UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2010

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 1-06620

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.)
712 Fifth Ave, 18th Floor, New York, New York	**10019**
(Address of principal executive offices)	(Zip Code)

(212) 957-5000

(Registrant's telephone number, including area code)

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 61,667,864 shares of Common Stock as of July 30, 2010.

Griffon Corporation and Subsidiaries

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Part I — Financial Information
Item 1 — Financial Statements

GRIFFON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	(Unaudited) At June 30, 2010	At September 30, 2009
CURRENT ASSETS		
Cash and equivalents	$ 351,633	$ 320,833
Accounts receivable, net of allowances of $4,654 and $4,457	176,928	164,619
Contract costs and recognized income not yet billed, net of progress payments of $6,104 and $14,592	62,719	75,536
Inventories, net	147,278	139,170
Prepaid and other current assets	36,328	39,261
Assets of discontinued operations	1,568	1,576
Total Current Assets	776,454	740,995
PROPERTY, PLANT AND EQUIPMENT, net	226,941	236,019
GOODWILL	89,983	97,657
INTANGIBLE ASSETS, net	28,033	34,211
OTHER ASSETS	20,039	29,132
ASSETS OF DISCONTINUED OPERATIONS	5,132	5,877
Total Assets	$ 1,146,582	$ 1,143,891
CURRENT LIABILITIES		
Notes payable and current portion of long-term debt net of debt discount of $83 and $2,820	$ 51,892	$ 78,590
Accounts payable	134,923	125,027
Accrued and other current liabilities	65,009	61,120
Liabilities of discontinued operations	4,568	4,932
Total Current Liabilities	256,392	269,669
LONG-TERM DEBT, net of debt discount of $23,197 and $0	123,874	98,394
OTHER LIABILITIES	70,906	78,837
LIABILITIES OF DISCONTINUED OPERATIONS	7,807	8,784
Total Liabilities	458,979	455,684
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Total Shareholders' Equity	687,603	688,207
Total Liabilities and Shareholders' Equity	$ 1,146,582	$ 1,143,891

GRIFFON CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited)

(in thousands)	COMMON STOCK		CAPITAL IN EXCESS OF	RETAINED	TREASURY SHARES		ACCUMULATED OTHER COMPREHENSIVE	DEFERRED ESOP	
	SHARES	PAR VALUE	PAR VALUE	EARNINGS	SHARES	COST	INCOME (LOSS)	COMPENSATION	Total
Balance at 9/30/2009	72,040	$ 18,010	$ 438,843	$ 421,992	12,466	$ (213,560)	$ 28,170	$ (5,248)	$ 688,207
Net income	—	—	—	11,292	—	—	—	—	11,292
Common stock issued for options exercised	47	12	287	—	—	—	—	—	299
Tax benefit from the exercise of stock options	—	—	86	—	—	—	—	—	86
Amortization of deferred compensation	—	—	—	—	—	—	—	473	473
Restricted stock vesting	9	2	(2)	—	—	—	—	—	—
ESOP distribution of common stock	—	—	164	—	—	—	—	—	164
Stock-based compensation	—	—	4,434	—	—	—	—	13	4,447
Translation of foreign financial statements	—	—	—	—	—	—	(32,223)	—	(32,223)
Issuance of convertible debt, net	—	—	13,694	—	—	—	—	—	13,694
Pension OCI amortization, net of tax	—	—	—	—	—	—	1,164	—	1,164
Balance at 6/30/2010	72,096	$ 18,024	$ 457,506	$ 433,284	12,466	$ (213,560)	$ (2,889)	$ (4,762)	$ 687,603

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

GRIFFON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2010	2009	2010	2009
Revenue	$ 327,026	$ 287,385	$ 946,160	$ 865,806
Cost of goods and services	252,671	221,099	732,454	686,588
Gross profit	74,355	66,286	213,706	179,218
Selling, general and administrative expenses	61,650	58,376	187,666	170,449
Restructuring and other related charges	1,489	38	3,720	38
Total operating expenses	63,139	58,414	191,386	170,487
Income from operations	11,216	7,872	22,320	8,731
Other income (expense)				
Interest expense	(3,760)	(2,971)	(10,459)	(10,534)
Interest income	81	343	335	1,010
Gain (loss) from debt extinguishment, net	—	184	(6)	4,488
Other, net	(583)	1,174	633	617
Total other income (expense)	(4,262)	(1,270)	(9,497)	(4,419)
Income before taxes and discontinued operations	6,954	6,602	12,823	4,312
Income tax provision (benefit)	1,965	513	1,620	(1,767)
Income from continuing operations	4,989	6,089	11,203	6,079
Discontinued operations:				
Income (loss) from operations of the discontinued Installation Services business	(26)	4	143	1,055
Income tax provision (benefit)	(5)	(45)	54	354
Income (loss) from discontinued operations	(21)	49	89	701
Net income	$ 4,968	$ 6,138	$ 11,292	$ 6,780
Basic earnings per common share:				
Income from continuing operations	$ 0.08	$ 0.10	$ 0.19	$ 0.10
Income from discontinued operations	0.00	0.00	0.00	0.01
Net income	0.08	0.10	0.19	0.12
Weighted-average shares outstanding	59,018	58,700	58,944	58,673
Diluted earnings per common share:				
Income from continuing operations	$ 0.08	$ 0.10	$ 0.19	$ 0.10
Income from discontinued operations	0.00	0.00	0.00	0.01
Net income	0.08	0.10	0.19	0.12
Weighted-average shares outstanding	60,154	59,097	59,897	58,862

Note: Due to rounding, the sum of earnings per share of Continuing operations and Discontinued operations may not equal earnings per share of Net income.

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

GRIFFON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine Months Ended June 30,	
	2010	**2009**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 11,292	$ 6,780
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations	(89)	(701)
Depreciation and amortization	29,357	31,404
Long-term debt discount	3,402	3,286
Stock-based compensation	4,447	3,042
Provisions for losses on account receivable	1,619	646
Amortization/write-off of deferred financing costs	915	499
Loss (gain) from debt extinguishment, net	6	(4,488)
Deferred income taxes	(4,768)	(2,584)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable and contract costs and recognized income not yet billed	(5,747)	14,785
(Increase) decrease in inventories	(11,611)	16,412
Decrease in prepaid and other assets	1,161	14,647
Increase (decrease) in accounts payable, accrued liabilities and income taxes payable	17,639	(42,299)
Other changes, net	571	511
Net cash provided by operating activities	48,194	41,940
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(26,581)	(20,563)
Increase in equipment lease deposits	(1,040)	(330)
Net cash used in investing activities	(27,621)	(20,893)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares from rights offering	—	7,257
Proceeds from issuance of long-term debt	100,000	10,879
Payments of long-term debt	(81,050)	(55,805)
Increase in short-term borrowings	—	(796)
Financing costs	(4,145)	(559)
Purchase of ESOP shares	—	(4,370)
Exercise of stock options	299	—
Tax benefit from exercise of options/vesting of restricted stock	99	—
Other, net	192	465
Net cash provided by (used in) financing activities	15,395	(42,929)
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Net cash used in operating activities of discontinued operations	(449)	(1,111)
Net cash used in discontinued operations	(449)	(1,111)
Effect of exchange rate changes on cash and equivalents	(4,719)	635
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	30,800	(22,358)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	320,833	311,921
CASH AND EQUIVALENTS AT END OF PERIOD	$ 351,633	$ 289,563

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

GRIFFON CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share and per share data)
(Unaudited)

(Unless otherwise indicated, all references to years or year-end refer to the fiscal period ending September 30)

NOTE 1 — DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

About Griffon Corporation

Griffon Corporation (the "Company" or "Griffon"), is a diversified management and holding company that conducts business through wholly-owned subsidiaries. The Company oversees the operations of its subsidiaries, allocates resources among them and manages their capital structures. The Company provides direction and assistance to its subsidiaries in connection with acquisition and growth opportunities as well as in connection with divestitures. Griffon also seeks out, evaluates and, when appropriate, will acquire additional businesses that offer potentially attractive returns on capital to further diversify itself.

Griffon currently conducts its operations through Telephonics Corporation ("Telephonics"), Clopay Building Products Company ("Building Products") and Clopay Plastic Products Company ("Plastics").

- Telephonics' high-technology engineering and manufacturing capabilities provide integrated information, communication and sensor system solutions to military and commercial markets worldwide.
- Building Products is a leading manufacturer and marketer of residential, commercial and industrial garage doors to professional installing dealers and major home center retail chains.
- Plastics is an international leader in the development and production of embossed, laminated and printed specialty plastic films used in a variety of hygienic, health-care and industrial applications.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. As such, they should be read with reference to the Company's Annual Report on Form 10-K for the year ended September 30, 2009, which provides a more complete explanation of the Company's accounting policies, financial position, operating results, business properties and other matters, and with the Company's Current Report on Form 8-K filed on February 4, 2010, updating the Form 10-K for the retroactive application of new accounting guidance for convertible debt (see below). In the opinion of management, these financial statements reflect all adjustments considered necessary for a fair statement of interim results. The results of operations of any interim period are not necessarily indicative of the results for the full year.

The unaudited condensed consolidated balance sheet information at September 30, 2009 was derived from the audited financial statements included in the Company's Current Report on Form 8-K filed on February 4, 2010, updating the Company's Annual Report on Form 10-K for the year ended September 30, 2009.

In preparing its consolidated financial statements, the Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, the Company evaluates estimates, including those related to bad debts, inventory reserves, goodwill and intangible assets. The Company bases its estimates on historical data and experience, when available, and on

various other assumptions that the Company believes are reasonable, the combined results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Certain prior period amounts have been reclassified to conform to the current period presentation.

In May 2008, the Financial Accounting Standards Board ("FASB") issued new guidance to clarify that the liability and equity components of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) must be separately accounted for in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized. This guidance, which is applicable to the Company's 4% convertible subordinated notes due 2023 issued in 2003 (the "2023 Notes") and 4% convertible subordinated notes due 2017 issued in December 2009 (the "2017 Notes"), became effective for the Company as of October 1, 2009 and is implemented retrospectively, as required, for the 2023 Notes. For more information, see the Long-Term Debt footnote.

At June 30, 2010, the 2023 Notes had an outstanding balance of $49,998, an unamortized discount of $83, a net carrying value of $49,915 and a capital in excess of par value component balance, net of tax, of $17,061. At September 30, 2009, the 2023 Notes had an outstanding balance of $79,380, an unamortized discount balance of $2,820, a net carrying value of $76,560 and a capital in excess of par value component balance, net of tax, of $18,094. The stock price was below the conversion price for all periods presented. The Company used 8.5% as the nonconvertible debt borrowing rate to discount the 2023 Notes and will amortize the debt discount through July 2010. For more information, see the Long-Term Debt footnote.

For the 2023 Notes, the effective interest rate and interest expense was as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
(dollar amounts in thousands)	**2010**	**2009**	**2010**	**2009**
Effective interest rate	8.8%	9.2%	9.0%	9.0%
Interest expense related to the coupon	$ 500	$ 844	$ 1,828	$ 2,853
Amortization of the discount	539	836	1,925	2,767
Amortization of deferred issuance costs	59	83	197	281
Total interest expense on the 2023 Notes	$ 1,098	$ 1,763	$ 3,950	$ 5,901

The cumulative effect of the adjustments prior to September 30, 2009 was recognized in the September 30, 2009 balance sheet as follows:

Balance Sheet	As of September 30, 2009		
(in thousands)	**As Reported**	**Change**	**As Adjusted**
Other Assets	$ 30,648	$ (1,516)	$ 29,132
All other assets	1,114,759	—	1,114,759
Total Assets	$ 1,145,407	$ (1,516)	$ 1,143,891
Notes payable & current portion of LT debt	$ 81,410	$ (2,820)	$ 78,590
All other liabilities	377,094	—	377,094
Total liabilities	458,504	(2,820)	455,684
Capital in excess of par value	420,749	18,094	438,843
Retained earnings	438,782	(16,790)	421,992
All other shareholders' equity	(172,628)	—	(172,628)
Total Shareholders' Equity	686,903	1,304	688,207
Total Liabilities and shareholders' equity	$ 1,145,407	$ (1,516)	$ 1,143,891

The prior year three and nine month periods have been adjusted as follows:

Statement of Operations (in thousands, except per share data)	Three Months Ending June 30, 2009 As Reported	Three Months Ending June 30, 2009 Change	Three Months Ending June 30, 2009 As Adjusted	Nine Months Ending June 30, 2009 As Reported	Nine Months Ending June 30, 2009 Change	Nine Months Ending June 30, 2009 As Adjusted
Income from operations	$ 7,872	$ —	$ 7,872	$ 8,731	$ —	$ 8,731
Other income (expense)						
Interest expense	(2,157)	(814)	(2,971)	(7,790)	(2,744)	(10,534)
Interest income	343	—	343	1,010	—	1,010
Gain from debt extinguishment, net	646	(462)	184	7,360	(2,872)	4,488
Other, net	1,174	—	1,174	617	—	617
Total other income (expense)	6	(1,276)	(1,270)	1,197	(5,616)	(4,419)
Income before taxes and discontinued operations	7,878	(1,276)	6,602	9,928	(5,616)	4,312
Provision (benefit) for income taxes	986	(473)	513	268	(2,035)	(1,767)
Income from continuing operations	6,892	(803)	6,089	9,660	(3,581)	6,079
Income from discontinued operations	49	—	49	701	—	701
Net income	$ 6,941	$ (803)	$ 6,138	$ 10,361	$ (3,581)	$ 6,780
Basic earnings per share						
Income from continuing operations	$ 0.12		$ 0.10	$ 0.17		$ 0.10
Discontinued operations	0.00		0.00	0.01		0.01
Net income	$ 0.12		$ 0.10	$ 0.18		$ 0.12
Diluted earnings per share						
Income from continuing operations	$ 0.12		$ 0.10	$ 0.17		$ 0.10
Discontinued operations	0.00		0.00	0.01		0.01
Net income	$ 0.12		$ 0.10	$ 0.18		$ 0.12

On December 21, 2009, the Company issued $100,000 aggregate principal amount of the 2017 Notes. The Company used 8.75% as the nonconvertible debt-borrowing rate to discount the 2017 Notes and will amortize the debt discount through January 2017. On the date of issuance, the debt component of the 2017 Notes was $75,437 and the debt discount was $24,563. At June 30, 2010, the 2017 Notes had an outstanding balance of $100,000, an unamortized discount balance of $23,197, a net carrying value of $76,803 and a capital in excess of par component balance, net of tax, of $15,720.

For the 2017 Notes, the effective interest rate and interest expense was as follows:

(dollar amounts in thousands)	Three Months Ended June 30, 2010	Nine Months Ended June 30, 2010
Effective interest rate	9.2%	9.2%
Interest expense related to the coupon	$ 1,000	$ 2,100
Amortization of the discount	650	1,366
Amortization of deferred issuance costs	108	215
Total interest expense on the 2017 Notes	$ 1,758	$ 3,681

NOTE 2 — FAIR VALUE MEASUREMENTS

Items Measured at Fair Value on a Recurring Basis

Each quarter, cash and equivalents and the deferred non-qualified retirement plan assets are measured and recorded at fair value based upon quoted prices in active markets for identical assets and liabilities. Life insurance contracts

were $4,612 at June 30, 2010 and $4,803 at September 30, 2009. Additionally, accounts receivable and accounts payable approximate fair value due to their short-term nature. Refer to the Long-Term Debt footnote for discussion on the fair value of long-term debt.

NOTE 3 — INVENTORIES

Inventories, stated at the lower of cost (first-in, first-out or average) or market, were comprised of the following:

(in thousands)	At June 30, 2010	At September 30, 2009
Raw materials and supplies	$ 37,141	$ 38,943
Work in process	61,790	66,741
Finished goods	48,347	33,486
Total	$ 147,278	$ 139,170

NOTE 4 — PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment were comprised of the following:

(in thousands)	At June 30, 2010	At September 30, 2009
Land, building and building improvements	$ 103,873	$ 110,617
Machinery and equipment	421,503	423,742
Leasehold improvements	29,956	23,390
	555,332	557,749
Accumulated depreciation and amortization	(328,391)	(321,730)
Total	$ 226,941	$ 236,019

No event or indicator of impairment occurred during the three and nine months ended June 30, 2010, which would require additional impairment testing of property, plant and equipment.

NOTE 5 — GOODWILL AND OTHER INTANGIBLES

The following table provides the changes in carrying value of goodwill by segment during the nine months ended June 30, 2010.

(in thousands)	At September 30, 2009	Other adjustments including currency translations	At June 30, 2010
Telephonics	$ 18,545	$ —	$ 18,545
Building Products	—	—	—
Plastics	79,112	(7,674)	71,438
Total	$ 97,657	$ (7,674)	$ 89,983

No event or indicator of impairment occurred during the three and nine months ended June 30, 2010, which would require impairment testing of goodwill.

The following table provides the gross carrying value and accumulated amortization for each major class of intangible asset:

(dollar amounts in thousands)	At June 30, 2010 Gross Carrying Amount	At June 30, 2010 Accumulated Amortization	Average Life (Years)	At September 30, 2009 Gross Carrying Amount	At September 30, 2009 Accumulated Amortization
Customer relationships	$ 25,721	$ 5,604	25	$ 30,650	$ 5,628
Unpatented technology	8,271	945	12	2,990	349
Total amortizable intangible assets	33,992	6,549	22	33,640	5,977
Trademark	590	—		590	—
Unpatented technology	—	—		5,958	—
Total intangible assets	$ 34,582	$ 6,549		$ 40,188	$ 5,977

An unpatented intangible asset with a gross carrying amount of $5,958 at October 1, 2009 was reclassified from indefinite lived to amortizable, as information became available that allowed a useful life to be determined; the intangible asset is being amortized over 10 years, its estimated useful life, with effect from October 1, 2009.

No event or indicator of impairment occurred during the three and nine months ended June 30, 2010, which would require additional impairment testing of long-lived intangible assets excluding goodwill.

NOTE 6 — INCOME TAXES

The Company's effective tax rate for continuing operations for the quarter ended June 30, 2010 was a provision of 28.3%, compared to 7.8% in the prior year. The 2009 quarter effective tax rate reflected the benefit from the reversal of $1,440 of previously established reserves related to uncertain tax positions due to the lapse of applicable statutes of limitation and certain tax planning initiatives, primarily with respect to foreign tax credits.

The Company's effective tax rate for continuing operations for the nine months ended June 30, 2010 was a provision of 12.6%, compared to a benefit of 41% in the prior year. The 2010 period reflected the benefit from the resolution of foreign income tax audits resulting in the release of $1,541 of tax and accrued interest from previously established reserves for uncertain tax positions, and the adjustment of tax liabilities on filing of applicable tax returns. The prior year benefited from tax planning, primarily with respect to foreign tax credits and reversal of $1,440 of previously established reserves related to uncertain tax positions due to the lapse of applicable statutes of limitation.

Excluding the above discrete period items, the effective tax rate on continuing operations for the quarter and nine months ended June 30, 2010 would have been a provision of 28.7% and 27.3%, respectively. The effective tax rate for the 2009 quarter and nine month period ended June 30, 2009, excluding the discrete period items, would have been a provision of 30.6% and 28.2%, respectively.

NOTE 7 — LONG-TERM DEBT

In June 2008, Building Products and Plastics entered into a credit agreement for their domestic operations with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, pursuant to which the lenders agreed to provide a five-year, senior secured revolving credit facility of $100,000 (the "CCA"). Borrowings under the CCA bear interest (3.0% average during the nine months ended June 30, 2010) at rates based upon LIBOR or the prime rate and are collateralized by the U.S. stock and assets of Building Products and Plastics. At June 30, 2010 and September 30, 2009, $21,064 and $35,925, respectively, were outstanding under the CCA; approximately $49,790 was available for borrowing at June 30, 2010. The Company has complied with all financial covenants under the CCA since its inception. The balance of the debt approximates its fair value as the interest rates are indexed to current market rates.

In March 2008, Telephonics entered into a credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, pursuant to which the lenders agreed to provide a five-year, revolving credit

facility of $100,000 (the "TCA"). Borrowings under the TCA bear interest (1.8% average during the nine months ended June 30, 2010) at rates based upon LIBOR or the prime rate and are collateralized by the stock and assets of Telephonics. At June 30, 2010 and September 30, 2009, $3,000 and $38,000, respectively, were outstanding under the TCA; approximately $91,600 was available for borrowing at June 30, 2010. The Company has complied with all financial covenants under the TCA since its inception. The balance of the debt approximates its fair value as the interest rates are indexed to current market rates.

The TCA and the CCA include various sublimits for standby letters of credit. At June 30, 2010, approximately $15,600 of aggregate standby letters of credit were outstanding under these credit facilities. Additionally, these agreements limit dividends and advances these subsidiaries may pay to the parent.

On December 21, 2009, the Company issued $100,000 of 2017 Notes. Holders may convert the 2017 Notes at a conversion price of $14.91 per share, which is equal to a conversion rate of 67.0799 shares per $1 principal amount of 2017 Notes. In lieu of delivering shares of its common stock, the Company may settle any conversion of the 2017 Notes through the delivery of cash or a combination of cash and shares of common stock. On June 30, 2010, the Company had outstanding $100,000 of the 2017 Notes, which had a fair value of approximately $100,000, based upon quoted market prices (level 1 inputs).

The Company had outstanding $49,998 of 2023 Notes at June 30, 2010. Holders may convert the 2023 Notes at a conversion price of $22.41 per share, as adjusted pursuant to the Company's 2008 common stock rights offering and subject to possible further adjustment, as defined therein, which is equal to a conversion rate of approximately 44.6229 shares per $1 principal amount of 2023 Notes. The Company has irrevocably elected to pay noteholders at least $1 in cash for each $1 principal amount of 2023 Notes presented for conversion. The excess of the value of the Company's common stock that would have been issuable upon conversion over the cash delivered will be paid to noteholders in shares of the Company's common stock. At June 30, 2010, the fair value was approximately $50,000, based upon quoted market price (level 1 inputs). The 2023 notes have been classified as Notes payable and current portion of long-term debt in the September 30, 2009 and June 30, 2010 balance sheets as it has been expected that the 2023 notes would be put to the Company as the stock price was below the conversion price. In July 2010, substantially all of the 2023 Notes were put to the Company at par and settled.

In January 2010, the Company purchased $10,145 face value of the 2023 Notes for $10,246. The Company recorded a pre-tax gain from debt extinguishment of $32, offset by $20 for a proportionate reduction in the related deferred financing costs for a net pre-tax gain of $12 in the second quarter of 2010. Capital in excess of par was reduced by $332 related to the equity portion of the extinguished 2023 Notes and the debt discount was reduced by $219.

In December 2009, the Company purchased $19,237 face value of the 2023 Notes for $19,429. The Company recorded a $26 pre-tax gain from debt extinguishment, offset by $44 for a proportionate reduction in the related deferred financing costs for a net pre-tax loss of $18 in the first quarter of 2010. Capital in excess of par value was reduced by $700 related to the equity portion of the extinguished 2023 Notes and the debt discount was reduced by $482.

In April 2009, the Company purchased $15,120 face value of the 2023 Notes for $14,341. The Company recorded a pre-tax gain from debt extinguishment of $252, offset by $75 for a proportionate reduction in the related deferred financing costs for a net pre-tax gain of $177 in the third quarter of 2009. Capital in excess of par value was reduced by $263 related to the equity portion of the extinguished 2023 Notes and the debt discount was reduced by $789.

In October 2008, the Company purchased $35,500 face value of the 2023 Notes for $28,400. The Company recorded a pre-tax gain from debt extinguishment of $4,549, offset by $245 for a proportionate reduction in the related deferred financing costs for a net pre-tax gain of $4,304 in the first quarter of 2009. No portion of the extinguishment was attributed to capital in excess in par and the debt discount was reduced by $2,544.

The Company had $79,380 and $130,000 of 2023 Notes outstanding at September 30, 2009 and 2008, respectively.

The Company's Employee Stock Ownership Plan has a loan agreement, guaranteed by the Company, which requires payment of principal and interest through the expiration date of September 2012 at which time the balance of the loan, and any outstanding interest, will be payable. The primary purpose of this loan and its predecessor loans, which were refinanced by this loan in October 2008, was to purchase 547,605 shares of the Company's common stock in October 2008. The loan bears interest at rates based upon the prime rate or LIBOR. The balance of the loan was $5,156 at June 30, 2010, and the outstanding balance approximates fair value as the interest rates are indexed to current market rates.

NOTE 8 — SHAREHOLDERS' EQUITY

During 2009, the Company granted 1,196,500 shares of restricted stock to employees, with 30 month to four year cliff vesting and a total fair value of $10,019, or a weighted average fair value of $8.37 per share. In addition, on October 1, 2008, the Company's Chief Executive Officer received a ten-year option to purchase 350,000 shares of common stock at an exercise price of $20 per share. The closing stock price on the date of grant was $9.00 per share and the grant vests in three equal annual installments beginning April 2009. The fair value of this option on the date of grant was $721 or $2.06 per share.

During the nine months ended June 30, 2010, the Company granted 464,700 shares of restricted stock to employees, with two to four-year cliff vesting, and a total fair value of $5,164, or a weighted average fair value of $11.11 per share.

The fair value of restricted stock and option grants is amortized over the respective vesting periods.

For the three months ended June 30, 2010 and 2009, stock based compensation expense totaled $1,512 and $1,201, respectively; for the nine months ended June 30, 2010 and 2009, such expense totaled $4,447 and $3,042, respectively.

NOTE 9 — EARNINGS PER SHARE (EPS)

Basic EPS was calculated by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted EPS was 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 shares. The 2023 Notes and the 2017 Notes were anti-dilutive due to the conversion price being greater than the weighted-average stock price during the periods presented.

The following table is a reconciliation of the share amounts (in thousands) used in computing earnings per share:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2010	2009	2010	2009
Weighted average shares outstanding - basic	59,018	58,700	58,944	58,673
Incremental shares from convertible notes	—	—	—	—
Incremental shares from stock based compensation	1,136	397	953	189
Weighted average shares outstanding - diluted	60,154	59,097	59,897	58,862
Anti-dilutive options excluded from diluted EPS computation	865	1,305	1,037	1,305

NOTE 10 — BUSINESS SEGMENTS

The Company's reportable business segments are as follows:

- Telephonics' high-technology engineering and manufacturing capabilities provide integrated information, communication and sensor system solutions to military and commercial markets worldwide.

- Building Products is a leading manufacturer and marketer of residential, commercial and industrial garage doors to professional installing dealers and major home center retail chains.

- Plastics is an international leader in the development and production of embossed, laminated and printed specialty plastic films used in a variety of hygienic, health-care and industrial applications.

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.

Business segment information is as follows:

GRIFFON CORPORATION
REVENUE, INCOME & OTHER DATA BY SEGMENT

(in thousands)	For the Three Months Ended June 30, 2010	For the Three Months Ended June 30, 2009	For the Nine Months Ended June 30, 2010	For the Nine Months Ended June 30, 2009
REVENUE				
Telephonics	$ 100,413	$ 94,126	$ 320,222	$ 271,520
Building Products	104,325	98,497	286,051	286,566
Plastics	122,288	94,762	339,887	307,720
Total consolidated net sales	$ 327,026	$ 287,385	$ 946,160	$ 865,806
INCOME BEFORE TAXES AND DISCONTINUED OPERATIONS				
Segment operating profit (loss):				
Telephonics	$ 9,783	$ 9,908	$ 27,400	$ 23,538
Building Products	2,406	639	5,553	(15,595)
Plastics	6,691	4,780	12,138	16,894
Total segment operating profit	18,880	15,327	45,091	24,837
Unallocated amounts*	(8,247)	(6,281)	(22,138)	(15,489)
Gain (loss) from debt extinguishment, net	—	184	(6)	4,488
Net interest expense	(3,679)	(2,628)	(10,124)	(9,524)
Income before taxes and discontinued operations	$ 6,954	$ 6,602	$ 12,823	$ 4,312

***Unallocated amounts typically include general corporate expenses not attributable to reportable segment.**

	For the Three Months Ended June 30, 2010	For the Three Months Ended June 30, 2009	For the Nine Months Ended June 30, 2010	For the Nine Months Ended June 30, 2009
DEPRECIATION AND AMORTIZATION				
Segment:				
Telephonics	$ 1,985	$ 1,620	$ 5,398	$ 4,650
Building Products	2,046	3,546	7,229	10,032
Plastics	5,027	5,239	16,473	16,248
Total segment	9,058	10,405	29,100	30,930
Corporate	91	88	257	474
Total consolidated depreciation and amortization	$ 9,149	$ 10,493	$ 29,357	$ 31,404
CAPITAL EXPENDITURES				
Segment:				
Telephonics	$ 4,021	$ 2,507	$ 10,388	$ 5,344
Building Products	2,428	1,145	8,886	4,839
Plastics	2,325	4,819	6,624	10,347
Total segment	8,774	8,471	25,898	20,530
Corporate	118	4	683	33
Total consolidated capital expenditures	$ 8,892	$ 8,475	$ 26,581	$ 20,563

	At June 30, 2010	At September 30, 2009
ASSETS		
Segment assets:		
Telephonics	$ 254,832	$ 271,809
Building Products	171,471	169,251
Plastics	360,128	364,626
Total segment assets	786,431	805,686
Corporate (principally cash and equivalents)	353,451	330,752
Total continuing assets	1,139,882	1,136,438
Assets from discontinued operations	6,700	7,453
Consolidated total	$ 1,146,582	$ 1,143,891

NOTE 11 — COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) was as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
(in thousands)	**2010**	**2009**	**2010**	**2009**
Net income	$ 4,968	$ 6,138	$ 11,292	$ 6,780
Foreign currency translation adjustment	(17,787)	18,486	(32,223)	(2,251)
Pension OCI amortization, net of tax	388	204	1,164	613
Comprehensive income (loss)	$ (12,431)	$ 24,828	$ (19,767)	$ 5,142

NOTE 12 — DEFINED BENEFIT PENSION EXPENSE

Defined benefit pension expense was recognized as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
(in thousands)	**2010**	**2009**	**2010**	**2009**
Service cost	$ 139	$ 112	$ 417	$ 335
Interest cost	907	1,056	2,721	3,168
Expected return on plan assets	(343)	(431)	(1,029)	(1,292)
Amortization:				
Prior service cost	84	84	252	252
Recognized actuarial loss	512	230	1,536	691
Net periodic expense	$ 1,299	$ 1,051	$ 3,897	$ 3,154

NOTE 13 — RECENT ACCOUNTING PRONOUNCEMENTS

Newly issued but not yet effective accounting pronouncements

In October 2009, the FASB issued new guidance on accounting for multiple-deliverable arrangements to enable vendors to account for products and services separately rather than as a combined unit. The guidance addresses how to separate deliverables and how to measure and allocate arrangement consideration to one or more units of accounting. The new guidance will be effective as of the beginning of the annual reporting period commencing after June 15, 2010, and will be adopted by the Company as of October 1, 2010. Early adoption is permitted. The Company is evaluating the potential impact, if any, of the adoption of the new guidance on its consolidated financial statements.

Recently issued effective accounting pronouncements

In December 2007, the FASB issued new accounting guidance related to the accounting for business combinations. The purpose of the new guidance is to better represent the economic value of a business combination transaction. The new guidance retains the fundamental requirement of existing guidance where the acquisition method of accounting is to be used for all business combinations and for an acquirer to be identified for each business combination. In general the new guidance: 1) broadens the existing guidance by extending its applicability to all events where one entity obtains control over one or more businesses; 2) broadens the use of the fair value measurements used to recognize the assets acquired and liabilities assumed; 3) changes the accounting for acquisition related fees and restructuring costs incurred in connection with an acquisition; and 4) increases required disclosures. The Company anticipates that adoption of the new guidance, effective for Griffon for any business combinations that occur after October 1, 2009, will have an impact on the way in which business combinations are accounted for; however, the impact can only be assessed as each acquisition is consummated.

In December 2007, the FASB issued new accounting guidance related to the accounting for noncontrolling interests in consolidated financial statements. The new guidance was issued to improve the relevance, comparability, and transparency of financial information provided to investors by requiring all entities to report noncontrolling (minority) interests in subsidiaries in the same way, that is, as equity in the consolidated financial statements. Moreover, the new guidance eliminates the diversity then existing in accounting for transactions between an entity and noncontrolling interests by requiring they be treated as equity transactions. This new guidance was effective for the Company as of October 1, 2009 and the adoption had no material effect on the Company's consolidated financial statements.

In March 2008, the FASB issued new guidance, which enhances required disclosures regarding derivatives and hedging activities, including enhanced disclosures regarding how: 1) an entity uses derivative instruments; 2) derivative instruments and related hedged items are accounted for; and 3) derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. This new guidance was effective for the Company as of October 1, 2009 and the adoption had no material effect on the Company's consolidated financial statements.

In April 2008, the FASB issued new guidance, which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset, and requires enhanced related disclosures. The new guidance must be applied prospectively to all intangible assets acquired as of and subsequent to years beginning after December 15, 2008, which for the Company was the fiscal year beginning October 1, 2009. The Company anticipates that adoption of the new guidance will impact the way in which newly acquired intangible assets are accounted for; however, such impact can only be assessed upon the acquisition of intangible assets.

NOTE 14 — DISCONTINUED OPERATIONS

The following amounts related to the Installation Services segment, discontinued in 2008, have been segregated from the Company's continuing operations and are reported as assets and liabilities of discontinued operations in the condensed consolidated balance sheets:

	At June 30, 2010		At September 30, 2009	
(in thousands)	Current	Long-term	Current	Long-term
Assets of discontinued operations:				
Prepaid and other current assets	$ 1,568	$ —	$ 1,576	$ —
Other long-term assets	—	5,132	—	5,877
Total assets of discontinued operations	$ 1,568	$ 5,132	$ 1,576	$ 5,877
Liabilities of discontinued operations:				
Accounts payable	$ 10	$ —	$ 13	$ —
Accrued liabilities	4,558	—	4,919	—
Other long-term liabilities	—	7,807	—	8,784
Total liabilities of discontinued operations	$ 4,568	$ 7,807	$ 4,932	$ 8,784

There was no Installation Services' operating unit revenue for the three and nine months ended June 30, 2010 and 2009.

NOTE 15 — RESTRUCTURING AND OTHER RELATED CHARGES

In June 2009, the Company announced plans to consolidate facilities in its Building Products segment, scheduled to be completed in early calendar 2011. The Company estimates it will incur pre-tax exit and restructuring costs approximating $11,000, substantially all of which will be cash charges, including $2,000 for one-time termination benefits and other personnel costs, $1,000 for excess facilities and related costs, and $8,000 in other exit costs primarily in connection with production realignment. These charges will occur primarily in 2010 and 2011. To date the Company has incurred approximately $5,000 in related charges.

A summary of the restructuring and other related charges, included in the line item “Restructuring and other related charges” in the Condensed Consolidated Statements of Operations recognized for the nine months ended June 30, 2010, the year ended September 30, 2009 and for each quarter therein, follows:

(in thousands)	Workforce Reduction	Facilities & Exit Costs	Other related Costs	Total
Amounts incurred in:				
Quarter ended December 31, 2008	$ —	$ —	$ —	$ —
Quarter ended March 31, 2009	—	—	—	—
Quarter ended June 30, 2009	37	—	1	38
Quarter ended September 30, 2009	170	672	360	1,202
Year ended September 30, 2009	$ 207	$ 672	$ 361	$ 1,240
Quarter ended December 31, 2009	$ 279	$ 694	$ 38	$ 1,011
Quarter ended March 31, 2010	124	775	321	1,220
Quarter ended June 30, 2010	94	819	576	1,489
Nine months ended June 30, 2010	$ 497	$ 2,288	$ 935	$ 3,720

At June 30, 2010, the accrued liability associated with the restructuring and other related charges consisted of the following:

(in thousands)	Workforce Reduction	Facilities & Exit Costs	Other related Costs	Total
Accrued liability at September 30, 2009	$ 207	$ —	$ —	$ 207
Charges	497	2,288	935	3,720
Payments	(214)	(2,288)	(935)	(3,437)
Accrued liability at June 30, 2010	$ 490	$ —	$ —	$ 490

NOTE 16 — OTHER INCOME

Other income included a loss of $610 and a gain of $353 for the quarters and losses of $776 and $521 for the nine months ended June 30, 2010 and 2009, respectively, of foreign exchange gains/losses in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of the Company and its subsidiaries.

NOTE 17 — WARRANTY LIABILITY

The Company offers its customers warranties against product defects for periods ranging from six months to three years, with certain products having a limited lifetime warranty, depending on the specific product and terms of the customer purchase agreement. The Company’s typical warranties require it to repair or replace the defective products during the warranty period at no cost to the customer. At the time product revenue is recognized the Company records an estimated liability for warranty costs based on historical experience. The Company periodically assesses the adequacy of its warranty liability, and adjusts the liability as necessary. While the Company believes that its liability for product warranties is adequate, actual warranty costs could differ materially from those estimated.

Changes in the warranty liability included in accrued liabilities were as follows:

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(in thousands)	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Nine Months Ended June 30, 2010	Nine Months Ended June 30, 2009
Balance, beginning of year	$ 4,760	$ 5,523	$ 5,707	$ 5,328
Warranties issued and changes in estimated pre-existing warranties	1,235	1,488	2,554	4,847
Actual warranty costs incurred	(1,153)	(1,268)	(3,419)	(4,432)
Balance, end of period	$ 4,842	$ 5,743	$ 4,842	$ 5,743

NOTE 18 — COMMITMENTS AND CONTINGENCIES

Legal and environmental

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

Subsequently, the Company was advised by the 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 then entered into a consent order with the DEC in 1996 (the "Consent Order") to perform a remedial investigation and prepare a feasibility study. After completing the initial remedial investigation pursuant to the Consent Order, ISC was required by the DEC to conduct, and conducted over the next several years, supplemental remedial investigations, including soil vapor investigations, under the Consent Order.

In April 2009, the DEC advised ISC's representatives that both the DEC and the New York State Department of Health had reviewed and accepted an August 2007 Remedial Investigation Report and an Additional Data Collection Summary Report dated January 30, 2009. With the acceptance of these reports, ISC completed the Remedial Investigation required under the Consent Order and was authorized, accordingly, by the DEC to conduct the Feasibility Study required by the Consent Order. Pursuant to the requirements of the Consent Order and its obligations thereunder, ISC, without acknowledging any responsibility to perform any remediation at the Site, submitted to the DEC in August 2009 a draft Feasibility Study which recommended for the soil, groundwater and sediment medias, remediation alternatives having a current net capital cost value, in the aggregate, of approximately $5,000. Thereafter, in a process that is still ongoing, ISC has submitted additional revised drafts of the Feasibility Study in response to comments received from the DEC.

U.S. Government investigations and claims

Defense contracts and subcontracts, including the Company's contracts and subcontracts, are subject to audit and review by various agencies and instrumentalities of the United States government, including among others, the Defense Contract Audit Agency, the Defense Contract Investigative Service and the Department of Justice which has responsibility for asserting claims on behalf of the U.S. government. In addition to ongoing audits, pursuant to an administrative subpoena, the Company is currently providing information to the U.S. Department of Defense Office of the Inspector General. No claim has been asserted against the Company, and the Company is unaware of any material financial exposure in connection with the Inspector General's inquiry.

In general, departments and agencies of the U.S. government have the authority to investigate various transactions and operations of Telephonics, and the results of such investigations may lead to administrative, civil or criminal proceedings, the ultimate outcome of which could be fines, penalties, repayments or compensatory or treble damages. U.S. government regulations provide that certain findings against a contractor may lead to suspension or debarment from future U.S. government contracts or the loss of export privileges for a company or an operating division or subdivision. Suspension or debarment could have a material adverse effect on Telephonics because of its reliance on government contracts.

General legal

The Company is subject to various laws and regulations relating to the protection of the environment and is a party to legal proceedings arising in the ordinary course of business. Management believes, based on facts presently

known to it, that the resolution of the matters above and such other matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

NOTE 19 — SUBSEQUENT EVENTS

In July 2010, Clopay Acquisition Corp. ("Clopay Acquisition"), an indirect whole-owned subsidiary of Clopay Corporation, which itself is a wholly-owned subsidiary of the Company, entered into a definitive agreement to acquire Ames True Temper, Inc. ("ATT") for total consideration of $542 million, subject to certain adjustments. ATT is the leading North American manufacturer and marketer of non-powered lawn and garden tool, wheelbarrows, and other outdoor work products to the retail and professional markets. The transaction, subject to certain regulatory approvals, is expected to close before September 30, 2010.

In July 2010, Clopay Corporation and Clopay Acquisition also entered into debt commitment letters with respect to a new $500 million term loan facility (the "Term Loan Facility") and a $150 million senior secured asset-backed revolving credit facility (the "ABL Facility"), the proceeds of which will be used in part to fund the acquisition of ATT, pay fees and expenses related to the acquisition and the financing, and repay the CCA. The assets of ATT, Plastics and Building Products will collateralize the Term and the ABL facilities; neither the Company nor Telephonics will guarantee these facilities. The ABL Facility is expected to be undrawn at closing of the ATT acquisition.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS OVERVIEW

Griffon Corporation (the "Company" or "Griffon"), is a diversified management and holding company that conducts business through wholly-owned subsidiaries. The Company oversees the operations of its subsidiaries, allocates resources among them and manages their capital structures. The Company provides direction and assistance to its subsidiaries in connection with acquisition and growth opportunities as well as in connection with divestitures. Griffon also seeks out, evaluates and, when appropriate, will acquire additional businesses that offer potentially attractive returns on capital to further diversify itself.

Headquartered in New York, N.Y., the Company was incorporated in New York in 1959, and was reincorporated in Delaware in 1970. The Company changed its name to Griffon Corporation in 1995.

Griffon currently conducts its operations through Telephonics Corporation ("Telephonics"), Clopay Building Products Company ("Building Products") and Clopay Plastic Products Company ("Plastics").

- Telephonics' high-technology engineering and manufacturing capabilities provide integrated information, communication and sensor system solutions to military and commercial markets worldwide.
- Building Products is a leading manufacturer and marketer of residential, commercial and industrial garage doors to professional installing dealers and major home center retail chains.
- Plastics is an international leader in the development and production of embossed, laminated and printed specialty plastic films used in a variety of hygienic, health-care and industrial applications.

QUARTERLY OVERVIEW

Revenue for the Company's third quarter ended June 30, 2010 was $327.0 million, compared to $287.4 million last year, with revenue increases achieved in all segments. Income from continuing operations was $5.0 million, or $0.08 per diluted share, for the 2010 quarter compared to income of $6.1 million, or $0.10 per diluted share, in the prior year quarter. The current quarter results included approximately $1.0 million, net of tax, or $0.02 per diluted share of restructuring charges associated with the consolidation of facilities at Building Products. Loss from discontinued operations for the 2010 quarter was $21 thousand or $0.00 per diluted share, compared to income of $49 thousand, or $0.00 per diluted share, last year. Net income for the third quarter of 2010 was $5.0 million, or $0.08 per diluted share, compared to income of $6.1 million, or $0.10 per diluted share, in the prior year.

On July 19, 2010, Clopay Acquisition entered into a definitive agreement to acquire ATT for a total consideration of $542 million, subject to certain adjustments. ATT is the leading North American manufacturer and marketer of non-powered lawn and garden tool, wheelbarrows, and other outdoor work products to the retail and professional markets. For the trailing twelve months ended July 3, 2010, ATT had $437 million of revenue and approximately $79 million in adjusted EBITDA, which is defined as net income plus income tax expense, interest expense, depreciation and amortization and excludes non-recurring gains.

On July 19, 2010, Clopay Corporation and Clopay Acquisition entered into a commitment letter with Goldman Sachs Lending Partners LLC (“GSLP”) for GSLP to arrange for the Term Loan Facility and the ABL Facility, the proceeds of which will be used in part to fund the acquisition of ATT, pay fees and expenses related to the acquisition and the financing, and refinance the CCA. The ABL Facility is expected to be undrawn at closing of the ATT acquisition. The assets of ATT, Plastics and Building Products will collateralize the Term Facility and ABL Facility; neither the Company nor Telephonics will guarantee these facilities. On July 26, 2010, Clopay Corporation and Clopay Acquisition, GSLP and J.P. Morgan Securities Inc. (“JP Morgan”) entered into an amended and restated commitment letter pursuant to which GSLP will act as sole lead arranger for the Term Loan Facility and JP Morgan will act as sole lead arranger for the ABL Facility.

RESULTS OF OPERATIONS

Three and nine months ended June 30, 2010 and 2009

The Company reviews its Segments excluding depreciation, amortization and restructuring charges to gain a better understanding of the operations and believes this information is useful to investors. The results of each Segment are accompanied by a reconciliation of Segment operating income to Segment income (loss) before depreciation, amortization and restructuring charges, as applicable.

Telephonics

	Three Months Ended June 30,				Nine Months Ended June 30,			
(dollar amounts in thousands)	2010		2009		2010		2009	
Revenue	$ 100,413		$ 94,126		$ 320,222		$ 271,520	
Segment operating income	9,783	9.7%	9,908	10.5%	27,400	8.6%	23,538	8.7%
Depreciation and amortization	1,985		1,620		5,398		4,650	
Segment Adjusted EBITDA	$ 11,768	11.7%	$ 11,528	12.2%	$ 32,798	10.2%	$ 28,188	10.4%

For the quarter ended June 30, 2010, Telephonics revenue increased $6.3 million, or 7%, compared to the prior year quarter. The revenue increase was primarily attributed to the CREW 3.1 Sierra Nevada Corporation contract.

For the quarter ended June 30, 2010, segment operating profit decreased $0.1 million, or 1%, and operating profit margin decreased 80 basis points from the prior year quarter primarily due to a greater concentration of CREW 3.1 sales recognized at a lower gross margin.

For the nine months ended June 30, 2010, revenue increased $48.7 million, or 18%, compared to the prior year. The revenue increase was attributed to growth in weather and search/rescue radar applications, and the CREW 3.1 contract.

For the nine months ended June 30, 2010, segment operating profit increased $3.9 million, or 16%, from the prior year driven by revenue growth. Segment gross margin improvement over the prior year period was offset by an increase in SG&A expenses, which was primarily due to higher research expenditures, and additional expense necessary to support sales growth.

During the quarter, Telephonics was awarded several new contracts and received incremental funding on current

contracts totaling $73 million. Contract backlog was $405 million at June 30, 2010 with 64% expected to be realized in the next 12 months. Backlog was $393 million at September 30, 2009 and $421 million at June 30, 2009.

During the quarter, Telephonics received official notification that it had been selected as the provider of the maritime surveillance radar system on the Fire Scout, the U.S. Navy's Vertical Take-off and Landing Unmanned Aerial Vehicle. This is expected to be a significant, long-term program.

Building Products

(dollar amounts in thousands)	Three Months Ended June 30, 2010		2009		Nine Months Ended June 30, 2010		2009	
Revenue	$ 104,325		$ 98,497		$ 286,051		$ 286,566	
Segment operating income (loss)	2,406	*2%*	639	*1%*	5,553	1.9%	(15,595)	*NM*
Depreciation and amortization	2,046		3,546		7,229		10,032	
Restructuring charges	1,489		38		3,720		38	
Segment Adjusted EBITDA	$ 5,941	5.7%	$ 4,223	*4%*	$ 16,502	5.8%	$ (5,525)	*NM*

For the quarter ended June 30, 2010, Building Products revenue increased $5.8 million or 6% compared to the prior year quarter. The increase was primarily due to higher residential door volume, partially offset by the continued effects of the weak commercial construction market.

For the quarter ended June 30, 2010, Segment operating income increased $1.8 million or 276% compared to the prior year quarter. The improved operating performance was driven by higher volume, associated plant absorption and lower product costs driven by the various restructuring activities undertaken in the past several quarters.

For the nine months ended June 30, 2010, Building Products revenue decreased $0.5 million, or 0.2%, compared to the prior year. The decrease was primarily due to the continued effects of the weak commercial construction market, amid stabilization in the housing market, partially offset by the favorable translation benefit from a weaker U.S. dollar.

For the nine months ended June 30, 2010, Segment operating income (loss) increased $21.1 million compared to the prior year. The improved operating performance, notwithstanding the decline in revenue, was primarily due to the same factors noted in the discussion of third quarter results.

The segment's facilities consolidation project remains on schedule with expected completion in early calendar 2011.

Plastics

(dollar amounts in thousands)	Three Months Ended June 30, 2010		2009		Nine Months Ended June 30, 2010		2009	
Revenue	$ 122,288		$ 94,762		$ 339,887		$ 307,720	
Segment operating income	6,691	5.5%	4,780	5.0%	12,138	3.6%	16,894	5.5%
Depreciation and amortization	5,027		5,239		16,473		16,248	
Segment Adjusted EBITDA	$ 11,718	9.6%	$ 10,019	10.6%	$ 28,611	8.4%	$ 33,142	10.8%

For the quarter ended June 30, 2010, Plastics revenue increased $27.5 million, or 29%, compared to the prior year quarter. The increase was primarily due to higher volume from new customer wins and expanded programs with existing customers as well as higher customer selling prices driven by the pass through of higher resin costs.

For the quarter ended June 30, 2010, Segment operating income increased by $1.9 million, or 40%, compared to the prior year quarter. The benefit of improved volume was partially offset by the negative impact of higher resin costs not yet passed through customers in the form of higher selling prices compared to the prior year quarter.

For the nine months ended June 30, 2010, Segment revenue increased $32.2 million, or 10%, compared to prior year. The increase was primarily due to higher unit volumes and the positive impact from foreign currency translation partially offset by the negative impact of higher resin costs.

For the nine months ended June 30, 2010, Segment operating profit decreased by $4.8 million, or 28%, compared to the prior year mainly due to the cost of resin which has rebounded from early calendar 2009 lows, increasing cost of sales; such increased costs were not yet reflected in higher customer selling prices, impacting margin. Plastics adjusts customer selling prices based on underlying resin costs, on a delayed basis.

Plastics continues to expand in foreign markets and increase its market share.

Unallocated Expenses

For the three and nine months ended June 30, 2010, unallocated expenses include approximately $0.3 and $1.7 million, respectively, of costs incurred in connection with evaluating various acquisition opportunities; there were no comparable expenses in the prior year periods.

Other income (expense)

In the first quarter of 2009, the Company recorded a non-cash, pre-tax gain from debt extinguishment of $4.3 million, net of a proportionate write-off of deferred financing costs, which resulted from its October 2008 purchase of $35.5 million of its outstanding convertible notes at a discount.

In the quarter ended June 30, 2010, interest expense increased $0.8 million from the prior year primarily as a result of higher borrowings; in the nine months ended June 30, 2010 interest expense was essentially flat with the prior year.

In the quarter and nine month period ended June 30, 2010, interest income decreased $0.3 million and $0.7 million, respectively, from the prior year, primarily as a result of lower interest rates.

Other, net in Other income (expense) included a loss of $0.6 million and a gain of $0.4 million for the three months and losses of $0.8 million and $0.5 million for the nine months ended June 30, 2010 and 2009, respectively, from foreign exchange losses in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of the Company and its subsidiaries.

Provision for income taxes

The Company’s effective tax rate for continuing operations for the quarter ended June 30, 2010 was a provision of 28.3%, compared to 7.8% in the prior year. The 2009 quarter effective tax rate reflected the benefit from the reversal of $1.4 million of previously established reserves related to uncertain tax positions due to the lapse of applicable statutes of limitation and certain tax planning initiatives, primarily with respect to foreign tax credits.

The Company’s effective tax rate for continuing operations for the nine months ended June 30, 2010 was a provision of 12.6%, compared to a benefit of 41% in the prior year. The 2010 period reflected the benefit from the resolution of foreign income tax audits resulting in the release of $1.5 million of tax and accrued interest from previously established reserves for uncertain tax positions, and the adjustment of tax liabilities on filing of applicable tax returns. The prior year benefited from tax planning, primarily with respect to foreign tax credits and reversal of $1.4 million of previously established reserves related to uncertain tax positions due to the lapse of applicable statutes of limitation.

Excluding the above discrete period items, the effective tax rate on continuing operations for the quarter and nine months ended June 30, 2010 would have been a provision of 28.7% and 27.3%, respectively. The effective tax rate for the 2009 quarter and nine month period ended June 30, 2009, excluding the discrete period items, would have been a provision of 30.6% and 28.2%, respectively.

Stock based compensation

For the quarters ended June 30, 2010 and 2009, stock based compensation expense totaled $1.5 million and $1.2 million, respectively. For the nine months ended June 30, 2010 and 2009, stock based compensation expense totaled $4.4 million and $3.0 million, respectively.

Discontinued operations — Installation Services

As a result of the downturn in the residential housing market, in 2008, the Company exited substantially all of the operating activities of its Installation Services segment, which sold, installed and serviced garage doors, garage door openers, fireplaces, floor coverings, cabinetry and a range of related building products primarily for the new residential housing market. Operating results of substantially all the Installation Services segment have been reported as discontinued operations for all periods presented herein, and the Installation Services segment is excluded from segment reporting.

The Company substantially concluded its remaining disposal activities in the second quarter of 2009. There was no revenue in the three and nine-month periods ended June 30, 2010 and 2009 as a result of the Company's exit from the segment in 2008.

Net income (loss) from discontinued operations of the Installation Services' business was ($21) thousand and $49 thousand for the three months ended and $0.1 million and $0.7 million for the nine months ended June 30, 2010 and 2009, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows from Continuing Operations (in thousands)	**Nine Months Ended June 30, 2010**	**2009**
Net Cash Flows Provided by (Used In):		
Operating activities	$ 48,194	$ 41,940
Investing activities	(27,621)	(20,893)
Financing activities	15,395	(42,929)

Cash flows provided by continuing operations for the nine months ended June 30, 2010 were $48.2 million compared to $41.9 million in the prior year period. Working capital increased to $520.1 million at June 30, 2010 compared to $471.3 million at September 30, 2009, primarily as a result of long-term borrowing of $100 million in December 2009, partially offset by debt reductions of $81 million. Operating cash flows from continuing operations were affected by an increase in accounts payable and accrued liabilities as well as an increase in inventories and accounts receivable. The increase in receivables and payables is primarily attributable to higher sales volumes in all segments.

Payments related to revenue derived from the Telephonics segment are received in accordance with the terms of development and production subcontracts to which the Company is a party; certain of these receipts are progress payments. Plastics customers are generally substantial industrial companies whose payments have been steady, reliable and made in accordance with the terms governing such sales. Plastics sales satisfy orders that are received in advance of production, and where payment terms are established in advance. With respect to Building Products, there have been no material adverse impacts on payment for sales.

A small number of customers account for a substantial portion of historical net revenue, and the Company expects that this will continue for the foreseeable future. Approximately 18% and 18% of consolidated revenue from continuing operations for the quarters ended June 30, 2010 and 2009, respectively, and 47% and 54% of Plastics sales for the quarters ended June 30, 2010 and 2009, respectively, were to Procter & Gamble Co. (P&G"). Approximately 18% and 20% of total revenue from continuing operations for the nine months ended June 30, 2010 and 2009, respectively, and 49% and 56% of Plastics sales for the nine months ended June 30, 2010 and 2009, respectively, were to P&G. The Home Depot, Inc. and Menards, Inc. are significant customers of Building Products, and Lockheed Martin Corporation and the Boeing Company are significant customers of Telephonics. Future operating results will continue to substantially depend on the success of the largest customers and the Company's relationships with them. Orders from these customers are subject to fluctuation and may be reduced materially. The loss of all or a portion of the sales volume from any one of these customers would have an adverse affect on the Company's liquidity and operations.

During the nine months ended June 30, 2010, the Company used cash for investing activities of continuing operations of $27.6 million compared to $20.9 million in the prior year period, primarily for capital expenditures. The Company expects capital spending to be in the range of $40 million to $45 million for the 2010 operating year.

During the nine months ended June 30, 2010, cash provided by financing activities totaled $15.4 million compared to cash used by financing activities of $42.9 million in the prior year period, increasing primarily due to the issuance of the $100 million principal of 4% convertible subordinated notes on December 21, 2009, due 2017 (the "2107 Notes").

Cash and Equivalents, and Debt (in thousands)	**At June 30, 2010**	**At September 30, 2009**
Cash and equivalents	$ 351,633	$ 320,833
Notes payables and current portion of long-term debt	51,892	78,590
Long-term debt, net of current maturities	123,874	98,394
Debt discount	23,280	2,820
Total debt, excluding debt discount	199,046	179,804
Cash and equivalents, net of debt, excluding debt discount	**$ 152,587**	**$ 141,029**

At June 30, 2010, $21.1 million was outstanding under the CCA, a five-year, $100 million senior secured revolving credit facility; approximately $49.8 million was available to borrow under the facility. As discussed above, upon closing the ATT acquisition, the CCA is expected to be amended and expanded with the amended agreement collateralized by the combined assets of Clopay and ATT.

At June 30, 2010, $3 million was outstanding under the Telephonics Credit Agreement ("TCA"), a five-year, $100 million senior secured revolving credit facility; approximately $91.6 million was available to borrow under the facility.

The CCA and the TCA include various sublimits for standby letters of credit. At June 30, 2010, there were approximately $15.6 million of aggregate standby letters of credit outstanding under these facilities. These agreements limit dividends and advances that these subsidiaries may pay to the Company. The agreements permit the payment of income taxes, overhead and expenses, with dividends or advances in excess of these amounts limited based on (a) with respect to the CCA, maintaining certain minimum availability under the loan agreement or (b) with respect to the TCA, compliance with certain conditions and limited to an annual maximum.

At June 30, 2010, the Company complied with the covenants under its respective credit facilities, and expects to remain in compliance for the reasonably foreseeable future. The CCA provides for credit availability primarily based on working capital assets and imposes one ratio compliance requirement, which becomes operative only in the event that utilization of that facility were to reach a defined level significantly beyond the June 30, 2010 level. The TCA is a "cash flow based" facility and compliance with required ratios at June 30, 2010 was well within the parameters set forth in that agreement. Further, the covenants within such credit facilities do not materially affect

the Company's ability to undertake additional debt or equity financing for Griffon, the parent company, as such credit facilities are at the subsidiary level and are not guaranteed by Griffon. The debt balances under these credit facilities approximate fair values, as the interest rates are indexed to current market rates.

On December 21, 2009, the Company issued the 2017 Notes - $100 million principal of 4% convertible subordinated notes due 2017. The initial conversion rate of the 2017 Notes was 67.0799 shares of Griffon's common stock per $1,000 principal amount of notes, corresponding to an initial conversion price of approximately $14.91 per share. This represents a 23% conversion premium over the $12.12 per share closing price on December 15, 2009. The outstanding balance of these notes on June 30, 2010 was $100 million and the fair value was approximately $100 million, based on quoted market price (level 1 inputs).

The Company had $50 million outstanding of 4% convertible subordinated notes due 2023 (the "2023 Notes") at June 30, 2010. Holders of the 2023 Notes may require the Company to repurchase all or a portion of their 2023 Notes on July 18, 2010, 2013 and 2018, if the Company's common stock price is below the conversion price of the 2023 Notes, as well as upon a change in control. The Company anticipated that noteholders would require the Company to repurchase their outstanding 2023 Notes on the earliest of these dates. As such, these notes have been included in notes payable and current portion of long-term debt in the September 30, 2009 and June 30, 2010 balance sheets as it has been expected that the notes would be put to the Company as the stock price was below the conversion price. At June 30, 2010, the fair value approximated $50 million, based on quoted market price (level 1 inputs). In July 2010, substantially all of the 2023 Notes were put to the Company at par and settled.

In January 2010, the Company purchased $10.1 million face value of the 2023 Notes for $10.2 million. The Company recorded a pre-tax gain from debt extinguishment of $32 thousand, offset by $20 thousand for a proportionate reduction in the related deferred financing costs for a net pre-tax gain of $12 thousand. Capital in excess of par was reduced by $0.3 million related to the equity portion of the extinguished 2023 Notes and the debt discount was reduced by $0.2 million.

In December 2009, the Company purchased $19.2 million face value of the 2023 Notes for $19.4 million. Including a proportionate reduction in the related deferred financing costs, the Company recorded an immaterial net pre-tax loss on the extinguishment in the first quarter of 2010. Capital in excess of par value was reduced by $0.7 million related to the equity portion of the extinguished 2023 Notes and the debt discount was reduced by $0.5 million.

In April 2009, the Company purchased $15.1 million face value of the 2023 Notes for $14.3 million. The Company recorded a pre-tax gain from debt extinguishment of $0.3 million, offset by $0.1 million for a proportionate reduction in the related deferred financing costs for a net pre-tax gain of $0.2 million in the third quarter of 2009. Capital in excess of par value was reduced by $0.3 million related to the equity portion of the extinguished 2023 Notes and the debt discount was reduced by $0.8 million.

In October 2008, the Company purchased $35.5 million face value of the 2023 Notes for $28.4 million. The Company recorded a pre-tax gain from debt extinguishment of $4.6 million, offset by $0.3 million for a proportionate reduction in the related deferred financing costs for a net pre-tax gain of $4.3 million in the first quarter of 2009. No portion of the extinguishment was attributed to capital in excess of par value and the debt discount was reduced by $2.5 million.

The Company had $79.4 million and $130 million of 2023 Notes outstanding at September 30, 2009 and 2008, respectively.

Approximately 1.4 million shares of common stock are available for purchase pursuant to the Company's stock buyback program and additional purchases, including pursuant to a 10b5-1 plan, may be made, depending upon market conditions and other factors, at prices deemed appropriate by management.

The Company's Employee Stock Ownership Plan has a loan agreement, guaranteed by the Company,

which requires payments of principal and interest through the expiration date of September 2012 at which time the $3.9 million balance of the loan, and any outstanding interest, will be payable. The primary purpose of this loan and its predecessor loans, which were refinanced by this loan in October 2008, was to purchase 547,605 shares of the Company's common stock in October 2008. The loan bears interest at rates based upon the prime rate or LIBOR. The balance of the loan was $5.2 million at June 30, 2010, and the outstanding balance approximates fair value, as the interest rates are indexed to current market rates.

In June 2009, the Company announced plans to consolidate facilities in its Building Products segment scheduled to be completed in early 2011. When completed, the Company expects annual cost savings of $10 million. The Company estimates that it will incur pre-tax exit and restructuring costs approximating $11 million, substantially all of which will be cash charges, including $2 million for one-time termination benefits and other personnel costs, $1 million for excess facilities and related costs and $8 million in other exit costs primarily in connection with production realignment. In addition, the Company expects to make an investment in capital expenditures of $11 million in order to complete the restructuring plan. These charges and investments will occur primarily in 2010 and 2011. To date the Company has incurred $5.0 million in related charges and made capital investments of $8.9 million.

The Company substantially concluded its remaining disposal activities for the Installation Services business, discontinued in 2008, in the second quarter of 2009 and does not expect to incur significant expense in the future. Future net cash outflows to satisfy liabilities related to disposal activities accrued at June 30, 2010 are estimated to be $3.0 million. Certain of the Company's subsidiaries are also contingently liable for approximately $2.0 million related to certain facility leases with varying terms through 2012 that were assigned to the respective purchasers of certain of the Installation Services businesses. The Company does not believe it has a material exposure related to these contingencies.

Anticipated cash flows from operations, together with existing cash and cash equivalents, bank lines of credit and lease line availability, are expected to be adequate to finance presently anticipated working capital and capital expenditure requirements and to repay long-term debt as it matures. The Company expects to use $96 million of its and Clopay's cash, together with the proceeds from the new Term Loan Facility, to fund the ATT acquisition, pay fees and expenses related to the acquisition and financing, and pay down the CCA.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's consolidated financial statements in conformity with GAAP requires the Company to make estimates and judgments that affect reported amounts of assets, liabilities, sales and expenses, and the related disclosures of contingent assets and contingent liabilities at the date of the financial statements. The Company evaluates these estimates and judgments on an ongoing basis and base the estimates on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities, as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. The Company's actual results may materially differ from these estimates. There have been no changes in the Company's critical accounting policies from September 30, 2009.

The Company's significant accounting policies and procedures are explained in the Management Discussion and Analysis section in the Annual Report on Form 10-K for the year ended September 30, 2009. In the selection of the critical accounting policies, the objective is to properly reflect the financial position and results of operations for each reporting period in a consistent manner that can be understood by the reader of the financial statements. The Company considers an estimate to be critical if it is subjective and if changes in the estimate using different assumptions would result in a material impact on the financial position or results of operations of the Company.

RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board issues, from time to time, new financial accounting standards, staff positions and emerging issues task force consensus. See the Notes to Condensed Consolidated Financial Statements for a discussion of these matters.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements other than statements of historical fact, 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. Without limiting the generality of the foregoing, in some cases you can identify forward-looking statements by terminology such as "may," "will," "should," "would," "could," "anticipate," "believe," "estimate," "expect," "plan," "intend" or the negative of these expressions or comparable terminology. Such forward-looking statements involve important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statements. These risks and uncertainties include, among others: general domestic and international business, financial market and economic conditions; the credit market; the housing market; results of integrating acquired businesses into existing operations; the results of the Company's restructuring and disposal efforts; competitive factors; pricing pressures for resin and steel; capacity and supply constraints; the Company's ability to identify and successfully consummate and integrate value-adding acquisition opportunities; and the ability of the Company to remain in compliance with the covenants under its respective credit facilities. Additional important factors that could cause the statements made in this Quarterly Report on Form 10-Q or the actual results of operations or financial condition of the Company to differ are discussed under the caption "Forward-Looking Statements" in the Company's Form 10-K Annual Report for the year ended September 30, 2009. Some of the factors are also discussed elsewhere in this Quarterly Report on Form 10-Q and have been or may be discussed from time to time in the Company's filings with the U.S. Securities and Exchange Commission. Readers are cautioned not to place undue reliance on the Company's 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 3 - 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 is required to be disclosed.

Item 4 - Controls and Procedures

Under the supervision and with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), the Company's disclosure controls and procedures were evaluated as of the end of the period covered by this report. Based on that evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures were effective.

During the period covered by this report, there were no changes in the Company's internal control over financial reporting which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on the Effectiveness of Controls

The Company believes that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all controls issues and instances of fraud, if any, within a company have been detected. The Company's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and the Company's CEO and CFO have concluded that such controls and procedures are effective at the "reasonable assurance" level.

PART II - OTHER INFORMATION

Item 1 **Legal Proceedings**

None

Item 1A **Risk Factors**

In addition to the other information set forth in this report, carefully consider the factors discussed in Item 1A to Part I in the Company's Annual Report on Form 10-K for the year ended September 30, 2009, which could materially affect the Company's business, financial condition or future results. The risks described in the Company's Annual Report on Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company's business, financial condition and/or operating results.

In July 2010, Clopay Corporation and Clopay Acquisition Corp. entered into a definitive agreement to acquire Ames True Temper, Inc. ("ATT") for total consideration of $542 million, subject to certain adjustments. In July 2010, Clopay Corporation and Clopay Acquisition Corp. also entered into debt commitment letters with respect to a new $500 million term loan facility and $150 million asset-backed revolving credit facility, the proceeds of which will be used in part to fund the acquisition of ATT, pay fees and expenses related to the acquisition and the financing, and repay the Clopay Credit Agreement. The acquisition is subject to certain conditions such as antitrust clearance.

We will face risks commonly encountered with a substantial acquisition and related financing including:

- We may have failed to identify material problems and liabilities in our due diligence review;
- We may fail to successfully integrate certain aspects of the operations, administration functions and personnel of ATT;
- We have a lean corporate senior management team which could be distracted by the time and commitment required in connection with the integration of ATT;
- Risks associated with expanding into new geographic regions such as the Far East and Australia, including new business cultures and new regulatory environments;
- We may fail to maintain good relationships with employees, suppliers and customers of ATT following the change in ownership;
- The lenders under the debt commitment letters could exercise the customary "market flex" terms contained therein if needed to syndicate the loans, which could result in higher interest rates and other financing terms less favorable to the Company; and
- The additional indebtedness we will incur to fund the acquisition of ATT could adversely affect our liquidity and financial stability.

Item 2 **Unregistered Sales of Equity Securities and Use of Proceeds**

None

Item 3 **Defaults upon Senior Securities**

None

Item 4 **[Removed and Reserved]**

Item 5 **Other Information**

None

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Item 6 **Exhibits**

Exhibit 10.1 – Offer Letter Agreement dated April 27, 2010 between the Company and Seth L. Kaplan (attached hereto).
Exhibit 10.2 – Severance Agreement dated April 27, 2010 between the Company and Seth L. Kaplan (attached hereto).
Exhibit 31.1 – Certification pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto).
Exhibit 31.2 – Certification pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto).
Exhibit 32 – Certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (attached hereto).

SIGNATURES

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

GRIFFON CORPORATION

/s/ Douglas J. Wetmore
Douglas J. Wetmore
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Brian G. Harris
Brian G. Harris
Chief Accounting Officer
(Principal Accounting Officer)

Date: August 2, 2010

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Exhibit 10.1

Griffon Corporation
712 Fifth Avenue, 18th Floor
New York, New York, 10019

April 27, 2010

Mr. Seth L. Kaplan
c/o Griffon Corporation
712 Fifth Avenue, 18th Floor
New York, NY 10036

RE: Offer of Employment

Dear Seth:

On behalf of Griffon Corporation (the "Company"), I am pleased to offer you the position of Senior Vice-President, General Counsel and Secretary of the Company. During your employment as Senior Vice-President, General Counsel and Secretary of the Company you will (i) be responsible for, and, along with the Company's Chief Executive Officer, have authority over, the Company's legal functions, and (ii) have such other duties and responsibilities as are assigned to you by the Company's Chief Executive Officer or the Company's Board of Directors (not inconsistent in any significant respect with the duties and responsibilities typically assigned to the general counsel of a publicly-traded corporation). You will faithfully devote all of your business time to the performance of such duties. You will report solely and directly to the Company's Chief Executive Officer or his designees. Your employment will commence on or about May 17, 2010 (the "Start Date").

Compensation

The base salary offered by the Company is $312,500 per annum while you are employed by the Company, subject to increase, in the sole discretion of the Compensation Committee of the Company's Board of Directors (the "Committee") upon review of your performance by the Company's Chief Executive Officer and the Committee on the six-month anniversary of the Start Date. The Committee will also conduct periodic performance reviews thereafter, and may increase your base salary in its sole discretion. For each fiscal year ended during your period of employment, you will be eligible to receive a performance based bonus as determined by the Committee having (i) a target bonus opportunity equal to up to fifty percent (50%) of your base salary based upon the achievement of target performance objectives; and (ii) a maximum bonus opportunity equal to up to one hundred percent (100%) of your base salary based upon the achievement of superior performance objectives, in all cases as established and certified by the Committee in accordance with the Company's 2006 Performance Bonus Plan or another plan or plans providing you annual award opportunities; provided that, with respect to the partial fiscal year commencing on your Start Date and ending September 30, 2010, your performance-based bonus will be appropriately pro-rated based on the number of days in such fiscal year during which you were

employed by the Company. Such performance based bonus will be paid at the time the Company pays its officers annual bonuses for the fiscal year, but no later than 75 days after the fiscal year end.

Contingent upon the approval of the Committee, you will receive a grant of 40,000 restricted shares of the Company's common stock (the "Restricted Stock Award"), as soon as administratively feasible upon your commencement of employment. The Restricted Stock Award will be subject to the terms of the Company's 2006 Equity Incentive Plan. The Restricted Stock Award will cliff vest in full on the fourth (4th) anniversary of the date of grant, provided that you are then still employed by the Company or, if earlier, upon your termination of employment with the Company without "Cause" or for "Good Reason," as such terms are defined in the Severance Agreement between you and the Company, dated April 27, 2010, a copy of which is attached hereto as Exhibit A (the "Severance Agreement"). In addition, notwithstanding the foregoing, in the event of your termination of employment due to "Disability," as defined in the Severance Agreement, a pro-rata portion of the Restricted Stock Award will vest in a percentage equal to the number of days worked by you from the grant date until your Disability termination date over 1,460. The award agreement for the Restricted Stock Award shall permit you to satisfy your tax withholding obligations by having the Company withhold a sufficient number of shares to satisfy such obligations. Additionally, during your period of employment you will be eligible to receive subsequent annual grants of restricted stock and/or other equity-based awards, in the amount, type and frequency determined by the Committee in its sole discretion. It is expected that senior management will recommend to the Committee that any such subsequent annual equity grant or grants be at the same percentage of base salary as provided to other senior executives from time to time (currently valued at approximately 125% of base salary). However, the Committee (and the Company) reserves the right to grant a higher or lower value or amount to you in its sole discretion (regardless of the value or amount granted to other senior executives), taking into account corporate performance, individual performance and other relevant developments or considerations.

During your employment, all your reasonable business expenses incurred in connection with the performance of your duties shall be reimbursed by the Company, in accordance with Company policies. During your employment, the Company will provide you with an automobile allowance sufficient to cover the expenses attributable to a mid-size luxury automobile, including, without limitation, lease cost, insurance, maintenance and parking. To the extent any right to reimbursements or in-kind benefits hereunder constitutes "non-qualified deferred compensation" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), (i) all such reimbursements shall be made as soon as practicable, but no later than the last day of the taxable year following the taxable year in which the related expenses were incurred, (ii) no such right shall be subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

During your employment, you will receive four (4) weeks of paid vacation per annum, to be taken in accordance with Company policies. In addition, the Company will use commercially best efforts to provide you with term life insurance coverage, commencing no later than the sixtieth (60th) day after your Start Date, with a face amount equal to three (3) times your base salary. The Company's obligation to obtain such coverage shall be subject to your submitting to a physical examination, if required, and otherwise cooperating with the underwriting process. Subject to the above, the Company (i) will apply for this insurance no later than fifteen (15) days after your Start Date and (ii) such coverage shall continue during your employment with the Company.

Finally, during your employment, you will be eligible to participate in all welfare benefit plans and tax-qualified retirement plans of the Company as are generally available to the Company's other similarly situated executives in accordance with, and subject to, the terms and provisions of such plans and programs, including, without limitation, profit-sharing plans, savings and similar plans, accidental death and dismemberment insurance, travel accident insurance, hospitalization insurance, surgical insurance, major medical insurance, dental and vision insurance, short-term and long-term disability insurance, sick leave, holidays and any other employee benefit plans and programs that may be sponsored by the Company from time to time. You acknowledge and agree that, during such time as the Severance Agreement is in effect, you are not entitled to receive payments or benefits under any severance plan, program or arrangement of the Company, other than the payments or benefits you may become entitled to receive under the Severance Agreement.

Certain Excise Taxes

In the event of a change of control of the Company during your period of employment, anything in this offer letter or the Severance Agreement to the contrary notwithstanding, in the event it shall be determined that any payment, benefit or distribution by, to or for the benefit of you, whether made under this offer letter, the Severance Agreement or otherwise (a "Payment") would be subject to the excise tax imposed by Code Section 4999 or any like or successor section thereto (the "Excise Tax") and if the net-after tax amount (taking into account all applicable taxes payable by you, including any Excise Tax) that you would receive with respect to such Payments does not exceed the net-after tax amount you would receive if the amount of such Payments was reduced to the maximum amount which could otherwise be payable to you without the imposition of the Excise Tax, then, to the extent necessary to eliminate the imposition of the Excise Tax, such Payments shall be reduced in the following order, (i) first, any future cash Payments (if any) shall be reduced (if necessary, to zero); (ii) second, any current cash Payments shall be reduced (if necessary, to zero); (ii) third, all non-cash Payments (other than equity or equity derivative related payments) shall be reduced (if necessary, to zero); and (iv) fourth, all equity or equity derivative payments shall be reduced.

Restrictive Covenants

Upon your acceptance of this offer of employment, and in consideration of the benefits provided hereunder and under the Severance Agreement, you agree to the following restrictive covenants.

Confidentiality. You agree that at all times during your term of employment with the Company and at all times thereafter (except as otherwise required by applicable law, regulation or legal process) you shall hold in strictest confidence and not use for your own benefit or the benefit of any other person, and not disclose to any person without authorization from the Company, any Confidential Information. "Confidential Information" means any and all confidential or proprietary business information of the Company or its affiliates, including, without limitation, information relating to the Company's or its affiliates' trade secrets, software and technology architecture, networks, business methodologies, facilities, financial and operational information, contracts, customer lists, marketing or sales prospect lists, "know how," and all copies, reproductions, notes, analyses, compilations, studies, interpretations, summaries and other documents in connection with the foregoing. Confidential Information does not include any information which (i) is or becomes publicly known or available other than as a result of wrongful disclosure by you, (ii) becomes available to you on a non-confidential basis

from a source which, to your knowledge, is not prohibited from disclosing such Confidential Information to you, or (iii) is generally known in the industry in which the Company or its affiliates operate and pertains to activities or business not specific to the Company or its affiliates. Additionally, you will deliver promptly to the Company upon any termination of your employment, all agreements, memoranda, notes, records, reports and other documents (and all copies thereof) relating to the Company's business and all other property of the Company, which you may then possess or have under your control other than publicly available documents.

Non-Solicitation of Employees. During your period of employment and for the eighteen (18) month period following any termination of your employment (the "Non-Solicit Period"), you will not, for any reason, solicit, assist or encourage the solicitation of, employ or engage the services of any person who was a full-time employee ("Employee") of, or independent contractor ("Independent Contractor") to, the Company at the date of such termination or within six (6) months prior thereto to work for you or for any entity with which you are affiliated. For this purpose, the term "solicit" will mean contacting, or providing information to others who may reasonably be expected to contact, any Employee or Independent Contractor regarding such Employee's or Independent Contractor's interest in seeking employment with an entity other than (i) the Company or (ii) an entity affiliated with the Company.

Non-Solicitation of Customers/Non-Interference with Vendors. During your period of employment and the Non-Solicit Period, you will not, for any reason, solicit or encourage any vendor, Customer or Prospective Customer to cease any relationship with the Company or any of its affiliates, or service in any way any Customer or Prospective Customer. For this purpose, the term "solicit" will mean contacting, or providing information to others who may reasonably be expected to contact, any such vendor, Customer or Prospective Customer regarding such Customer or Prospective Customer's interest in receiving your services or the services of any entity with which you are affiliated or the cessation of any such relationship. The term "Customer" will mean all persons for whom the Company maintains an active account or file in the active records of the Company, or for whom the Company has otherwise performed or performs any services or provided products within the twelve (12) month period preceding your termination of employment. The term "Prospective Customer" means those persons and entities who have been approached by or on behalf of the Company to become a customer or who have been entered into the internal records of the Company as a prospective or potential customer.

Non-Compete. You expressly covenant and agree that during your period of employment and the Non-Solicit Period, you will not directly or indirectly, own, manage, operate, join, control, receive compensation or benefits from, or participate in the ownership, management, operation, or control of, or be employed or be otherwise connected in any manner with, any business which directly or indirectly competes in any material respect with any of the businesses of the Company or any of its affiliates, as conducted or planned by the Company or any affiliate during your employment.

Non-Disparagement. You agree that, during your period of employment and thereafter, you will not defame, disparage or publicly criticize the Company and/or its affiliates and/or management to any person or entity. In addition, you will not speak in a negative or disparaging manner about the Company and/or its affiliates and/or management or its business, to the media, whether electronic, print or otherwise, without the prior written approval of the Company. Nothing herein, however, will prohibit you from making truthful statements to the extent legally compelled or otherwise required by applicable laws or governmental regulations or judicial or regulatory proceedings.

Remedy for Breach. You acknowledge and agree that the restrictions set forth in this section (titled "Restrictive Covenants"), including the protection of the Company's Confidential Information and the prohibitions against competition and solicitation, are critical and necessary to protect the Company's legitimate business interests; are reasonably drawn to this end with respect to duration, scope, and otherwise; are not unduly burdensome; are not injurious to the public interest; and are supported by adequate consideration. You also acknowledge and agree that, in the event that you breach any of these restrictions, the Company could suffer immediate, irreparable injury and will, therefore, be entitled to seek injunctive relief, in addition to any other damages to which it may be entitled. In the event of any dispute, claim or cause of action arising out of this offer letter or the Severance Agreement, the losing party shall reimburse the prevailing party for the costs and reasonable attorneys' fees incurred by the prevailing party in connection with such dispute, claim or cause of action.

Severability; Modification. You acknowledge that the restrictive covenants contained in this offer letter and in the Severance Agreement are reasonable and valid in geographical and temporal scope and in all other respects. If any arbitrator or court of competent jurisdiction determines that any such restrictive covenants, or any part of any of them, is invalid or unenforceable, the remainder of such covenants and parts thereof shall not thereby be affected and shall be given full effect, without regard to the invalid portion. If any arbitrator or court determines that any of such covenants, or any part thereof, is invalid or unenforceable because of the geographic or temporal scope of such provision, such arbitrator or court shall reduce such scope to the extent necessary to make such covenants valid and enforceable.

Representation

In accepting this offer, you represent and warrant to the Company that your execution of this offer letter and the performance of your obligations hereunder and under the Severance Agreement will not breach or be in conflict with any other agreement to which you are a party or by which you are otherwise bound. You further represent and warrant that you are not currently subject to any covenants against competition or similar covenants or any court order that could preclude or otherwise affect the performance of your duties and obligations hereunder and under the Severance Agreement.

Arbitration

You agree that any disputes arising under this offer letter, the Severance Agreement or in connection with the terms of your employment with the Company will be resolved by binding arbitration to be held in New York, New York in accordance with the rules and procedures of the American Arbitration Association then in effect; provided, however, that the Company may bring an action in any court of law or equity to specifically enforce any confidentiality, non-compete, non-interference, non-disparagement or non-solicitation covenant. Judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction. The fees charged by the American Arbitration Association in connection with commencing the arbitration will be borne equally by you and the Company.

Withholding/Taxes

You will be solely responsible for any applicable federal, state, local or other taxes, resulting from any taxable income paid to you hereunder or otherwise by the Company, including without limitation any taxes imposed under Code Section 409A or Code Section 4999. Notwithstanding the foregoing, the Company shall be entitled to withhold from any payments made to you hereunder, and to

report to appropriate federal, state and local taxing authorities, all amounts required to be withheld or reported.

Employment At-Will

This offer letter is not meant to constitute a contract of employment for a specific term. Employment with the Company is at-will. This means that, if you accept this offer, both you and the Company will retain the right to terminate your employment at any time, with or without notice or cause, except as otherwise expressly provided in the Severance Agreement. To enable us to appropriately transition your work, however, we do ask that you provide us one month's notice if you decide to resign.

Governing Law

This offer letter shall be governed by and construed in accordance the laws of the State of New York without reference to its principles of conflicts of law.

Assignability; Binding Nature

This offer letter shall be binding upon and inure to the benefit of the parties and their respective successors, heirs (if applicable) and assigns. No rights or obligations of the parties under this offer letter may be assigned without the consent of both parties, except by will or the laws of descent and distribution.

Entire Agreement

Except to the extent otherwise provided herein, this offer letter, together with the Severance Agreement, contains the entire understanding and agreement between the parties concerning the subject matter hereof and supersedes any prior agreements, whether written or oral, between the parties concerning the subject matter hereof. Unless otherwise expressly determined by the Company's Board of Directors or the Committee in its sole discretion after the Start Date, so long as the Severance Agreement is in effect, payments and benefits provided under this offer letter and under the Severance Agreement are in lieu of any payments or other benefits under any severance program or policy of the Company to which you would otherwise be entitled.

Amendment or Waiver

No provision in this offer letter may be amended unless such amendment is agreed to in writing and signed by both you and an authorized officer of the Company. No waiver by either party of any breach by the other party of any condition or provision contained in this offer letter to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by the party to be charged with the waiver.

Survival

The respective rights and obligations of the parties hereunder shall survive the termination of this offer letter, and the termination of your employment with the Company for any reason, to the extent

necessary to enforce the rights and obligations of the parties following any such termination as set forth in this offer letter.

* * * * * * * * * *

This offer letter is contingent upon a satisfactory background check and receipt by the Company of this offer letter countersigned by you. Please return the signed offer letter to the Company in the enclosed self-addressed envelope no later than the Start Date.

If you have any questions or concerns please do not hesitate to contact me. We look forward to welcoming you to the Griffon Corporation team.

Yours very truly,

GRIFFON CORPORATION

By: /s/ Ronald J. Kramer
Name: Ronald J. Kramer
Title: Chief Executive Officer

/s/ Seth L. Kaplan
Seth L. Kaplan
Date: April 27, 2010

Enclosures

Exhibit 10.2

EXHIBIT A

SEVERANCE AGREEMENT

EXECUTION COPY

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (this "Agreement"), made and entered into as of April 27, 2010 (the "Effective Date"), by and between Griffon Corporation, a Delaware corporation, with its principal executive office located at 712 Fifth Avenue, 18th Floor, New York, New York, 10019 (hereinafter, together with its subsidiaries, collectively referred to as the "Corporation") and Seth L. Kaplan (hereinafter referred to as the "Executive").

WITNESSETH:

WHEREAS, the Corporation has determined that it is in the best interests of the Corporation to employ the Executive as Senior Vice-President, General Counsel and Secretary; and

WHEREAS, the Corporation wishes to ensure the attention of Executive to his assigned duties without distraction by providing severance entitlements upon certain terminations of employment, on the terms and conditions provided in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the parties hereto agree as follows:

1. **DEFINITIONS.**

(a) "Board" shall mean the Board of Directors of the Corporation.

(b) "Cause" shall mean:

(i) the Executive's failure substantially to perform his material duties as defined under the Offer Letter (other than as a result of total or partial incapacity due to physical or mental illness) for a period of 10 days following written notice by the Corporation of such failure,

(ii) theft or embezzlement by the Executive of the Corporation's property or dishonesty in the performance of the Executive's duties,

(iii) the Executive's conviction of, or plea of guilty or nolo contendere to (x) a felony under the laws of the United States or any state thereof or (y) a crime involving moral turpitude, and/or

(iv) the Executive's willful malfeasance or willful misconduct in connection with the Executive's duties or any act or omission which is materially injurious to the financial condition or business reputation of the Corporation or any of its subsidiaries or affiliates. For purposes of this Section 1(b)(iv), no act or failure to act on the part of the Executive shall be

considered “willful” unless it is committed, or omitted to be done, by him in bad faith or without reasonable belief that the action or omission was in the best interests of the Corporation; and/or

(v) a material breach of the Agreement or Offer Letter by the Executive.

Notwithstanding the foregoing, no act or failure to act (to the extent curable) shall constitute Cause unless the Corporation gives the Executive written notice after becoming aware of the occurrence of the act or failure to act which the Corporation believes constitutes the basis for Cause, specifying the particular act or failure to act which the Corporation believes constitutes the basis for Cause. If the Executive fails to cure such act or failure to act within thirty (30) days after receipt of such notice, the Executive’s employment shall be deemed terminated for Cause.

(c) “Change in Control” shall mean the occurrence of any of the following events during the Term:

(i) any person, or more than one person acting as a group within the meaning of Code Section 409A and the regulations issued thereunder, acquires ownership of stock of the Corporation that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Corporation; provided, however, that for purposes of this subsection (i), the following acquisitions shall not be deemed to result in a Change in Control: (A) any acquisition directly from the Corporation, (B) any acquisition by the Corporation or any affiliate, or (C) any acquisition by (x) any employee benefit plan (or related trust) intended to be qualified under Code Section 401(a) or (y) any trust established in connection with any broad-based employee benefit plan sponsored or maintained, in each case, by the Corporation or any corporation controlled by the Corporation;

(ii) any person, or more than one person acting as a group within the meaning of Code Section 409A and the regulations issued thereunder, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition) ownership of stock of the Corporation possessing thirty percent (30%) or more of the total voting power of the Corporation’s stock; provided, however, that for purposes of this subsection (ii), the following acquisitions shall not be deemed to result in a Change in Control: (A) any acquisition directly from the Corporation, (B) any acquisition by the Corporation or any affiliate, or (C) any acquisition by (x) any employee benefit plan (or related trust) intended to be qualified under Code Section 401(a) or (y) any trust established in connection with any broad-based employee benefit plan sponsored or maintained, in each case, by the Corporation or any corporation controlled by the Corporation;

(iii) a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election, but excluding any new director whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of any individual, entity or group (within the

meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 as amended) other than the Board; or

(iv) a person, or more than one person acting as a group within the meaning of Code Section 409A and the regulations issued thereunder (other than a subsidiary or an affiliate of the Corporation), acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition) all or substantially all of the assets of the Corporation.

Notwithstanding the foregoing, a Change in Control shall not include any event, circumstance or transaction that results from an action of any person, entity or group which includes, is affiliated with or is wholly or partly controlled by one or more executive officers of the Corporation and in which the Executive participates directly or actively.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(e) "Committee" shall mean the Compensation Committee of the Board.

(f) "Disability" shall mean the Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months or is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Corporation.

(g) "Fiscal Year" shall mean the twelve (12) month period beginning on October 1 and ending on the next subsequent September 30, or such other twelve (12) month period as may constitute the Corporation's fiscal year at any time hereafter.

(h) "Good Reason" shall mean the occurrence of any of the following events without the Executive's consent:

(i) the failure of the Corporation to pay the Executive's base salary or annual bonus when due and if earned, other than an inadvertent administrative error or failure,

(ii) a reduction by the Corporation in the Executive's base salary or target bonus opportunity, other than a percentage reduction applied equally to all senior executives,

(iii) a material diminution in the Executive's authority or responsibilities from those described herein, including the appointment of another person to the position of General Counsel,

(iv) failure of the Corporation to maintain its principal headquarters within thirty-five (35) miles of New York City,

(v) a material breach of the Offer Letter or this Agreement by the Corporation; or

(vi) a failure of the Corporation to have any successor assume in writing the obligations under the Agreement, unless such obligations are otherwise assumed by the successor by operation of law.

Notwithstanding the foregoing, none of these events shall constitute Good Reason unless the Executive gives the Corporation written notice within ninety (90) days after the occurrence of the event which the Executive believes constitutes the basis for Good Reason, specifying the particular act or failure to act which the Executive believes constitutes the basis for Good Reason. If the Corporation fails to cure such act or failure to act within thirty (30) days after receipt of such notice, the Executive may terminate his employment for Good Reason.

(i) "Offer Letter" shall mean the employment offer letter from the Corporation to the Executive, dated April 27, 2010.

(j) "Initial Restricted Stock Award" shall mean the initial award of 40,000 restricted shares of the Corporation's common stock granted to the Executive upon his commencement of employment, subject to the terms of the Corporation's 2006 Equity Incentive Plan and to Committee approval of such award.

(k) "Salary" shall mean the annual base salary provided to Executive by the Corporation, as adjusted from time to time.

(l) "Target Bonus" shall mean a target bonus opportunity equal to fifty percent (50%) of the Executive's base salary payable based upon the achievement of target performance objectives, as set forth in the Offer Letter.

2. **TERM OF AGREEMENT**. Unless earlier terminated by reason of the Executive's termination of employment with the Corporation, the term of the Agreement shall commence as of May 27, 2010 (the "Commencement Date"), and shall continue until the fourth anniversary of the Commencement Date (the "Initial Term") and shall automatically renew for one year periods commencing on the fourth anniversary of the Commencement Date (each such one-year period, a "Renewal Term"), unless either party provides written notice of non-renewal at least ninety (90) days prior to the end of the Initial Term or any Renewal Term (the Initial Term and any Renewal Term shall hereinafter be referred to as the "Term").

3. **EMPLOYMENT.** During the Term, the Executive agrees to remain in the employ of the Corporation and to continue to perform the Executive's regular duties as an executive of the Corporation.

4. **SEVERANCE BENEFITS ON TERMINATION**.

(a) Termination Due to Disability. If, during the Term, the Executive's employment is terminated by the Corporation due to Disability, he shall be entitled to receive:

(i) accrued but unpaid Salary through the date of the Executive's termination of employment, any accrued but unused vacation, any annual bonus earned for the Fiscal Year completed prior to the year of termination but not yet paid to him and reimbursement of expenses incurred by him through the date of termination but not yet paid to him, payable as soon as administratively feasible following the termination date, but in any event within fifteen (15) days thereafter; and, additionally, the Executive shall receive any other compensation or benefits, including, without limitation, benefits under any outstanding equity grants and awards granted to the Executive and employee benefits under plans in which the Executive participates, that have vested through the date of termination or to which the Executive may then be entitled in accordance with the applicable terms and conditions of each grant, award or plan (collectively, the "Accrued Benefits");

(ii) a pro-rata bonus for the year of termination equal to the Target Bonus multiplied by a fraction, the numerator of which is the number of completed days in the Fiscal Year of the Executive's termination of employment during which the Executive was employed by the Corporation and the denominator of which is 365, as soon as administratively feasible following the termination date, but in any event within fifteen (15) days thereafter (the "Pro-Rata Target Bonus");

(iii) severance equal to six months' Salary payable in six (6) equal monthly installments and commencing on the first payroll period following such termination; and

(iv) if the Executive (or his beneficiaries) elects continued medical coverage under COBRA, the Corporation shall pay for coverage under COBRA for six (6) months following such termination.

(b) Voluntary Termination, Termination by the Corporation for Cause, and Termination due to Death. If, during the Term, the Executive terminates his employment voluntarily (other than for Good Reason), or the Corporation terminates the Executive's employment for Cause, then the Executive shall be entitled to receive only the Accrued Benefits. If, during the Term, the Executive's employment is terminated due to his death, he shall be entitled to receive the Accrued Benefits and the Pro-Rata Target Bonus.

(c) Termination by the Corporation Without Cause or by the Executive for Good Reason Other Than Within Two Years Following a Change in Control. If, during the Term, the Corporation terminates the Executive's employment without Cause or the Executive terminates

his employment for Good Reason, in either such case, other than within two years after a Change in Control, he shall be entitled to receive, in addition to the Accrued Benefits, subject to the timely execution and non-revocation of a release substantially in the form attached hereto as Exhibit A within sixty (60) days following the termination date and to Executive's continued compliance with the restrictive covenants contained in Section 6:

(i) continued Salary (disregarding any reduction in Salary that would constitute Good Reason) for eighteen (18) months payable in eighteen (18) equal monthly installments commencing as soon as administratively feasible following the sixtieth (60th) day after such termination;

(ii) a performance bonus payment (at no less than the Target Bonus for terminations occurring during the Fiscal Years ending in 2010, 2011 and 2012, as applicable) which would have otherwise been paid for the year of termination had the Executive's employment not been terminated (not pro-rated for less than a twelve (12) month period), to be paid at such time as such bonus would otherwise have been paid; and

(iii) if the Executive or his beneficiaries elect continued medical coverage under COBRA, the Corporation will pay for coverage under COBRA for eighteen (18) months following such termination.

(d) Termination by the Corporation Without Cause or by the Executive for Good Reason Within Two Years After a Change in Control. If, during the Term, the Corporation terminates the Executive's employment without Cause or the Executive terminates his employment for Good Reason, in either such case, within two years after a Change in Control, he shall be entitled to receive, in addition to the Accrued Benefits, subject to the timely execution and non-revocation of a release substantially in the form attached hereto as Exhibit A within sixty (60) days following the termination date and to the Executive's continued compliance with the restrictive covenants contained in Section 6:

(i) a lump sum payment on the sixtieth (60th) day after such termination, equal to two and one-half (2.5) times the sum of (A) the Salary (disregarding any reduction in Salary that would constitute Good Reason) plus (B) the average of the annual bonuses hereof paid to the Executive in the three-year period immediately prior to such termination; provided that, until the Executive has received an annual bonus, his Target Bonus shall be used for purposes of this subsection; and provided further that any annual bonus for less than a twelve (12) month period shall be annualized for purposes of this subsection;

(ii) a pro-rata portion of the higher of (A) the actual bonus the Executive received for the most recently completed Fiscal Year; or (B) the Target Bonus, to be paid on the sixtieth (60th) day after such termination; and

(iii) continued medical coverage under the Corporation's medical and health plans until December 31 of the second calendar year following the year of termination of the Executive's employment.

(e) Vesting of Initial Restricted Stock Award Upon Certain Terminations.

(i) If, during the Term, the Corporation terminates the Executive's employment without Cause or the Executive terminates his employment for Good Reason (in either case whether or not following a Change in Control), in either such case, the Initial Restricted Stock Award shall vest in full as of the date of termination.

(ii) If, during the Term, the Corporation terminates the Executive's employment due to his Disability, a portion of the Initial Restricted Stock Award shall vest in a percentage equal to the number of days worked by the Executive from the grant date of such award until the date of termination over 1,460.

(f) Specified Employee. Notwithstanding any other provision of this Agreement, if (i) the Executive is to receive payments or benefits under Section 4 by reason of his separation from service (as such term is defined in Code Section 409A) other than as a result of his death, (ii) the Executive is a "specified employee" within the meaning of Code Section 409A for the period in which the payment or benefits would otherwise commence, and/or (iii) such payment or benefit would otherwise subject the Executive to any tax, interest or penalty imposed under Code Section 409A (or any regulation promulgated thereunder) if the payment or benefit would commence within six months of a termination of the Executive's employment, then such payment or benefit required under Section 4 shall not commence until the first day which is at least six months and one day after the termination of the Executive's employment. Each severance installment contemplated under this Section 4 shall be treated as a separate payment in a series of separate payments under Treasury Regulation Section 1.409A-2(b)(2)(iii). Payments and benefits subject to this Section 4(f), together with simple interest calculated at LIBOR as of the date of such separation from service, shall be paid to the Executive in one lump sum payment or otherwise provided to the Executive as soon as administratively feasible after the first day which is at least six months after the termination of the Executive's employment. Thereafter, such payments and benefits shall continue, if applicable, for the relevant period set forth above. For purposes of this Agreement, all references to "termination of employment" and other similar language shall mean a "separation from service," as defined in Treasury Regulation Section 1.409A-1(h).

(g) Reimbursements or In-Kind Benefits. To the extent any right to reimbursements or in-kind benefits hereunder constitutes "non-qualified deferred compensation" for purposes of Code Section 409A, (i) all such reimbursements shall be made as soon as practicable, but no later than the last day of the taxable year following the taxable year in which the related expenses were incurred, (ii) no such right shall be subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

(h) Miscellaneous. For the avoidance of doubt, the Executive shall only receive, if entitled, the payments and benefits provided under Section 4(c) or 4(d), whichever is applicable, but not under both such sections.

5. **NO DUTY TO MITIGATE.** The Executive shall not be required to mitigate or offset the amount of any payments or other benefits provided under this Agreement by seeking employment or otherwise, nor shall the amount of any payment provided under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the date of termination from the Corporation.

6. **RESTRICTIVE COVENANTS.**

(a) Confidentiality. The Executive agrees that at all times during his term of employment with the Corporation and at all times thereafter (except as otherwise required by applicable law, regulation or legal process) he shall hold in strictest confidence and not use for his own benefit or the benefit of any other person, and not disclose to any person without authorization from the Corporation, any Confidential Information. "Confidential Information" means any and all confidential or proprietary business information of the Corporation or its affiliates, including, without limitation, information relating to the Corporation's or its affiliates' trade secrets, software and technology architecture, networks, business methodologies, facilities, financial and operational information, contracts, customer lists, marketing or sales prospect lists, "know how," and all copies, reproductions, notes, analyses, compilations, studies, interpretations, summaries and other documents in connection with the foregoing. Confidential Information does not include any information which (i) is or becomes publicly known or available other than as a result of wrongful disclosure by the Executive (ii) becomes available to the Executive on a non-confidential basis from a source which, to the Executive's knowledge, is not prohibited from disclosing such Confidential Information to him, or (iii) is generally known in the industry in which the Corporation or its affiliates operate and pertains to activities or business not specific to the Corporation or its affiliates. Additionally, the Executive will deliver promptly to the Corporation upon any termination of employment, all agreements, memoranda, notes, records, reports and other documents (and all copies thereof) relating to the Corporation's business and all other property of the Corporation, which the Executive may then possess or have under his control other than publicly available documents.

(b) Non-Solicitation of Employees. During the Executive's term of employment with the Corporation and for the eighteen (18) month period following any termination of employment (the "Non-Solicit Period"), the Executive will not, for any reason, solicit, assist or encourage the solicitation of, employ or engage the services of any person who was a full-time employee ("Employee") of, or independent contractor ("Independent Contractor") to, the Corporation at the date of such termination or within six (6) months prior thereto to work for the Executive or for any entity with which he is affiliated. For this purpose, the term "solicit" will mean contacting, or providing information to others who may reasonably be expected to contact, any Employee or Independent Contractor regarding such Employee's or Independent Contractor's interest in seeking employment with an entity other than (i) the Corporation or (ii) an entity affiliated with the Corporation.

(c) Non-Solicitation of Customers/Non-Interference with Vendors. During the Executive's term of employment with the Corporation and the Non-Solicit Period, the Executive

will not, for any reason, solicit or encourage any vendor, Customer or Prospective Customer to cease any relationship with the Corporation or any of its affiliates, or service in any way any Customer or Prospective Customer. For this purpose, the term "solicit" will mean contacting, or providing information to others who may reasonably be expected to contact, any such vendor, Customer or Prospective Customer regarding such Customer or Prospective Customer's interest in receiving the Executive's services or the services of any entity with which the Executive is affiliated or the cessation of any such relationship. The term "Customer" will mean all persons for whom the Corporation maintains an active account or file in the active records of the Corporation, or for whom the Corporation has otherwise performed or performs any services or provided products within the twelve (12) month period preceding the Executive's termination of employment. The term "Prospective Customer" means those persons and entities who have been approached by or on behalf of the Corporation to become a customer or who have been entered into the internal records of the Corporation as a prospective or potential customer.

(d) Non-Compete. The Executive expressly covenants and agrees that during his term of employment with the Corporation and the Non-Solicit Period, the Executive will not directly or indirectly, own, manage, operate, join, control, receive compensation or benefits from, or participate in the ownership, management, operation, or control of, or be employed or be otherwise connected in any manner with, any business which directly or indirectly competes in any material respect with any of the businesses of the Corporation or any of its affiliates, as conducted or planned by the Corporation or any affiliate during the Executive's employment.

(e) Non-Disparagement. The Executive agrees that, during his period of employment and thereafter, he will not defame, disparage or publicly criticize the Corporation and/or its affiliates and/or management to any person or entity. In addition, the Executive will not speak in a negative or disparaging manner about the Corporation and/or its affiliates and/or management or its business, to the media, whether electronic, print or otherwise, without the prior written approval of the Corporation. Nothing herein, however, will prohibit the Executive from making truthful statements to the extent legally compelled or otherwise required by applicable laws or governmental regulations or judicial or regulatory proceedings.

(f) Remedy for Breach. The Executive acknowledges and agrees that the restrictions set forth in this Section 6, including the protection of the Corporation's Confidential Information and the prohibitions against competition and solicitation, are critical and necessary to protect the Corporation's legitimate business interests; are reasonably drawn to this end with respect to duration, scope, and otherwise; are not unduly burdensome; are not injurious to the public interest; and are supported by adequate consideration. The Executive also acknowledges and agrees that, in the event that the Executive breaches any of these restrictions, the Corporation could suffer immediate, irreparable injury and will, therefore, be entitled to seek injunctive relief, in addition to any other damages to which it may be entitled. In the event of any dispute, claim or cause of action arising out of this Agreement or the Offer Letter, the losing party shall reimburse the prevailing party for the costs and reasonable attorneys' fees incurred by the prevailing party in connection with such dispute, claim or cause of action.

(g) Severability; Modification. The Executive acknowledges that the restrictive covenants contained in this Agreement are reasonable and valid in geographical and temporal scope and in all other respects. If any arbitrator or court of competent jurisdiction determines that any such restrictive covenants, or any part of any of them, is invalid or unenforceable, the remainder of such covenants and parts thereof shall not thereby be affected and shall be given full effect, without regard to the invalid portion. If any arbitrator or court determines that any of such covenants, or any part thereof, is invalid or unenforceable because of the geographic or temporal scope of such provision, such arbitrator or court shall reduce such scope to the extent necessary to make such covenants valid and enforceable.

7. **CERTAIN EXCISE TAXES.** In the event of a change of ownership or control of the Corporation during the Executive's term of employment, anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment, benefit or distribution by, to or for the benefit of the Executive, whether made under this Agreement, the Offer Letter or otherwise (a "Payment") would be subject to the excise tax imposed by Code Section 4999 or any like or successor section thereto (the "Excise Tax") and if the net-after tax amount (taking into account all applicable taxes payable by the Executive, including any Excise Tax) that the Executive would receive with respect to such Payments does not exceed the net-after tax amount the Executive would receive if the amount of such Payments was reduced to the maximum amount which could otherwise be payable to the Executive without the imposition of the Excise Tax, then, to the extent necessary to eliminate the imposition of the Excise Tax, such Payments shall be reduced in the following order, (i) first, any future cash Payments (if any) shall be reduced (if necessary, to zero); (ii) second, any current cash Payments shall be reduced (if necessary, to zero); (ii) third, all non-cash Payments (other than equity or equity derivative related payments) shall be reduced (if necessary, to zero); and (iv) fourth, all equity or equity derivative payments shall be reduced.

8. **INDEMNIFICATION.** During the Term, (i) the Corporation will provide the Executive with indemnification rights and protections to the same extent as is provided from time to time to the other senior executive officers of the Corporation, including, without limitation, the advancement of expenses, all on the same terms and conditions applicable to such senior executive officers, and (ii) the Executive will be covered at all times by such directors' and officers' liability insurance as the Corporation will from time to time obtain, if any, and such coverage will be substantially similar to that provided to the other senior executive officers of the Corporation.

9. **REPRESENTATIONS.** The Executive represents and warrants to the Corporation that his execution of this Agreement and the performance of his obligations hereunder and under the Offer Letter will not breach or be in conflict with any other agreement to which the Executive is a party or by which he is otherwise bound. The Executive further represents and warrants that he is not currently subject to any covenants against competition or similar covenants or any court order that could preclude or otherwise affect the performance of his duties and obligations hereunder and under the Offer Letter.

10. **SUCCESSORS; ASSIGNABILITY; BINDING AGREEMENT**. The Corporation shall require any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business, equity and/or assets of the Corporation to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place. As referred to in this Agreement, "Corporation" shall mean the Corporation as herein defined and any successor to its business, equity and/or assets which becomes bound by the terms and conditions of this Agreement by operation of law. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs (if applicable) and assigns. No rights or obligations of the parties under this Agreement may be assigned without the consent of both parties, except by will or the laws of descent and distribution.

11. **NOTICES**. Any notice given to either party hereto shall be in writing and shall be deemed to have been given when delivered either personally, by fax, by overnight delivery service (such as Federal Express) or sent by certified mail postage prepaid, return receipt requested, duly addressed to the party concerned at the address indicated below or to such changed address as the party may subsequently give notice of.

If to the Corporation or the Board:

Griffon Corporation
712 Fifth Avenue, 18th Floor
New York, New York, 10019
Attention: Chief Executive Officer

With a copy to:

Stephen W. Skonieczny, Esq.
Dechert LLP
1095 Avenue of the Americas
New York, NY 10036
FAX: (212) 698-3599

If to the Executive:

Mr. Seth L. Kaplan
c/o Griffon Corporation
712 Fifth Avenue, 18th Floor
New York, New York, 10019

12. **WITHHOLDING TAXES.** The Executive will be solely responsible for any applicable federal, state, local or other taxes, resulting from any taxable income paid to him hereunder or otherwise by the Corporation, including without limitation any taxes imposed under Code Section 409A or Code Section 4999. Notwithstanding the foregoing, the Corporation will be

entitled to withhold from any payments made to the Executive hereunder or otherwise, and to report to appropriate federal, state and local taxing authorities, all amounts required to be withheld or reported.

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

14. **SURVIVAL.** The respective rights and obligations of the parties hereunder and under the Offer Letter shall survive the termination of this Agreement and the termination of the Executive's employment with the Corporation for any reason, to the extent necessary to enforce the rights and obligations of the parties following any such termination as set forth in this Agreement..

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

16. **DISPUTES**. If any contest or dispute arising with respect to the terms and conditions of the Executive's employment with the Corporation, under this Agreement, the Offer Letter or otherwise, such contest or dispute shall be submitted to binding arbitration for resolution in New York, New York, in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association then in effect; provided, however, that the Corporation may bring an action to specifically enforce any confidentiality, non-compete, non-interference, non-disparagement or non-solicitation covenant. Judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction. The fees charged by the American Arbitration Association in connection with commencing such arbitration will be borne equally by the Executive and the Corporation.

17. **HEADINGS.** The headings of the sections contained in this Agreement are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Agreement.

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

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

GRIFFON CORPORATION:

By: /s/ Ronald J. Kramer
Ronald J. Kramer
Chief Executive Officer

EXECUTIVE:

Signature: /s/ Seth L. Kaplan

Name: Seth L. Kaplan

EXHIBIT A

General Release

IN CONSIDERATION OF good and valuable consideration, the receipt of which is hereby acknowledged, and in consideration of the terms and conditions contained in the Severance Agreement, dated as of April 27, 2010, (the "Agreement") by and between Seth L. Kaplan (the "Executive") and Griffon Corporation (the "Company"), the Executive on behalf of himself and his heirs, executors, administrators, and assigns, releases and discharges the Company and its past present and future subsidiaries, divisions, affiliates and parents, and their respective current and former officers, directors, shareholders, employees, agents, and/or owners, and their respective successors and assigns, and any other person or entity claimed to be jointly or severally liable with the Company or any of the aforementioned persons or entities (the "Released Parties") from any and all manner of actions and causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, charges, claims, and demands whatsoever ("Losses") which the Executive and his heirs, executors, administrators, and assigns have, had, or may hereafter have, against the Released Parties or any of them arising at any time from the beginning of the world to the date hereof, including but not limited to, any and all Losses arising under any federal, state, or local statute, rule, or regulation, or principle of contract law or common law relating to the Executive's employment by the Company and the cessation thereof, including but not limited to, the Family and Medical Leave Act of 1993, as amended, 29 U.S.C. §§ 2601 et seq., Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §§ 2000e et seq., the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. §§ 621 et seq. (the "ADEA"), the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. §§ 12101 et seq., the Worker Adjustment and Retraining Notification Act of 1988, as amended, 29 U.S.C. §§2101 et seq., the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§ 1001 et seq., the New York State and New York City Human Rights Laws, the New York Labor Laws, and any other equivalent or similar federal, state, or local statute; provided, however, that the Executive does not release or discharge the Released Parties from (i) any rights to any payments, benefits or reimbursements due to the Executive under the Agreement or the Offer Letter (as defined in the Agreement); or (ii) any rights to any vested benefits due to the Executive under any employee benefit plans sponsored or maintained by the Company. It is understood that nothing in this general release is to be construed as an admission on behalf of the Released Parties of any wrongdoing with respect to the Executive, any such wrongdoing being expressly denied.

The Executive represents and warrants that he fully understands the terms of this General Release, that he has been and hereby is encouraged to seek, and has sought, the benefit of advice of legal counsel, and that he knowingly and voluntarily, of his own free will, without any duress, being fully informed, and after due deliberation, accepts its terms and signs below as his own free act. Except as otherwise provided herein, the Executive understands that as a result of executing this General Release, he will not have the right to assert that the Company or any other of the Released Parties unlawfully terminated his employment or violated any of his rights in connection with his employment or otherwise.

The Executive further represents and warrants that he has not filed, and will not initiate, or cause to be initiated on his behalf any complaint, charge, claim, or proceeding against any of the Released Parties before any federal, state, or local agency, court, or other body relating to any claims barred or released in this General Release thereof, and will not voluntarily participate in such a proceeding. However, nothing in this General Release shall preclude or prevent the Executive from filing a claim which challenges the validity of this General Release solely with respect to the Executive's waiver of any Losses arising under the ADEA, nor shall this General Release preclude or prevent Executive from filing a charge of discrimination with the U.S. Equal Employment Opportunity Commission or similar state or local agency. The Executive shall not accept any relief obtained on his behalf by any government agency, private party, class, or otherwise with respect to any claims covered by this General Release.

The Executive may take twenty-one (21) days, or, if required under the ADEA, forty-five (45) days, to consider whether to execute this General Release. Upon the Executive's execution of this General Release, the Executive will have seven (7) days after such execution in which he may revoke such execution. In the event of revocation, the Executive must present written notice of such revocation to the office of the Company. If seven (7) days pass without receipt of such notice of revocation, this General Release shall become binding and effective on the eighth (8th) day after the execution hereof (the "Effective Date").

INTENDING TO BE LEGALLY BOUND, I hereby set my hand below:

____
Seth L. Kaplan

Dated: ___________________________________

Exhibit 31.1

CERTIFICATION

I, Ronald J. Kramer, President and Chief Executive Officer of Griffon Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Griffon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fiscal fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2010

/s/ Ronald J. Kramer

Ronald J. Kramer
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Douglas J. Wetmore, Executive Vice President and Chief Financial Officer of Griffon Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Griffon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fiscal fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2010

/s/ Douglas J. Wetmore
Douglas J. Wetmore
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Ronald J. Kramer, President and Chief Executive Officer of Griffon Corporation, hereby certify that the Form 10-Q of Griffon Corporation for the period ended June 30, 2010 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Griffon Corporation.

/s/ Ronald J. Kramer
Name: Ronald J. Kramer
Date: August 2, 2010

I, Douglas J. Wetmore, Executive Vice President and Chief Financial Officer of Griffon Corporation, hereby certify that the Form 10-Q of Griffon Corporation for the period ended June 30, 2010 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Griffon Corporation.

/s/ Douglas J. Wetmore
Name: Douglas J. Wetmore
Date: August 2, 2010

A signed original of this written statement required by Section 906 has been provided to Griffon Corporation and will be retained by Griffon Corporation and furnished to the Securities and Exchange Commission or its staff upon request.