) decrease in inventories	(1,045,000)	9,105,000	(14,058,000)
Increase in prepaid expenses and other assets	(2,433,000)	(8,382,000)	(5,587,000)
Increase (decrease) in accounts			

payable, accrued liabilities and			
Federal income taxes	12,042,000	(12,854,000)	4,393,000
Other changes, net	6,309,000	2,622,000	4,677,000
Total adjustments	9,593,000	(4,293,000)	(8,522,000)
Net cash provided by operating activities	29,183,000	15,918,000	20,799,000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net decrease in marketable securities	---	---	1,379,000
Acquisition of property, plant and equipment	(37,366,000)	(27,697,000)	(48,002,000)
Proceeds from sale of product line	---	4,300,000	---
Acquired businesses	(19,841,000)	(20,172,000)	(26,445,000)
(Increase) decrease in equipment lease deposits	3,917,000	(1,051,000)	(1,684,000)
Other, net	4,271,000	79,000	3,826,000
Net cash used in investing activities	(49,019,000)	(44,541,000)	(70,926,000)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Purchase of treasury shares	(4,585,000)	(725,000)	(5,580,000)
Proceeds from issuance of long-term debt	26,585,000	38,629,000	60,600,000
Payments of long-term debt	(17,060,000)	(10,107,000)	(1,062,000)
Increase in short-term borrowings	22,540,000	3,214,000	65,000
Other, net	(2,270,000)	(472,000)	16,000
Net cash provided by financing activities	25,210,000	30,539,000	54,039,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,374,000	1,916,000	3,912,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	21,242,000	19,326,000	15,414,000
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 26,616,000	$ 21,242,000	$ 19,326,000

<FN>
The accompanying notes to consolidated financial statements are an integral part of these statements.
</FN>

GRIFFON CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Dollars in Thousands)

For the Years Ended September 30, 2000, 1999 and 1998

	COMMON STOCK SHARES	COMMON STOCK PAR VALUE	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	TREASURY SHARES SHARES	TREASURY SHARES COST	ACCUMULATED OTHER COMPREHENSIVE INCOME	DEFERRED COMPENSATION	COMPREHENSIVE INCOME
Balances, September 30, 1997	31,278,830	$7,820	$34,564	$168,664	603,700	$ 6,622	$ ---	$2,621	
Net income	---	---	---	29,321	---	---	---	---	$ 29,321
Amortization of deferred compensation	---	---	---	---	---	---	---	(668)	
Purchase of treasury shares	---	---	---	---	562,700	5,580	---	---	
Exercise of stock options	426,786	107	4,427	---	---	---	---	---	
Retirement of treasury shares	(5,717)	(2)	(96)	---	(5,717)	(98)	---	---	
Other	6,463	2	1,158	---	126,319	1,719	---	100	
Balances, September 30, 1998	31,706,362	7,927	40,053	197,985	1,287,002	13,823	---	2,053	
Foreign currency translation adjustment	---	---	---	---	---	---	(631)	---	$ (631)
Minimum pension liability adjustment	---	---	---	---	---	---	(443)	---	(443)
Net income	---	---	---	20,211	---	---	---	---	20,211
Comprehensive income (Note 1)	---	---	---	---	---	---	---	---	$ 19,137
Amortization of deferred compensation	---	---	---	---	---	---	---	(634)	
Purchase of treasury shares	---	---	---	---	100,400	725	---	---	
Exercise of stock options	19,400	5	156	---	---	---	---	---	
Other	9,587	2	1,023	---	---	---	---	100	
Balances, September 30, 1999	31,735,349	7,934	41,232	218,196	1,387,402	14,548	(1,074)	1,519	
Foreign currency translation adjustment	---	---	---	---	---	---	(2,582)	---	$ (2,582)
Minimum pension liability adjustment	---	---	---	---	---	---	(113)	---	(113)
Net income	---	---	---	19,590	---	---	---	---	19,590
Comprehensive income (Note 1)	---	---	---	---	---	---	---	---	$ 16,895
Amortization of deferred compensation	---	---	---	---	---	---	---	(592)	
Purchase of treasury shares	---	---	---	---	680,600	4,585	---	---	
Other	13,850	3	935	---	---	---	---	100	

Balances, September 30, 2000	31,749,199	$7,937	$42,167	$237,786	2,068,002	$19,133	$ (3,769)	$1,027

<FN>
The accompanying notes to consolidated financial statements are an integral part of these statements.
</FN>

GRIFFON CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Consolidation

The consolidated financial statements include the accounts of Griffon Corporation and all subsidiaries. All significant intercompany items have been eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash flows, investments and credit risks

The company considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. Cash payments for interest were approximately $11,853,000, $9,141,000 and $5,353,000 in 2000, 1999 and 1998, respectively.

A substantial portion of the company's trade receivables are from customers of the garage doors and installation services segments whose financial condition is dependent on the construction and related retail sectors of the economy.

Comprehensive income

Comprehensive income is presented in the consolidated statements of shareholders' equity and consists of net income and other items of comprehensive income such as minimum pension liability adjustments and foreign currency translation adjustments.

The components of accumulated other comprehensive income at September 30, 2000 were a foreign currency translation adjustment of $3,213,000 and a minimum pension liability adjustment of $556,000.

Foreign currency

The financial statements of foreign subsidiaries were prepared in their respective local currencies and translated into U.S. Dollars based on the current exchange rate at the end of the period for the balance sheet and average exchange rates for results of operations.

Revenue recognition

Sales are generally recorded as products are shipped and title has passed to customers.

The company records sales and gross profits on its long-term contracts on a percentage-of-completion basis. The company determines sales and gross profits by (1) relating costs incurred to current estimates of total manufacturing costs of such contracts or (2) based upon a unit of shipment basis. General and administrative expenses are expensed as incurred. Revisions in estimated profits are made in the period in which the circumstances requiring the revision become known. Provisions are made currently for anticipated losses on uncompleted contracts.

"Contract costs and recognized income not yet billed" consists of recoverable costs and accrued profit on long-term contracts for which billings had not been presented to the customers because the amounts were not billable at the balance sheet date.

Inventories

Inventories, stated at the lower of cost (first-in, first-out or average) or market, include material, labor and manufacturing overhead costs and are comprised of the following:

	September 30, 2000	September 30, 1999
Finished goods	$58,390,000	$51,157,000
Work in process	20,842,000	23,405,000
Raw materials and supplies	19,208,000	19,857,000
	$98,440,000	$94,419,000

Property, plant and equipment

Depreciation of property, plant and equipment is provided primarily on a straight-line basis over the estimated useful lives of the assets.

Leasehold improvements are amortized over the life of the lease or life of the improvement, whichever is shorter.

Property, plant and equipment consists of the following:

	September 30, 2000	September 30, 1999
Land, buildings and building improvements	$ 43,648,000	$ 37,384,000
Machinery and equipment	175,829,000	157,122,000
Leasehold improvements	11,000,000	12,528,000
	230,477,000	207,034,000
Less-Accumulated depreciation and amortization	87,533,000	72,152,000
	$142,944,000	$134,882,000

Acquisitions and costs in excess of fair value of net assets of businesses acquired ("Goodwill")

In fiscal 2000 the company acquired a search and weather radar business for approximately $15,000,000 and an operation which installs residential garage doors and fireplaces for approximately $2,500,000.

In February 1999 the company acquired an operation with annual sales of approximately $50,000,000 that sells and installs a range of specialty products to the residential construction market. The purchase price was approximately $20,000,000.

In July 1998 the company acquired Bohme Verpackungsfolien GmbH & Co., a German plastic packaging manufacturer with annual sales of approximately $35,000,000. The purchase price was approximately $28,000,000.

The above acquisitions, substantially financed by bank borrowings, have been accounted for as purchases and resulted in an increase in goodwill of $13,977,000 in 2000 and $14,486,000 in 1999. Goodwill is being amortized on a straight-line basis over a period of twenty to forty years. At September 30, 2000 and 1999, accumulated amortization of goodwill was $11,413,000 and $9,208,000, respectively. The operating results of acquired businesses have been included in the consolidated statements of income since the dates of acquisition.

Income taxes

The provision for income taxes is comprised of the following:

	2000	1999	1998
Current	$19,178,000	$11,870,000	$18,260,000
Deferred	(1,798,000)	---	(1,039,000)
	$17,380,000	$11,870,000	$17,221,000

	2000	1999	1998
Federal	$ 8,585,000	$ 9,632,000	$13,194,000
Foreign	6,610,000	191,000	1,260,000
State and local	2,185,000	2,047,000	2,767,000
	$17,380,000	$11,870,000	$17,221,000

The components of income before income taxes are as follows:

	2000	1999	1998
Domestic	$27,764,000	$31,646,000	$43,519,000
Foreign	15,685,000	435,000	3,023,000
	$43,449,000	$32,081,000	$46,542,000

The deferred taxes result primarily from differences in the reporting of depreciation, the allowance for doubtful accounts and other nondeductible accruals.

Cash payments for income taxes were $10,295,000, $16,938,000 and $19,670,000 in 2000, 1999 and 1998, respectively.

The following table indicates the significant elements contributing to the difference between the U.S. Federal statutory tax rate and the company's effective tax rate:

	2000	1999	1998
U.S. Federal statutory tax rate	35.0%	35.0%	35.0%
State and foreign income taxes	5.7	4.4	5.6
Other	(.7)	(2.4)	(3.6)
Effective tax rate	40.0%	37.0%	37.0%

Research and development costs

Research and development costs not recoverable under contractual arrangements are charged to expense as incurred. Approximately $10,700,000, $8,900,000 and $7,700,000 in 2000, 1999 and 1998, respectively, was incurred on such research and development.

Accrued liabilities

At September 30, 2000 and 1999, accrued liabilities included $20,532,000 and $16,434,000, respectively, for payroll and other employee benefits.

Earnings per share (EPS)

Basic EPS is calculated by dividing income available to common shareholders by the weighted average number of shares of Common Stock outstanding during the period. The weighted average number of shares of Common Stock used in determining basic EPS was 30,072,000 in 2000, 30,374,000 in 1999 and 30,553,000 in 1998.

Diluted EPS is calculated by dividing income available to common shareholders by the weighted average number of shares of Common Stock outstanding plus additional common shares that could be issued in connection with potentially dilutive securities. The weighted average number of shares of Common Stock used in determining diluted EPS was 30,244,000 in 2000, 30,551,000 in 1999 and 31,316,000 in 1998 and reflects additional shares in connection with stock option and other stock-based compensation plans.

Options to purchase approximately 4,170,000, 3,088,000 and 1,000,000 shares were not included in the computation of diluted earnings per share for the years 2000, 1999 and 1998, respectively, because the effects would be anti-dilutive.

Start-up costs

Effective October 1, 1999 the company adopted the provisions of the American Institute of Certified Public Accountants' Statement of Position No. 98-5 (SOP 98- 5), "Reporting on the Costs of Start-up Activities." SOP 98-5 requires that, at the date of adoption, costs of start-up activities previously capitalized be written-off as a cumulative effect of a change in accounting principle, and that after adoption, such costs are to be expensed as incurred.

Consequently, in the first quarter of fiscal 2000, the company's 60%-owned joint venture wrote off costs that were previously capitalized in connection with the start-up of the venture and the implementation of additional production capacity. The cumulative effect of this change in accounting principle is $5,290,000 (net of $3,784,000 income tax effect). The minority interest's share of the net charge is $2,116,000 and is included as an offsetting credit in "Minority interest" in the Consolidated Statement of Income for the year ended September 30, 2000.

Restructuring charge and sale of product line

In March 1999 the company recorded a restructuring charge aggregating $3,500,000 in connection with the closing of a garage door manufacturing facility in order to streamline operations and improve efficiency. The charge consists of the following:

Non-cash asset write-downs	$2,150,000
Employee severance and related benefits	900,000
Lease and related costs	450,000
	$3,500,000

Since the last half of 1998 and continuing into 1999 the company has consolidated or closed several garage door manufacturing or distribution facilities. Also, in March 1999 the company completed the sale, at approximately book value, of a peripheral product line, which was operating at a loss. As a result of these actions, facilities employed in the garage door operation were reduced by approximately 400,000 square feet and the workforce was reduced by 244 employees, including approximately 100,000 square feet and 100 manufacturing employees in connection with the March 1999 plant closure. The cash expenditures included in the restructuring charge were paid as of September 30, 2000.

2. NOTES PAYABLE AND LONG-TERM DEBT:

The company has unsecured short-term lines of credit aggregating $55,000,000. Borrowings under these lines bear interest at rates based upon LIBOR or at the prime rate. At September 30, 2000, $28,540,000 was outstanding under these lines, and the weighted average interest rate was 8.3%.

The company has a $120,000,000 revolving credit facility available through 2002, after which outstanding borrowings may be converted into a four-year term loan. Borrowings bear interest at rates (8.3% as of September 30, 2000) based upon LIBOR or at the prime rate and are secured by the capital stock of certain of the company's subsidiaries. As of September 30, 2000 $92,000,000 was outstanding under this agreement.

In April 1998 the company's German joint venture entered into a credit agreement with a bank to finance new production lines. Borrowings under the agreement are payable in installments through 2001, and bear interest at rates (4.9% as of September 30, 2000) based upon LIBOR. As of September 30, 2000 approximately $11,118,000 was outstanding under this agreement.

In connection with an acquisition in July 1998 (see Note 1), a subsidiary of the company entered into a credit agreement with a bank for borrowings of approximately $20,000,000, payable in installments through 2005. Outstanding borrowings under the agreement bear interest at rates (6.0% as of September 30, 2000) based upon LIBOR. As of September 30, 2000 approximately $11,593,000 was outstanding under this agreement.

The balance of the company's long-term debt outstanding at September 30, 2000 relates primarily to real estate mortgages and industrial revenue bond financing, with interest rates ranging from 4.4% to 10.8% and maturities through 2014.

The following are the maturities of long-term debt outstanding at September 30, 2000 for each of the succeeding five years:

2001	$16,169,000
2002	12,699,000
2003	20,461,000
2004	27,105,000
2005	26,173,000

3. SHAREHOLDERS' EQUITY:

The company has stock option plans under which options for an aggregate of 6,250,000 shares of Common Stock may be granted. As of September 30, 2000 options for 656,250 shares remain available for future grants. The plans provide for the granting of options at an exercise price of not less than 100% of the fair market value per share at date of grant. Options generally expire ten years after date of grant and become exercisable in installments as determined by the Board of Directors. Transactions under the plans are as follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at September 30, 1997	3,300,036	$ 8.74
Granted	2,061,500	$13.35
Exercised	(426,786)	$ 4.06
Terminated	(43,250)	$13.10
Outstanding at September 30, 1998	4,891,500	$11.05
Granted	1,127,500	$ 8.38
Exercised	(19,400)	$ 8.29
Terminated	(815,100)	$ 7.97
Outstanding at September 30, 1999	5,184,500	$10.97
Granted	690,000	$ 7.12
Terminated	(192,250)	$10.09
Outstanding at September 30, 2000	5,682,250	$10.53

At September 30, 2000 option groups outstanding and exercisable are as follows:

	Outstanding Options		
Range of Exercise Prices	Number of Options	Weighted Average Remaining Life	Weighted Average Exercise Price
$10.875 to $15.75	2,722,500	7.3 years	$13.25
$ 6.00 to $10.00	2,959,750	6.8	8.02

	Exercisable Options	
Range of Exercise Prices	Number of Options	Weighted Average Exercise Price
$10.875 to $15.75	2,685,000	$13.29
$ 6.625 to $10.00	1,888,625	8.34

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", permits an entity to continue to account for employee stock-based compensation under APB Opinion No. 25, "Accounting for Stock Issued to Employees", or adopt a fair value based method of accounting for such compensation. The company has elected to continue to account for stock-based compensation under Opinion No. 25. Accordingly, no compensation expense has been recognized in connection with options granted. Had compensation expense for options granted been determined based on the fair value at the date of grant in accordance with Statement No. 123, the company's net income and earnings per share would have been as follows:

	2000	1999	1998
Net income			
As reported	$19,590,000	$20,211,000	$29,321,000
Pro forma	16,214,000	15,071,000	24,902,000
Earnings per share			
As reported -			
Basic	$.65	$.67	$.96
Diluted	.65	.66	.94
Pro forma -			
Basic	$.54	$.50	$.82
Diluted	.54	.49	.80

The fair value of options granted is estimated on the date of grant using the Black-Scholes option pricing model. The weighted average fair values of options granted in fiscal 2000, 1999 and 1998 were $3.36, $3.89 and $6.52, respectively, based upon the following weighted average assumptions: expected volatility (.324 in 2000, .321 in 1999 and .350 in 1998), risk-free interest rate (6.24% in 2000, 5.67% in 1999 and 5.67% in 1998), expected life (7 years in 2000, 1999 and 1998), and expected dividend yield (0% in 2000, 1999 and 1998).

The company has an Outside Director Stock Award Plan (the "Outside Director Plan"), which was approved by the shareholders in 1994, under which 300,000 shares may be issued to non-employee directors. Annually, each eligible director is awarded shares of the company's Common Stock having a value of $10,000 which vests over a three-year period. For shares issued under the Outside Director Plan, the fair market value of the shares at the date of issuance is amortized to compensation expense over the vesting period. The related deferred compensation has been reflected as a reduction of shareholders' equity. In 2000, 1999 and 1998, 13,850, 9,710 and 6,660 shares, respectively, were issued under the Outside Director Plan.

As of September 30, 2000, a total of approximately 7,067,000 shares of the company's authorized Common Stock were reserved for issuance primarily in connection with stock option plans.

The company has a shareholder rights plan which provides for one right to be attached to each share of Common Stock. The rights are currently not exercisable or transferable apart from the Common Stock, and have no voting power. Under certain circumstances, each right entitles the holder to purchase, for $34, one one-thousandth of a share of a new series of participating preferred stock, which is substantially equivalent to one share of Common Stock. These rights would become exercisable if a person or group acquires 10% or more of the company's Common Stock or announces a tender offer which would increase the person's or group's beneficial ownership to 10% or more of the company's Common Stock, subject to certain exceptions. After a person or group acquires 10% or more of the company's Common Stock, each right (other than those held by the acquiring party) will entitle the holder to purchase Common Stock having a market price of two times the exercise price. If the company is acquired in a merger or other business combination, each exercisable right entitles the holder to purchase common stock of the acquiring company or an affiliate having a market price of two times the exercise price of the right. In certain events the Board of Directors may exchange each right (other than those held by an acquiring party) for one share of the company's Common Stock or one one-thousandth of a share of a new series of participating preferred stock. The rights expire on May 9, 2006 and can be redeemed at $.01 per right at any time prior to becoming exercisable.

4. COMMITMENTS AND CONTINGENCIES:

The company and its subsidiaries rent real property and equipment under operating leases expiring at various dates. Most of the real property leases have escalation clauses related to increases in real property taxes.

Future minimum payments under noncancellable operating leases consisted of the following at September 30, 2000:

2001	$20,945,000
2002	16,533,000
2003	12,627,000
2004	9,958,000
2005	7,404,000
Later years	6,584,000

Rent expense for all operating leases, net of subleases, totaled approximately $29,900,000, $27,400,000 and $24,500,000 in 2000, 1999 and 1998, respectively.

The company is subject to various laws and regulations concerning the environment and is currently participating in proceedings under these laws involving sites formerly owned or occupied by the company. These proceedings are at a preliminary stage, and it is impossible to estimate with any certainty the amount of the liability, if any, of the company, or the total cost of remediation and the timing and extent of remedial actions which may ultimately be required by governmental authorities. However, management believes, based on facts presently known to it, that the outcome of such proceedings will not have a material adverse effect on the company's consolidated financial position or results of operations.

5. QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

Quarterly results of operations for the years ended September 30, 2000 and 1999 are as follows:

	QUARTERS ENDED			
	SEPTEMBER 30, 2000	JUNE 30, 2000	MARCH 31, 2000	DECEMBER 31, 1999
Net sales	$300,017,000	$278,719,000	$258,889,000	$280,761,000
Gross profit	78,301,000	71,380,000	63,449,000	71,852,000
Net income	7,597,000	6,248,000	1,303,000	4,442,000
Earnings per share of common stock:				
Basic	$.25	$.21	$.04	$.15
Diluted	$.25	$.21	$.04	$.15

	QUARTERS ENDED			
	SEPTEMBER 30, 1999	JUNE 30, 1999	MARCH 31, 1999	DECEMBER 31, 1998
Net sales	$275,367,000	$262,413,000	$236,360,000	$258,557,000
Gross profit	72,273,000	64,468,000	50,325,000	62,126,000
Net income (loss)	9,703,000	5,817,000	(2,461,000)	7,152,000
Earnings (loss) per share of common stock:				
Basic	$.32	$.19	$(.08)	$.24
Diluted	$.32	$.19	$(.08)	$.23

Earnings per share are computed independently for each of the quarters presented, on the basis described in Note 1. The sum of the quarters may not be equal to the full year earnings per share amounts. Net income for the quarter ended December 31, 1999 includes a charge of $5,290,000 for the cumulative effect of a change in accounting principle (see Note 1). Net loss for the quarter ended March 31, 1999 includes a $3,500,000 pre-tax restructuring charge (see Note 1).

6. BUSINESS SEGMENTS:

The company's reportable business segments are as follows - Garage Doors (manufacture and sale of residential and commercial/industrial garage doors, and related products); Installation Services (sale and installation of building products primarily for new construction, such as garage doors, garage door openers, manufactured fireplaces and surrounds, and cabinets); Electronic Information and Communication Systems (communication and information systems for government and commercial markets); and Specialty Plastic Films (manufacture and sale of plastic films and film laminates for baby diapers, adult incontinence care products, disposable surgical and patient care products and plastic packaging). The company's reportable segments are distinguished from each other by types of products and services offered, classes of customers, production and distribution methods, and separate management.

The company evaluates performance and allocates resources based on operating results before interest income or expense, income taxes and certain nonrecurring items of income or expense. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Intersegment sales are based on prices negotiated between the segments, and intersegment sales and profits are not eliminated in evaluating performance of a segment.

Information on the company's business segments is as follows:

	Garage Doors	Installation Services	Electronic Information and Communication Systems	Specialty Plastic Films	Totals
Revenues from external customers -					

2000	$401,787,000	$267,932,000	$186,592,000	$262,075,000	$1,118,386,000
1999	418,395,000	239,737,000	177,091,000	197,474,000	1,032,697,000
1998	414,588,000	175,919,000	156,864,000	167,503,000	914,874,000
Intersegment revenues -					
2000	$ 29,426,000	$ 466,000	$ ---	$ ---	$ 29,892,000
1999	29,318,000	932,000	---	---	30,250,000
1998	29,419,000	1,197,000	---	---	30,616,000
Segment profit -					
2000	$ 17,002,000	$ 6,842,000	$ 19,097,000	$ 20,315,000	$ 63,256,000
1999	27,933,000	6,518,000	15,616,000	550,000	50,617,000
1998	32,107,000	4,611,000	13,665,000	7,446,000	57,829,000
Segment assets -					
2000	$171,861,000	$ 92,282,000	$164,602,000	$113,320,000	$ 542,065,000
1999	158,747,000	89,231,000	124,766,000	124,760,000	497,504,000
1998	159,864,000	62,488,000	111,033,000	127,736,000	461,121,000
Segment capital expenditures -					
2000	$ 16,937,000	$ 730,000	$ 3,266,000	$ 16,298,000	$ 37,231,000
1999	15,804,000	797,000	2,728,000	8,254,000	27,583,000
1998	13,501,000	1,773,000	3,889,000	28,765,000	47,928,000
Depreciation and amortization expense -					
2000	$ 7,338,000	$ 2,293,000	$ 3,579,000	$ 9,978,000	$ 23,188,000
1999	6,562,000	1,884,000	3,047,000	11,000,000	22,493,000
1998	6,170,000	1,407,000	2,698,000	5,466,000	15,741,000

Following are reconciliations of segment profit, assets, capital expenditures and depreciation and amortization expense to amounts reported in the consolidated financial statements:

	2000	1999	1998
Profit -			
Profit for all segments	$ 63,256,000	$ 50,617,000	$ 57,829,000
Unallocated amounts	(9,114,000)	(8,029,000)	(7,980,000)
Restructuring charge (Note 1)	---	(3,500,000)	---
Interest expense, net	(10,693,000)	(7,007,000)	(3,307,000)
Income before income taxes	$ 43,449,000	$ 32,081,000	$ 46,542,000
Assets -			
Total for all segments	$542,065,000	$497,504,000	$461,121,000
Unallocated amounts	42,589,000	38,219,000	33,639,000
Intersegment eliminations	(2,628,000)	(2,283,000)	(6,822,000)
Total consolidated assets	$582,026,000	$533,440,000	$487,938,000
Capital expenditures -			
Total for all segments	$ 37,231,000	$ 27,583,000	$ 47,928,000
Unallocated amounts	135,000	114,000	74,000
Total consolidated capital expenditures	$ 37,366,000	$ 27,697,000	$ 48,002,000
Depreciation and amortization expense -			
Total for all segments	$ 23,188,000	$ 22,493,000	$ 15,741,000
Unallocated amounts	515,000	520,000	514,000
Total consolidated depreciation and amortization	$ 23,703,000	$ 23,013,000	$ 16,255,000

Revenues, based on the customers' locations, and property, plant and equipment attributed to the United States and all other countries are as follows:

	2000	1999	1998
Revenues by geographic area -			

United States	$ 879,729,000	$ 834,057,000	$760,009,000
Germany	72,266,000	64,666,000	37,865,000
United Kingdom	41,487,000	44,697,000	37,756,000
All other countries	124,904,000	89,277,000	79,244,000
Consolidated net sales	$1,118,386,000	$1,032,697,000	$914,874,00
Property, plant and equipment by geographic area -			
United States	$ 107,266,000	$ 90,874,000	$ 79,979,000
Germany	35,678,000	44,008,000	52,235,000
Consolidated property, plant and equipment	$ 142,944,000	$ 134,882,000	$132,214,000

Sales to a customer of the specialty plastic films segment were approximately $182,000,000 in 2000, $115,000,000 in 1999 and $96,000,000 in 1998. Sales to the United States Government and its agencies, either as a prime contractor or subcontractor, aggregated approximately $91,000,000 in 2000, $86,000,000 in 1999 and $79,000,000 in 1998, all of which are included in the electronic information and communication systems segment. Unallocated amounts include general corporate expenses and assets, which consist mainly of cash, investments, and other assets not attributable to any reportable segment.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

PART III

The information required by Part III is incorporated by reference to the company's definitive proxy statement in connection with its Annual Meeting of Stockholders scheduled to be held in February, 2001, to be filed with the Securities and Exchange Commission within 120 days following the end of the company's fiscal year ended September 30, 2000. Information relating to the officers of the Registrant appears under Item 1 of this report.

PART IV

ITEM 14 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

The following consolidated financial statements of Griffon Corporation and subsidiaries are included in Item 8:

	Page
(a) 1. Financial Statements	
Consolidated Balance Sheets at September 30, 2000 and 1999..	26
Consolidated Statements of Income for the Years Ended September 30, 2000, 1999 and 1998................	27
Consolidated Statements of Cash Flows for the Years Ended September 30, 2000, 1999 and 1998..........	28
Consolidated Statements of Shareholders' Equity for the Years Ended September 30, 2000, 1999 and 1998...	29
Notes to Consolidated Financial Statements................	30

	Page
(a) 2. Schedule	

II Valuation and Qualifying Accounts...................... S-1

Schedules other than those listed are omitted because they are not applicable or because the information required is included in the consolidated financial statements.

(b) Reports on Form 8-K:

None

(c) Exhibits:

Exhibit No.

3.1 Restated Certificate of Incorporation (Exhibit 3.1 of Annual Report on Form 10-K for the year ended September 30, 1995)

3.2 By-laws as amended (Exhibit 3 of Current Report on Form 8-K dated November 8, 1994)

4.1 Rights Agreement dated as of May 9, 1996 between the Registrant and American Stock Transfer Company (Exhibit 1.1 of Current Report on Form 8-K dated May 9, 1996)

4.2 Loan Agreement dated as of August 31, 1999 between the Registrant and lending institutions (Exhibit 4.2 of Annual Report on Form 10-K for the year ended September 30, 1999)

10.1 Employment Agreement dated as of October 1, 1998 between the Registrant and Harvey R. Blau (Exhibit 10.1 of Current Report on Form 8-K dated November 5, 1998)

10.2 Employment Agreement dated as of October 1, 1998 between the Registrant and Robert Balemian (Exhibit 10.2 of Current Report on Form 8-K dated November 5, 1998)

10.3 Form of Trust Agreement between the Registrant and U.S. Trust Company of California, N.A., as Trustee, relating to the company's Employee Stock Ownership Plan (Exhibit 10.3 of Annual Report on Form 10-K for the year ended September 30, 1994)

10.4 1992 Non-Qualified Stock Option Plan (Exhibit 10.10 of Annual Report on Form 10-K for the year ended September 30, 1993)

10.5 Non-Qualified Stock Option Plan (Exhibit 10.12 of Annual Report on Form 10-K for the year ended September 30, 1998)

10.6 Form of Indemnification Agreement between the Registrant and its officers and directors (Exhibit 28 to Current Report on Form 8-K dated May 3, 1990)

10.7 Outside Director Stock Award Plan (Exhibit 4 of Form S-8 Registration Statement No. 33-52319)

10.8 1995 Stock Option Plan (Exhibit 4 of Form S-8 Registration Statement No. 33-57683)

10.9 1997 Stock Option Plan (Exhibit 4.2 of Form S-8 Registration Statement No. 333-21503)

10.10 1998 Stock Option Plan (Exhibit 4.1 of Form S-8 Registration Statement No. 333-62319)

10.11 Senior Management Incentive Compensation Plan (Exhibit 4.2 of Form S-8 Registration Statement No. 333-62319)

10.12 1998 Employee and Director Stock Option Plan, as amended (Exhibit 4.3 of Form S-8 Registration Statement No. 333-62319 and Exhibit 4.1 of Form S-8 Registration Statement No. 333-84409)

21 The following lists the company's significant subsidiaries all of which are wholly-owned by the company. The names of certain subsidiaries which do not, when considered in the aggregate, constitute a significant subsidiary, have been omitted.

Name of Subsidiary	State of Incorporation
Clopay Corporation	Delaware
Telephonics Corporation	Delaware

23* Consent of Arthur Andersen LLP

27* Financial Data Schedule (for electronic submission only)

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* Filed herewith. All other exhibits are incorporated herein by reference to the exhibit indicated in the parenthetical references.

The following undertakings are incorporated into the company's Registration Statements on Form S-8 (Registration Nos. 33-39090, 33-62966, 33-52319, 33-57683, 333-21503, 333-62319 and 333-84409).

(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;

(ii) To reflect in the prospectus any fact 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;

(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 purpose 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 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 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 that time shall be deemed to be the initial bona fide offering thereof.

(i) 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 public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 20th day of December, 2000.

GRIFFON CORPORATION

By: /s/ Harvey R. Blau

Harvey R. Blau, Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on December 20, 2000 by the following persons in the capacities indicated:

/s/ Harvey R. Blau Harvey R. Blau	Chairman of the Board (Chief Executive Officer)
/s/ Robert Balemian Robert Balemian	President and Director (Chief Operating and Financial Officer)
/s/ Patrick L. Alesia Patrick L. Alesia	Vice President and Treasurer (Chief Accounting Officer)
/s/ Henry A. Alpert Henry A. Alpert	Director
/s/ Bertrand M. Bell Bertrand M. Bell	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
/s/ James W. Stansberry James W. Stansberry	Director
/s/ Martin S. Sussman Martin S. Sussman	Director
/s/ William H. Waldorf William H. Waldorf	Director
/s/ Joseph J. Whalen Joseph J. Whalen	Director
/s/ Lester L. Wolff Lester L. Wolff	Director

SCHEDULE II

GRIFFON CORPORATION AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED SEPTEMBER 30, 2000, 1999 AND 1998

Description	Balance at Beginning of Period	Additions: Charged to Profit and Loss	Additions: Other	Deductions: Accounts Written Off	Deductions: Other	Balance at End of Period
FOR THE YEAR ENDED SEPTEMBER 30, 2000:						
Allowance for doubtful accounts	$ 8,068,000	$ 3,276,000	$ 765,000(1)	$ 2,615,000	$ ---	$ 9,494,000
FOR THE YEAR ENDED SEPTEMBER 30, 1999:						
Allowance for doubtful accounts	$ 7,476,000	$ 2,780,000	$ 154,000	$ 2,342,000	$ ---	$ 8,068,000
FOR THE YEAR ENDED SEPTEMBER 30, 1998:						
Allowance for doubtful accounts	$ 6,627,000	$ 1,907,000	$ 243,000	$ 1,301,000	$ ---	$ 7,476,000

<FN>
(1) Includes acquired businesses and other
</FN>

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report, dated November 10, 2000, included in this Form 10-K, into the Company's previously filed Registration Statements on Form S-8 (Nos. 33-39090, 33-62966, 33-52319, 33-57683, 333-21503, 333-62319 and 333-84409).

/s/ Arthur Andersen LLP

Roseland, New Jersey
December 19, 2000

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