

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 March 31, 2011

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

(State or other jurisdiction of
incorporation or organization)

11-1893410

(I.R.S. Employer
Identification No.)

712 Fifth Ave, 18th Floor, New York, New York
(Address of principal executive offices)

10019
(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

Smaller reporting company

(Do not check if a 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. 63,401,333 shares of Common Stock as of April 30, 2011.

Griffon Corporation and Subsidiaries

Contents

	Page
<u>PART I - FINANCIAL INFORMATION</u>	
<u>Item 1 – Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets at March 31, 2011 (unaudited) and September 30, 2010</u>	1
<u>Condensed Consolidated Statement of Shareholders' Equity for the Six Months Ended March 31, 2011 (unaudited)</u>	1
<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended March 31, 2011 and 2010 (unaudited)</u>	2
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended March 31, 2011 and 2010 (unaudited)</u>	3
<u>Notes to Condensed Consolidated Financial Statements</u>	4
<u>Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
<u>Item 3 - Quantitative and Qualitative Disclosures about Market Risk</u>	31
<u>Item 4 - Controls & Procedures</u>	31
<u>PART II – OTHER INFORMATION</u>	
<u>Item 1 – Legal Proceedings</u>	32
<u>Item 1A – Risk Factors</u>	32
<u>Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds</u>	32
<u>Item 3 – Defaults upon Senior Securities</u>	32
<u>Item 4 – [Removed and Reserved]</u>	32
<u>Item 5 – Other Information</u>	32
<u>Item 6 – Exhibits</u>	33
<u>Signatures</u>	35
<u>Exhibit Index</u>	36

Part I – Financial Information
Item 1 – Financial Statements

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

	(Unaudited) At March 31, 2011	At September 30, 2010
CURRENT ASSETS		
Cash and equivalents	\$ 208,337	\$ 169,802
Accounts receivable, net of allowances of \$6,419 and \$6,581	293,172	252,029
Contract costs and recognized income not yet billed, net of progress payments of \$4,663 and \$1,423	62,878	63,155
Inventories, net	270,501	268,801
Prepaid and other current assets	54,758	55,782
Assets of discontinued operations	1,543	1,079
Total Current Assets	891,189	810,648
PROPERTY, PLANT AND EQUIPMENT, net	337,198	314,926
GOODWILL	360,268	357,221
INTANGIBLE ASSETS, net	231,642	233,011
OTHER ASSETS	31,915	27,907
ASSETS OF DISCONTINUED OPERATIONS	5,136	5,803
Total Assets	\$ 1,857,348	\$ 1,749,516
CURRENT LIABILITIES		
Notes payable and current portion of long-term debt	\$ 8,579	\$ 20,901
Accounts payable	186,358	185,165
Accrued liabilities	77,088	124,700
Liabilities of discontinued operations	4,323	4,289
Total Current Liabilities	276,348	335,055
LONG-TERM DEBT, net of debt discount of \$21,139 and \$30,650	666,995	503,935
OTHER LIABILITIES	197,482	191,365
LIABILITIES OF DISCONTINUED OPERATIONS	7,282	8,446
Total Liabilities	1,148,107	1,038,801
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Total Shareholders' Equity	709,241	710,715
Total Liabilities and Shareholders' Equity	\$ 1,857,348	\$ 1,749,516

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

(in thousands)	COMMON STOCK		CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	TREASURY SHARES		ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	DEFERRED ESOP COMPENSATION	Total
	SHARES	PAR VALUE			SHARES	COST			
Balance at 9/30/2010	74,580	\$ 18,645	\$ 460,955	\$ 431,584	12,466	\$ (213,560)	\$ 17,582	\$ (4,491)	\$ 710,715
Net income (loss)	—	—	—	(15,681)	—	—	—	—	(15,681)
Common stock issued for options exercised	3	1	20	—	—	—	—	—	21
Tax benefit/credit from the exercise/forfeiture of stock options	—	—	8	—	—	—	—	—	8
Amortization of deferred compensation	—	—	—	—	—	—	—	372	372
Restricted stock awards granted, net	1,387	347	(347)	—	—	—	—	—	—
ESOP purchase of common stock	—	—	—	—	—	—	—	(8,310)	(8,310)

ESOP distribution of common stock	—	—	152	—	—	—	—	—	152
Stock-based compensation	—	—	4,647	—	—	—	—	—	4,647
Translation of foreign financial statements	—	—	—	—	—	—	16,466	—	16,466
Pension other comprehensive income amort, net of tax	—	—	—	—	—	—	851	—	851
Balance at 3/31/2011	<u>75,970</u>	<u>\$ 18,993</u>	<u>\$ 465,435</u>	<u>\$ 415,903</u>	<u>12,466</u>	<u>\$ (213,560)</u>	<u>\$ 34,899</u>	<u>\$ (12,429)</u>	<u>\$ 709,241</u>

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 March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Revenue	\$ 476,129	\$ 313,977	\$ 890,531	\$ 619,134
Cost of goods and services	374,986	244,907	701,529	479,783
Gross profit	101,143	69,070	189,002	139,351
Selling, general and administrative expenses	84,363	64,055	164,808	126,016
Restructuring and other related charges	1,212	1,220	2,605	2,231
Total operating expenses	85,575	65,275	167,413	128,247
Income from operations	15,568	3,795	21,589	11,104
Other income (expense)				
Interest expense	(11,319)	(3,729)	(22,542)	(6,699)
Interest income	97	192	166	254
Gain (loss) from debt extinguishment, net	(26,164)	12	(26,164)	(6)
Other, net	1,177	589	3,262	1,216
Total other income (expense)	(36,209)	(2,936)	(45,278)	(5,235)
Income (loss) before taxes and discontinued operations	(20,641)	859	(23,689)	5,869
Benefit for income taxes	(6,640)	(1,175)	(8,008)	(345)
Income (loss) from continuing operations	(14,001)	2,034	(15,681)	6,214
Discontinued operations:				
Income from operations of the discontinued Installation Services business	—	(1)	—	169
Provision for income taxes	—	—	—	59
Income from discontinued operations	—	(1)	—	110
Net income (loss)	\$ (14,001)	\$ 2,033	\$ (15,681)	\$ 6,324
Basic earnings (loss) per common share:				
Income (loss) from continuing operations	\$ (0.24)	\$ 0.03	\$ (0.26)	\$ 0.11
Income from discontinued operations	0.00	0.00	0.00	0.00
Net income (loss)	(0.24)	0.03	(0.26)	0.11
Weighted-average shares outstanding	59,280	58,977	59,277	58,906
Diluted earnings (loss) per common share:				
Income (loss) from continuing operations	\$ (0.24)	\$ 0.03	\$ (0.26)	\$ 0.10
Income from discontinued operations	0.00	0.00	0.00	0.00
Net income (loss)	(0.24)	0.03	(0.26)	0.11
Weighted-average shares outstanding	59,280	59,939	59,277	59,769

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)

	Six Months Ended March 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (15,681)	\$ 6,324
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Income from discontinued operations	—	(110)
Depreciation and amortization	29,378	20,208
Fair value write-up of acquired inventory sold	15,152	—
Stock-based compensation	4,647	2,935
Provision for losses on accounts receivable	709	1,138
Amortization/write-off of deferred financing costs and debt discounts	3,677	2,711
Loss from debt extinguishment, net	26,164	6
Deferred income taxes	(2,539)	(4,384)
Gain on sale/disposal of assets	(380)	—
Change in assets and liabilities, net of assets and liabilities acquired:		
Increase in accounts receivable and contract costs and recognized income not yet billed	(37,789)	(26,170)
(Increase) decrease in inventories	(14,705)	1,998
Decrease in prepaid and other assets	2,575	4,170
Decrease in accounts payable, accrued liabilities and income taxes payable	(44,114)	(3,724)
Other changes, net	(2,793)	409
Net cash provided by (used in) operating activities	(35,699)	5,511
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(41,737)	(17,689)
Acquired business, net of cash acquired	(855)	—
Funds restricted for capital projects	3,875	—
(Increase) decrease in equipment lease deposits	(351)	28
Proceeds from sale of investment	1,333	—
Net cash used in investing activities	(37,735)	(17,661)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	637,737	100,000
Payments of long-term debt	(498,771)	(53,897)
Increase in short-term borrowings	2,022	—
Financing costs	(21,239)	(4,145)
Purchase of ESOP shares	(8,310)	—
Exercise of stock options	20	285
Tax benefit from exercise of options/vesting of restricted stock	23	99
Other, net	(94)	37
Net cash provided by financing activities	111,388	42,379
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Net cash used in operating activities	(561)	(269)
Net cash used in discontinued operations	(561)	(269)
Effect of exchange rate changes on cash and equivalents	1,142	(2,351)
NET INCREASE IN CASH AND EQUIVALENTS	38,535	27,609
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	169,802	320,833
CASH AND EQUIVALENTS AT END OF PERIOD	\$ 208,337	\$ 348,442

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, references to years or year-end refer to Griffon's 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. Griffon oversees the operations of its subsidiaries, allocates resources among them and manages their capital structures. Griffon provides direction and assistance to its subsidiaries in connection with acquisition and growth opportunities as well as in connection with divestitures. Griffon, to further diversify, also seeks out, evaluates and, when appropriate, will acquire additional businesses that offer potentially attractive returns on capital.

Griffon operates through three business segments: Home & Building Products, Telephonics Corporation and Clopay Plastic Products Company.

- Home & Building Products ("HBP") consists of:
 - Clopay Building Products Company ("CBP"), a leading manufacturer and marketer of residential, commercial and industrial garage doors to professional installing dealers and major home center retail chains; and
 - Ames True Temper, Inc. ("ATT"), acquired by Griffon on September 30, 2010, is a global provider of non-powered landscaping products that make work easier for homeowners and professionals. Due to the timing of the acquisition, none of ATT's 2010 results of operations were included in Griffon's results for the year ended September 30, 2010.
- Telephonics Corporation ("Telephonics") designs, develops and manufactures high-technology integrated information, communication and sensor system solutions to military and commercial markets worldwide.
- Clopay Plastic Products Company ("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 ("U.S. GAAP") 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 the information and footnotes required by U.S. GAAP for complete financial statements. As such, they should be read with reference to Griffon's Annual Report on Form 10-K for the year ended September 30, 2010, which provides a more complete explanation of Griffon's accounting policies, financial position, operating results, business properties and other matters. In the opinion of management, these financial statements reflect all adjustments considered necessary for a fair statement of interim results. Griffon's HBP operations are seasonal and the results of any interim period are not necessarily indicative of the results for the full year.

The condensed consolidated balance sheet information at September 30, 2010 was derived from the audited financial statements included in Griffon's Annual Report on Form 10-K for the year ended September 30, 2010.

The consolidated financial statements include the accounts of Griffon Corporation and all subsidiaries. Intercompany accounts and transactions are eliminated on consolidation.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. These estimates may be adjusted due to changes in economic, industry or customer financial conditions, as well as changes in technology or demand. Significant estimates include revenue recorded using a percentage of completion, allowances for doubtful accounts receivable and returns, net realizable value of inventories, restructuring reserves, valuation of goodwill and intangible assets, pension assumptions, useful lives associated with depreciation and amortization of intangible and fixed assets, warranty reserves, sales incentive accruals, stock based compensation assumptions, income taxes and tax valuation reserves, environmental reserves, legal reserves, insurance reserves, fair value of hedges and the valuation of discontinued assets and liabilities, and the accompanying disclosures. These estimates are based on management's best knowledge of current events and actions Griffon may undertake in the future. Actual results may ultimately differ from these estimates.

NOTE 2 – FAIR VALUE MEASUREMENTS

The carrying values of cash and equivalents, accounts receivable, accounts and notes payable and revolving credit debt approximate fair value due to either the short-term nature of such instruments or the fact that the interest rate of the revolving credit debt is based upon current market rates.

At March 31, 2010, the fair value of Griffon's 2017 4% convertible notes and 2018 Senior Notes approximated \$116,000 and \$561,000, respectively, based upon quoted market prices (level 1 inputs).

Insurance contracts with a value of \$4,716 and trading securities with a value of \$8,769 at March 31, 2011, are measured and recorded at fair value based upon quoted prices in active markets for identical assets (level 1 inputs).

Items Measured at Fair Value on a Recurring Basis

At March 31, 2011, Griffon had \$5,419 of Canadian dollar contracts at a weighted average rate of \$0.99 and \$2,840 of Australian dollar contracts at a weighted average rate of \$0.99. The contracts do not qualify for hedge accounting and a fair value loss of \$192 was recorded in other liabilities and to other income for the outstanding contracts based on similar contract values (level 2 inputs) for the three and six month periods ended March 31, 2011, respectively.

NOTE 3 — ACQUISITION

On September 30, 2010, Griffon purchased all of the outstanding stock of CHATT Holdings, Inc. ("ATT Holdings"), the parent of ATT, on a cash and debt-free basis, for \$542,000 in cash, subject to certain adjustments (the "Purchase Price"). ATT is a global provider of non-powered lawn and garden tools, wheelbarrows, and other outdoor work products to the retail and professional markets. ATT's brands include Ames®, True Temper®, Ames True Temper®, Garant®, Union Tools®, Razor-back®, Jackson®, Hound Dog® and Dynamic Design™. ATT's brands hold the number one or number two market position in their respective major product categories. The acquisition of ATT expands Griffon's position in the home and building products market and provides Griffon the opportunity to recognize synergies with its other businesses.

ATT's results of operations are not included in Griffon's consolidated statements of operations or cash flows, or related footnotes for any period presented prior to September 30, 2010, except where explicitly stated as pro forma results. Griffon's consolidated balance sheet at September 30, 2010 and related footnotes include ATT's balances at that date. The accounts of the acquired company, after adjustments to reflect fair market values assigned to assets and liabilities, have been included in Griffon's consolidated financial statements from the date of acquisition.

The following table summarizes estimated fair values of assets acquired and liabilities assumed as of the date of acquisition, and the amounts assigned to goodwill and intangible assets:

	2010
Current assets, net of cash acquired	\$ 195,214
PP&E	72,918
Goodwill	261,064
Intangibles	203,290
Other assets	1,124
Total assets acquired	733,610
Total liabilities assumed	(191,610)
Net assets acquired	<u>\$ 542,000</u>

Amounts assigned to goodwill and major intangible asset classifications are as follows:

	2010	Amortization Period (Years)
Goodwill (non-deductible)	\$ 261,064	N/A
Tradenames (non-deductible)	76,090	Indefinite
Customer relationships (non-deductible)	127,200	25
	<u>\$ 464,354</u>	

Pro Forma Information

The following unaudited pro forma information illustrates the effect on Griffon's revenue and net earnings for the three and six months ended March 31, 2010, assuming the acquisition of ATT took place on October 1, 2009.

	Three Months Ended March 31, 2010	Six Months Ended March 31, 2010
Revenue from continuing operations:		
As reported	\$ 313,977	\$ 619,134
Pro forma	457,380	853,666
Net earnings from continuing operations:		
As reported	\$ 2,034	\$ 6,214
Pro forma	8,078	13,737
Diluted earnings per share from continuing operations:		
As reported	\$ 0.03	\$ 0.10
Pro forma	0.13	0.23
Average shares - Diluted (in thousands)	59,939	59,769

The pro forma results of operations have been prepared for comparative purposes only and include certain adjustments to actual financial results, such as imputed financing costs, and estimated amortization and depreciation expense as a result of intangibles and fixed assets acquired measured at fair value. They do not purport to be indicative of the results of operations that would have actually resulted had the acquisition occurred on the date indicated or that may result in the future.

During the 2011 first quarter, Plastics purchased a business in Shanghai, China for \$855. The purchase price was primarily allocated to fixed assets.

NOTE 4 – INVENTORIES

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

	At March 31, 2011	At September 30, 2010
Raw materials and supplies	\$ 73,868	\$ 64,933
Work in process	70,739	69,107
Finished goods	125,894	134,761
Total	\$ 270,501	\$ 268,801

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment were comprised of the following:

	At March 31, 2011	At September 30, 2010
Land, building and building improvements	\$ 129,174	\$ 126,785
Machinery and equipment	545,995	498,017
Leasehold improvements	33,841	33,455
	709,010	658,257
Accumulated depreciation and amortization	(371,812)	(343,331)
Total	\$ 337,198	\$ 314,926

Depreciation and amortization expense for property, plant and equipment was \$13,645 and \$9,790 for the quarters ended March 31, 2011 and 2010, respectively, and \$25,460 and \$19,183 for the six-month periods ended March 31, 2011 and 2010, respectively.

No event or indicator of impairment occurred during the three and six months ended March 31, 2011, which would require additional impairment testing of property, plant and equipment.

NOTE 6 – GOODWILL AND OTHER INTANGIBLES

The following table provides the changes in carrying value of goodwill by segment during the six months ended March 31, 2011.

	At September 30, 2010	Other adjustments including currency translations	At March 31, 2011
Home & Building Products	\$ 261,064	\$ —	\$ 261,064
Telephonics	18,545	—	18,545
Plastics	77,612	3,047	80,659
Total	\$ 357,221	\$ 3,047	\$ 360,268

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

	At March 31, 2011		Average Life (Years)	At September 30, 2010	
	Gross Carrying Amount	Accumulated Amortization		Gross Carrying Amount	Accumulated Amortization
Customer relationships	\$ 159,094	\$ 10,543	25	\$ 155,798	\$ 6,477
Unpatented technology	7,361	1,688	12	8,154	1,144
Total amortizable intangible assets	166,455	12,231		163,952	7,621
Trademarks	77,418	—		76,680	—
Total intangible assets	\$ 243,873	\$ 12,231		\$ 240,632	\$ 7,621

Amortization expense for intangible assets subject to amortization was \$1,908 and \$500 for the quarters ended March 31, 2011 and 2010, respectively, and \$3,918 and \$1,025 for the six-month periods ended March 31, 2011 and 2010, respectively.

During the 2011 first quarter, Griffon reduced the carrying value of unpatented technology by approximately \$1,400 due to the expiration of contingency agreements related to certain past acquisitions.

No event or indicator of impairment occurred during the six months ended March 31, 2011, which would require impairment testing of long-lived intangible assets including goodwill.

NOTE 7 – INCOME TAXES

Griffon's effective tax rate for continuing operations for the quarter ended March 31, 2011 was a benefit of 32.2%, compared to a benefit of 137% in the prior year quarter. The March 31, 2011 quarter effective tax rate reflected a change in earnings mix between domestic and non-domestic and the results of ATT which was acquired on September 30, 2010. The March 31, 2010 quarter effective tax rate benefited from resolution of certain non-domestic tax audits resulting in the release previously established reserves for uncertain tax positions, combined with the benefit of certain tax planning initiatives with respect to non-U.S. operating locations.

Griffon's effective tax rate for continuing operations for the six months ended March 31, 2011 was a benefit of 33.8%, compared to a benefit of 5.9% in the prior year quarter. The March 31, 2011 quarter effective tax rate reflected a change in earnings mix between domestic and non-domestic and includes the results of ATT which was acquired on September 30, 2010. In addition, a tax benefit of \$241 was recorded in connection with the retroactively extended research tax credit signed into law on December 22, 2010. The March 31, 2010 quarter effective tax rate benefited from resolution of certain non-domestic tax audits resulting in the release of previously established reserves for uncertain tax positions, combined with the benefit of certain tax planning initiatives with respect to non-U.S. operating locations, and a benefit arising on the filing of certain of Griffon's tax returns in various jurisdictions.

Excluding the above discrete period items, the effective tax rate on continuing operations for the quarter and six months ended March 31, 2011 would have been a benefit of 33.4% and 32.8%, respectively. The effective tax rate for the quarter and six months ended March 31, 2010, excluding the discrete period items, would have been a provision of 26.6% and 25.5%, respectively.

NOTE 8 – LONG-TERM DEBT

	At March 31, 2011					At September 30, 2010				
	Outstanding Balance	Original Issuer Discount	Balance Sheet	Capitalized Fees & Expenses	Coupon Interest Rate	Outstanding Balance	Original Issuer Discount	Balance Sheet	Capitalized Fees & Expenses	Coupon Interest Rate
Senior notes due 2018 (a)	\$ 550,000	\$ —	\$ 550,000	\$ 11,444	7.125%	\$ —	\$ —	\$ —	\$ —	n/a
Revolver due 2016 (a)	—	—	—	2,727	n/a	—	—	—	—	n/a
Convert. debt due 2017 (b)	100,000	(21,139)	78,861	2,586	4.000%	100,000	(22,525)	77,475	2,807	4.000%
Real estate mortgages (c)	18,747	—	18,747	366	n/a	7,287	—	7,287	159	n/a
ESOP Loans (d)	12,998	—	12,998	33	n/a	5,000	—	5,000	—	n/a
Capital lease - real estate (e)	11,765	—	11,765	270	5.000%	12,182	—	12,182	282	5.000%
Convert. debt due 2023 (f)	532	—	532	—	4.000%	532	—	532	—	4.000%
Term loan due 2013 (g)	—	—	—	260	n/a	—	—	—	—	n/a
Revolver due 2011 (g)	—	—	—	124	n/a	—	—	—	—	n/a
Foreign line of credit (g)	2,043	—	2,043	—	n/a	—	—	—	—	n/a
Term loan due 2016 (h)	—	—	—	—	n/a	375,000	(7,500)	367,500	9,782	7.800%
Asset based lending (h)	—	—	—	—	n/a	25,000	(625)	24,375	3,361	4.500%
Revolver due 2013 (i)	—	—	—	—	n/a	30,000	—	30,000	476	1.800%
Other long term debt (j)	628	—	628	—	—	485	—	485	—	—
Totals	696,713	(21,139)	675,574	\$ 17,810		555,486	(30,650)	524,836	\$ 16,867	
less: Current portion	(8,579)	—	(8,579)			(20,901)	—	(20,901)		
Long-term debt	\$ 688,134	\$ (21,139)	\$ 666,995			\$ 534,585	\$ (30,650)	\$ 503,935		

	Quarter Ended March 31, 2011					Quarter Ended March 31, 2010				
	Effective Interest Rate	Cash Interest	Amort. Debt Discount	Amort. Deferred Cost & Other Fees	Total Interest Expense	Effective Interest Rate	Cash Interest	Amort. Debt Discount	Amort. Deferred Cost & Other Fees	Total Interest Expense
Senior notes due 2018 (a)	7.5%	\$ 1,633	\$ —	\$ 68	\$ 1,701	n/a	\$ —	\$ —	\$ —	\$ —
Revolver due 2016 (a)	n/a	—	—	23	23	n/a	—	—	—	—
Convert. debt due 2017 (b)	9.2%	1,000	703	111	1,814	9.2%	1,000	650	110	1,760
Real estate mortgages (c)	5.6%	213	—	19	232	6.7%	122	—	5	127
ESOP Loans (d)	2.6%	24	—	17	41	1.5%	21	—	—	21
Capital lease - real estate (e)	5.2%	147	—	6	153	5.2%	158	—	6	164
Convert. debt due 2023 (f)	4.0%	5	—	—	5	9.0%	500	565	32	1,097
Term loan due 2013 (g)	n/a	—	—	70	70	n/a	—	—	—	—
Revolver due 2011 (g)	n/a	10	—	39	49	n/a	—	—	—	—
Foreign line of credit (g)	3.8%	8	—	—	8	n/a	—	—	—	—
Term loan due 2016 (h)	8.5%	6,002	263	300	6,565	n/a	—	—	—	—
Asset based lending (h)	4.9%	586	26	157	769	6.4%	210	—	175	385
Revolver due 2013 (i)	n/a	49	—	31	80	n/a	200	—	47	247
Other long term debt (j)		5	—	—	5		—	—	—	—
Capitalized interest		(196)	—	—	(196)		(72)	—	—	(72)
Totals		\$ 9,486	\$ 992	\$ 841	\$ 11,319		\$ 2,139	\$ 1,215	\$ 375	\$ 3,729

	Six Months Ended March 31, 2011					Six Months Ended March 31, 2010				
	Effective Interest Rate	Cash Interest	Amort. Debt Discount	Amort. Deferred Cost & Other Fees	Total Interest Expense	Effective Interest Rate	Cash Interest	Amort. Debt Discount	Amort. Deferred Cost & Other Fees	Total Interest Expense
Senior notes due 2018 (a)	7.5%	\$ 1,633	\$ —	\$ 68	\$ 1,701	n/a	\$ —	\$ —	\$ —	\$ —
Revolver due 2016 (a)	n/a	—	—	23	23	n/a	—	—	—	—
Convert. debt due 2017 (b)	9.3%	2,000	1,386	222	3,608	9.2%	1,100	715	110	1,925
Real estate mortgages (c)	5.6%	344	—	28	372	6.7%	247	—	9	256
ESOP Loans (d)	2.6%	47	—	33	80	1.5%	43	—	—	43
Capital lease - real estate (e)	5.4%	309	—	13	322	5.2%	320	—	13	333
Convert. debt due 2023 (f)	4.0%	11	—	—	11	9.0%	1,426	1,386	106	2,918
Term loan due 2013 (g)	n/a	—	—	70	70	n/a	—	—	—	—
Revolver due 2011 (g)	n/a	11	—	39	50	n/a	—	—	—	—
Foreign line of credit (g)	3.8%	8	—	—	8	n/a	—	—	—	—
Term loan due 2016 (h)	9.5%	13,498	572	745	14,815	n/a	—	—	—	—
Asset based lending (h)	6.2%	1,076	58	341	1,475	5.8%	573	—	277	850
Revolver due 2013 (i)	n/a	159	—	79	238	2.8%	417	—	95	512
Other long term debt (j)		12	—	—	12		—	—	—	—
Capitalized interest		(243)	—	—	(243)		(138)	—	—	(138)
Totals		\$ 18,865	\$ 2,016	\$ 1,661	\$ 22,542		\$ 3,988	\$ 2,101	\$ 610	\$ 6,699



- (a) On March 17, 2011, in an unregistered offering through a private placement under Rule 144A, Griffon issued, at par, \$550,000 of 7.125% Senior Notes due in 2018 ("Senior Notes"); interest on the Senior Notes is payable semi-annually. Proceeds were used to pay down the outstanding borrowings under a senior secured term loan facility and two senior secured revolving credit facilities of certain of the Company's subsidiaries. The Senior Notes are senior unsecured obligations of Griffon guaranteed by certain domestic subsidiaries, and are subject to certain covenants, limitations and restrictions.

On March 18, 2011, Griffon entered into a five-year \$200,000 Revolving Credit Facility ("Credit Agreement"), which includes a letter of credit sub-facility with a limit of \$50,000, a multi-currency sub-facility of \$50,000 and a swingline sub-facility with a limit of \$30,000. Borrowings under the Credit Agreement may be repaid and re-borrowed at any time, subject to final maturity of the facility or the occurrence of a default or event of default under the Credit Agreement. Interest is payable on borrowings at either a LIBOR or base rate benchmark rate plus an applicable margin, which will decrease based on financial performance. The initial margins are 1.75% for base rate loans and 2.75% for LIBOR loans, in each case without a floor. The Credit Agreement has certain financial maintenance tests including a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio as well as customary affirmative and negative covenants and events of default. The Credit Agreement also includes certain restrictions, such as limitations on the incurrence of indebtedness and liens and the making of restricted payments and investments. Borrowings under the Credit Agreement are guaranteed by certain domestic subsidiaries and are secured, on a first priority basis, by substantially all assets of the Company and the guarantors. There was no outstanding balance as of March 31, 2011, and the Company was in compliance with the terms and covenants of the Credit Agreement.

At March 31, 2011, there were \$20,467 of standby letters of credit outstanding under the Credit Agreement; \$179,533 was available for borrowing.

- (b) On December 21, 2009, Griffon issued \$100,000 principal of 4% convertible subordinated notes due 2017 (the "2017 Notes"). 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 \$14.91 per share, a 23% conversion premium over the \$12.12 closing price on December 15, 2009. Griffon used 8.75% as the nonconvertible debt-borrowing rate to discount the 2017 Notes and will amortize the debt discount through January 2017. At issuance, the debt component of the 2017 Notes was \$75,437 and debt discount was \$24,563. At September 30, 2010 and March 31, 2011, the 2017 Notes had a capital in excess of par component, net of tax, of \$15,720.
- (c) On December 20, 2010, Griffon entered into two second lien real estate mortgages to secure new loans totaling \$11,834. The loans mature in February 2016, are collateralized by the related properties and are guaranteed by Griffon. The loans bear interest at a rate of LIBOR plus 3% with the option to swap to a fixed rate.

Griffon has other real estate mortgages, collateralized by real property, that bear interest at rates from 6.3% to 6.6% with maturities extending through 2016.

- (d) Griffon's Employee Stock Ownership Plan ("ESOP") entered into a loan agreement in August 2010 to borrow \$20,000 over a one-year period, to be used to purchase Griffon common stock in the open market. The loan bears interest at a) LIBOR plus 2.5% or b) the Bank's prime rate. After the first year, Griffon has the option to convert all or a portion of the outstanding loan to a five-year term. If converted, principal is payable in quarterly installments of \$250, beginning September 2011, with the remainder due at maturity. The loan is secured by the shares purchased with the proceeds of the loan, and repayment is guaranteed by Griffon. At March 31, 2011, 675,848 shares have been purchased; the outstanding balance was \$8,310 and \$11,690 was available for borrowing under the agreement.

In addition, the ESOP has a loan agreement, guaranteed by Griffon, which requires quarterly principal payments of \$156 and interest through the expiration date of September 2012 at which time the \$3,900 balance of the loan, and any outstanding interest, will be payable. The primary purpose of this loan was to purchase 547,605 shares of Griffon's common stock in October 2008. The loan is secured by the shares purchased with the proceeds of the loan and repayment is guaranteed by Griffon. The loan bears interest at rates based upon the prime rate or LIBOR. At March 31, 2011, \$4,688 was outstanding.

- (e) In October 2006, CBP entered into a capital lease totaling \$14,290 for real estate in Troy, Ohio. Approximately \$10,000 was used to acquire the building and the remaining amount was restricted for improvements. The lease matures in 2021, bears interest at a fixed rate of 5.1%, is secured by a mortgage on the real estate and is guaranteed by Griffon.
- (f) At March 31, 2011 and September 30, 2010, Griffon had \$532 of 4% convertible subordinated notes due 2023 (the "2023 Notes") outstanding. Holders of the 2023 Notes may require Griffon to repurchase all or a portion of their 2023 Notes on July 18, 2013 and 2018, if Griffon's common stock price is below the conversion price of the 2023 Notes, as well as upon a change in control. At March 31, 2011 and September 30, 2010, the 2023 Notes had no capital in excess of par value component as substantially all of these notes were put to Griffon at par and settled in July 2010.

In January 2010, Griffon purchased \$10,100 face value of the 2023 Notes for \$10,200 which, after proportionate reduction in related deferred financing costs, resulted in a net pre-tax gain from debt extinguishment of \$12. Capital in excess of par was reduced by \$300 for the equity portion of the extinguished 2023 Notes, and debt discount was reduced by \$200.

In December 2009, Griffon purchased \$19,200 face value of the 2023 Notes for \$19,400. Including a proportionate reduction in the related deferred financing costs, Griffon recorded an immaterial net pre-tax loss on the extinguishment. 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 \$500.

- (g) In November 2010, Clopay Europe GMBH ("Clopay Europe") entered into a €10,000 revolving credit facility and a €20,000 term loan. The facility accrues interest at Euribor plus 2.35% per annum, and the term loan accrues interest at Euribor plus 2.45% per annum. The revolving facility matures in November 2011, but is renewable upon mutual agreement with the bank. The term loan can be drawn until August 2011 and, if drawn, repayment will be in ten equal installments beginning September 2011 with maturity in December 2013. Under the term loan, Clopay Europe is required to maintain a certain minimum equity to assets ratio and keep leverage below a certain level, defined as the ratio of total debt to EBITDA. There were no borrowings under the term loan or revolving facility at March 31, 2011.

Clopay do Brazil, a subsidiary of Plastics, maintains a line of credit of approximately \$5,000. Interest on borrowings accrue at a rate of LIBOR plus 4%. \$2,043 was borrowed under the line and \$2,957 was available as of as of March 31, 2011.

- (h) In connection with the ATT acquisition, Clopay Ames True Temper Holding Corp. ("Clopay Ames"), a subsidiary of Griffon, entered into the \$375,000 secured term Loan ("Term Loan") and a \$125,000 asset based lending agreement ("ABL"). The acquisition, including all related transaction costs, was funded by proceeds of the Term Loan, \$25,000 drawn under the New ABL, and \$168,000 of Griffon cash. ATT's previous outstanding debt was repaid in connection with the acquisition.

On November 30, 2010, Clopay Ames, as required under the Term Loan agreement, entered into an interest rate swap on a notional amount of \$200,000 of the Term Loan. The agreement fixed the LIBOR component of the Term Loan interest rate at 2.085% for the notional amount of the swap.

On March 17, 2011, the Term Loan, ABL and swap were terminated in connection with the issuance of the Senior Notes and Credit Agreement.

- (i) 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"). The TCA terminated in connection with the Credit Agreement.
- (j) Primarily capital leases.

At March 31, 2011, Griffon and its subsidiaries were in compliance with the terms and covenants of its credit agreements and loan agreements.

During the quarter, in connection with the termination of the Term Loan, ABL and Telephonics credit agreement, Griffon recorded a \$26,164 loss on extinguishment of debt consisting of \$21,617 of deferred financing charges and original issuer discounts, a call premium of \$3,703 on the Term Loan, and \$844 of swap and other breakage costs.

As part of the acquisition of ATT, Griffon acquired interest rate swaps that had fair values totaling \$3,845 at September 30, 2010. These swaps were terminated in October 2010 for \$4,303, including accrued interest of \$458.

NOTE 9 — SHAREHOLDERS' EQUITY

During 2010, Griffon granted 703,845 shares of restricted stock to employees, with two to four-year cliff vesting, and a total fair value of \$7,989, or a weighted average fair value of \$11.35 per share. In connection with the ATT acquisition, Griffon entered into certain retention arrangements with the ATT senior management team. Under these arrangements, the ATT management team purchased 239,145 shares of common stock and received 239,145 shares of restricted stock that vest in full after four years, subject to the attainment of a specified performance measure.

During the quarter ended March 31, 2011, Griffon granted 365,000 restricted shares and 590,000 performance shares. The restricted shares had a total fair value of \$4,544, or a weighted average fair value of \$12.45 per share with 260,000 shares having a three-year cliff vesting; 30,000 shares, issued to Directors, vesting annually in equal installments over three years; and 75,000 shares vesting annually in equal installments over five years. The performance shares have a fair value of \$7,346, or a weighted average fair value of \$12.45 per share, and cliff vest when either the stock price of Griffon closes at \$16 per share for twenty consecutive trading days or in 7 years, whichever comes first.

During the three months ended December 31, 2010, Griffon granted a total of 450,700 shares of restricted stock with three-year cliff vesting and a total fair value of \$5,956, or a weighted average fair value of \$13.22 per share.

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

For the three and six months ended March 31, 2011, stock based compensation expense totaled \$2,624 and \$4,647, respectively. For the three and six months ended March 31, 2010, stock based compensation expense totaled \$1,505 and \$2,935, respectively.

NOTE 10 – 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 stock based compensation. 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. Due to the net loss in the three and six-month period ended March 31, 2011, the incremental shares from stock based compensation are anti-dilutive.

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Weighted average shares outstanding - basic	59,280	58,977	59,277	58,906
Incremental shares from stock based compensation	—	962	—	863
Weighted average shares outstanding - diluted	59,280	59,939	59,277	59,769
Anti-dilutive options excluded from diluted EPS computation	1,031	991	1,031	1,039

Griffon has the intent and ability to settle the principal amount of the 2017 Notes in cash; therefore, the potential issuance of shares related to the principal amount of the 2017 Notes is not included in diluted shares.

NOTE 11 – BUSINESS SEGMENTS

Griffon's reportable business segments are as follows:

- Home & 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, as well as a global provider of non-powered landscaping products that make work easier for homeowners and professionals.
- Telephonics develops, designs and manufactures high-technology integrated information, communication and sensor system solutions to military and commercial markets worldwide.
- 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.

Griffon evaluates performance and allocates resources based on each segments' operating results before interest income or expense, income taxes, depreciation and amortization, gain (losses) from debt extinguishment, unallocated amounts, restructuring charges and costs related to the fair value of inventory for acquisitions. Griffon believes this information is useful to investors for the same reason. The following tables provide a reconciliation of Segment profit and Segment profit before depreciation, amortization, restructuring and fair value write up of acquired inventory sold to Income before taxes and discontinued operations:

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2011	2010	2011	2010
REVENUE				
Home & Building Products	\$ 232,319	\$ 82,204	\$ 430,582	\$ 181,726
Telephonics	113,525	116,190	211,804	219,809
Plastics	130,285	115,583	248,145	217,599
Total consolidated net sales	\$ 476,129	\$ 313,977	\$ 890,531	\$ 619,134

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2011	2010	2011	2010
INCOME (LOSS) BEFORE TAXES AND DISCONTINUED OPERATIONS				
Segment operating profit (loss):				
Home & Building Products *	\$ 6,931	\$ (3,714)	\$ 5,308	\$ 3,147
Telephonics	11,225	10,622	21,918	17,617
Plastics	5,170	5,086	9,312	5,447
Total segment operating profit	23,326	11,994	36,538	26,211
Unallocated amounts	(6,581)	(7,610)	(11,687)	(13,891)
Gain (loss) from debt extinguishment, net	(26,164)	12	(26,164)	(6)
Net interest expense	(11,222)	(3,537)	(22,376)	(6,445)
Income (loss) before taxes and discontinued operations	\$ (20,641)	\$ 859	\$ (23,689)	\$ 5,869
Segment profit before depreciation, amortization, restructuring and fair value write-up of acquired inventory sold:				
Home & Building Products	\$ 19,619	\$ 92	\$ 37,153	\$ 10,561
Telephonics	12,929	12,409	25,335	21,030
Plastics	11,231	10,919	21,017	16,893
Total Segment profit before depreciation, amortization, restructuring and fair value write-up of acquired inventory sold	43,779	23,420	83,505	48,484
Unallocated amounts	(6,581)	(7,610)	(11,687)	(13,891)
Gain (loss) from debt extinguishment, net	(26,164)	12	(26,164)	(6)
Net interest expense	(11,222)	(3,537)	(22,376)	(6,445)
Segment depreciation and amortization	(15,453)	(10,206)	(29,210)	(20,042)
Home & Building Products:				
Restructuring charges	(1,212)	(1,220)	(2,605)	(2,231)
Fair value write-up of acquired inventory sold	(3,788)	—	(15,152)	—
Income (loss) before taxes and discontinued operations	\$ (20,641)	\$ 859	\$ (23,689)	\$ 5,869

* Includes \$3,788 and \$15,152 of costs related to the sale of inventory that was recorded at fair value in connection with acquisition accounting for ATT for the three and six months ended March 31, 2011, respectively.

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

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2011	2010	2011	2010
DEPRECIATION and AMORTIZATION				
Segment:				
Home & Building Products	\$ 7,688	\$ 2,586	\$ 14,088	\$ 5,183
Telephonics	1,704	1,787	3,417	3,413
Plastics	6,061	5,833	11,705	11,446
Total segment depreciation and amortization	15,453	10,206	29,210	20,042
Corporate	100	84	168	166
Total consolidated depreciation and amortization	\$ 15,553	\$ 10,290	\$ 29,378	\$ 20,208

CAPITAL EXPENDITURES

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2011	2010	2011	2010
Segment:				
Home & Building Products	\$ 7,335	\$ 3,119	\$ 13,775	\$ 6,458
Telephonics	1,333	4,291	2,138	6,367
Plastics	14,996	96	25,616	4,299
Total segment	23,664	7,506	41,529	17,124
Corporate	143	173	208	565
Total consolidated capital expenditures	\$ 23,807	\$ 7,679	\$ 41,737	\$ 17,689

	At March 31, 2011		At September 30, 2010	
	2011	2010	2011	2010
ASSETS				
Segment assets:				
Home & Building Products	\$ 976,715	\$ 919,146		
Telephonics	269,122	268,373		
Plastics	434,194	397,470		
Total segment assets	1,680,031	1,584,989		
Corporate	170,638	157,645		
Total continuing assets	1,850,669	1,742,634		
Assets of discontinued operations	6,679	6,882		
Consolidated total	\$ 1,857,348	\$ 1,749,516		

NOTE 12 – COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) was as follows:

	Three months Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Net income (loss)	\$ (14,001)	\$ 2,033	\$ (15,681)	\$ 6,324
Change in fair value of interest rate swap, net of tax	48	—	—	—
Foreign currency translation adjustment	16,911	(11,566)	16,466	(14,437)
Pension other comprehensive income amortization, net of tax	426	389	851	776
Comprehensive income (loss)	\$ 3,384	\$ (9,144)	\$ 1,636	\$ (7,337)

NOTE 13 – DEFINED BENEFIT PENSION EXPENSE

Defined benefit pension expense was recognized as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Service cost	\$ 88	\$ 139	\$ 174	\$ 278
Interest cost	2,792	907	5,578	1,814
Expected return on plan assets	(2,843)	(343)	(5,681)	(686)
Amortization:				
Prior service cost	84	84	168	168
Recognized actuarial loss	571	512	1,142	1,024
Net periodic expense	\$ 692	\$ 1,299	\$ 1,381	\$ 2,598

NOTE 14 – RECENT ACCOUNTING PRONOUNCEMENTS

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

NOTE 15 – DISCONTINUED OPERATIONS

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

	At March 31, 2011		At September 30, 2010	
	Current	Long-term	Current	Long-term
Assets of discontinued operations:				
Prepaid and other current assets	\$ 1,543	\$ —	\$ 1,079	\$ —
Other long-term assets	—	5,136	—	5,803
Total assets of discontinued operations	\$ 1,543	\$ 5,136	\$ 1,079	\$ 5,803
Liabilities of discontinued operations:				
Accounts payable	\$ 4	\$ —	\$ 8	\$ —
Accrued liabilities	4,319	—	4,281	—
Other long-term liabilities	—	7,282	—	8,446
Total liabilities of discontinued operations	\$ 4,323	\$ 7,282	\$ 4,289	\$ 8,446

There was no Installation Services' operating unit revenue for the three and six months ended March 31, 2011 and 2010.

NOTE 16 – RESTRUCTURING AND OTHER RELATED CHARGES

The consolidation of the CBP manufacturing facilities plan, announced in June 2009, is substantially complete. The remaining restructuring related expenses primarily consist of shutdown costs for the Baldwin plant, which will be completed by fiscal year end. For the total project, CBP estimates it will incur pre-tax exit and restructuring costs approximating \$11,000, substantially all of which will be cash charges; charges include \$2,000 for one-time termination benefits and other personnel costs, \$1,000 for excess facilities and related costs, and \$8,000 for other exit costs, primarily in connection with production realignment. CBP expects approximately \$11,000 in capital expenditures in order to effectuate the restructuring plan. To date, CBP has spent \$7,901 and \$10,070 for the

restructuring plan and related capital expenditures, respectively, including \$1,153 and \$283, respectively, in the second quarter of 2011 and \$2,482 and \$755, respectively, for the six months ended March 31, 2011.

Restructuring and other related charges recognized for the three and six months ended March 31, 2011 and 2010 were as follows:

	Workforce Reduction	Facilities & Exit Costs	Other Related Costs	Total
Amounts incurred in:				
Quarter ended December 31, 2009	\$ 279	\$ 694	\$ 38	\$ 1,011
Quarter ended March 31, 2010	124	775	321	1,220
Six months ended March 31, 2010	\$ 403	\$ 1,469	\$ 359	\$ 2,231
Quarter ended December 31, 2010	\$ 239	\$ 791	\$ 363	\$ 1,393
Quarter ended March 31, 2011	61	470	681	1,212
Six months ended March 31, 2011	\$ 300	\$ 1,261	\$ 1,044	\$ 2,605

At March 31, 2011, the accrued liability for the restructuring and other related charges consisted of:

	Workforce Reduction	Facilities & Exit Costs	Other Related Costs	Total
Accrued liability at September 30, 2010	\$ 1,541	\$ —	\$ —	\$ 1,541
Charges	300	1,261	1,044	2,605
Payments	(1,284)	(1,261)	(1,044)	(3,589)
Accrued liability at March 31, 2011	\$ 557	\$ —	\$ —	\$ 557

NOTE 17 – OTHER INCOME

For the quarters ended March 31, 2011 and 2010, Other income included losses of \$150 and \$241, respectively, of foreign exchange gains/losses, and \$168 and nil, respectively, of investment income.

For the six months ended March 31, 2011 and 2010, Other income included losses of \$27 and \$166, respectively, of foreign exchange gains/losses and \$1,307 and nil, respectively, of investment income.

NOTE 18 – WARRANTY LIABILITY

Telephonics offers warranties against product defects for periods ranging from one to two years, with certain products having a limited lifetime warranty, depending on the specific product and terms of the customer purchase agreement. Typical warranties require Telephonics to repair or replace the defective products during the warranty period at no cost to the customer. For Home & Building Products and Telephonics, at the time revenue is recognized, a liability is recorded for warranty costs, estimated based on historical experience; the Segment periodically assesses its warranty obligations and adjusts the liability as necessary. ATT offers an express limited warranty for a period of ninety days, from the date of original purchase, on all products unless otherwise stated on the product or packaging.

Changes in Griffon's warranty liability, included in Accrued liabilities, were as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2011	2010	2011	2010
Balance, beginning of fiscal year	\$ 5,819	\$ 4,796	\$ 5,896	\$ 5,707
Warranties issued and charges in estimated pre-existing warranties	709	1,236	1,380	1,319
Actual warranty costs incurred	(847)	(1,272)	(1,595)	(2,266)
Balance, end of fiscal period	\$ 5,681	\$ 4,760	\$ 5,681	\$ 4,760

NOTE 19 — 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 Griffon, 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 Griffon. ISC sold the Peekskill Site in November 1982.

Subsequently, Griffon 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, and did conduct accordingly 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. In February 2011, DEC advised ISC it had accepted and approved the feasibility study. Accordingly, ISC has no further obligations under the Consent Order.

Upon acceptance of the feasibility study, DEC issued a Proposed Remedial Action Plan ("PRAP") that sets forth the proposed remedy for the site. The PRAP accepted the recommendation contained in the feasibility study for remediation of the soil and groundwater medias, but selected a different remediation alternative for the sediment medium. The approximate cost and the current net capital cost value of the remedy proposed by DEC in the PRAP is approximately \$10,000. DEC has received public comments on the PRAP and is expected to issue a Record of Decision ("ROD") that will set forth the specific remedy DEC has selected and will explain why the remedy was selected and respond to public comments.

It is expected DEC will thereafter enter negotiations with potentially responsible parties to request they undertake performance of the remedies selected in the ROD and if not, then the State may use State Superfund money to remediate the Peekskill site. Griffon does not acknowledge any responsibility to perform any remediation at the Peekskill Site.

Improper Advertisement Claim involving Union Tools Products. During December 2004, a customer of ATT was named in litigation that involved UnionTools products. The complaint asserted causes of action against the defendant for improper advertisement to the end consumer. The allegation suggests that advertisements led the consumer to believe that the hand tools sold were manufactured within boundaries of the United States. The allegation asserts cause of action against the customer for common law fraud. In the event that an adverse judgment is rendered against the customer, there is a possibility that the customer would seek legal recourse against ATT for an unspecified amount in contributory damages. Presently, ATT cannot estimate the amount of loss, if any, if the customer were to seek legal recourse against ATT.

Department of Environmental Conservation of New York State, regarding Frankfort, NY site. During fiscal 2009, an underground fuel tank with surrounding soil contamination was discovered at the Frankfort, N.Y. site, which is the result of historical facility operations prior to ATT's ownership. ATT is actively working with the New York Department of Environmental Conservation and the New York State Department of Health to define remediation requirements. Griffon believes remediation will be completed during the first half of 2012, that future remediation costs will be less than \$1,000, and that it has adequately accrued for this liability.

U.S. Government investigations and claims

Defense contracts and subcontracts, including Griffon'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 ("DCAA"), the Defense Contract Investigative Service ("DCIS"), 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 Griffon is currently providing information to the U.S. Department of Defense Office of the Inspector General. No claim has been asserted against Griffon, and Griffon 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 Griffon, 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 material adverse effect on Telephonics because of its reliance on government contracts.

General legal

Griffon 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 Griffon's consolidated financial position, results of operations or cash flows.

NOTE 20 — RELATED PARTY

Goldman, Sachs & Co. acted as a co-manager and as an initial purchaser in connection with the Senior Notes offering and received a fee of \$825.

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

BUSINESS OVERVIEW (in thousands, expect per share data)

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

Griffon operates through three business segments: Home & Building Products, Telephonics Corporation and Clopay Plastic Products Company.

- Home & Building Products ("HBP") consists of:
 - Clopay Building Products Company ("CBP") is a leading manufacturer and marketer of residential, commercial and industrial garage doors to professional installing dealers and major home center retail chains.
 - Ames True Temper, Inc. ("ATT"), acquired on September 30, 2010, is a global provider of non-powered landscaping products that make work easier for homeowners and professionals. Due to the timing of the acquisition, none of ATT's 2010 results of operations were included in Griffon's results for the year ended September 30, 2010.
- Telephonics Corporation ("Telephonics") designs, develops and manufactures high-technology integrated information, communication and sensor system solutions to military and commercial markets worldwide.
- Clopay Plastic Products Company ("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.

OVERVIEW

Revenue for the quarter ended March 31, 2011 was \$476,129, compared to \$313,977 in the prior year quarter. Loss from continuing operations was \$14,001, or \$0.24 per diluted share, compared to income of \$2,034, or \$0.03 per share, in the prior year quarter. The current quarter results included a \$26,164 (\$16,813, net of tax, or \$0.28 per share) charge related to debt extinguishment, \$3,788 (\$2,462, net of tax, or \$0.04 per share) of increased cost of goods related to the sale of inventory recorded at fair value in connection with acquisition accounting for ATT and \$1,212 (\$788, net of tax, or \$0.01 per share) of restructuring charges primarily associated with the consolidation of facilities at CBP. The prior year quarter included \$1,220 (\$793, net of tax, or \$0.01 per share) related to the restructuring at CBP and \$(1,415), or \$(0.02) per share, related to discrete tax items. Excluding the loss on debt extinguishment, the ATT inventory item and restructuring charges and discrete tax items from both periods, income from continuing operations would have been \$6,062, or \$0.10 per share compared to \$1,412, or \$0.02 per share, in the prior year quarter. Income from discontinued operations for the March 2011 and 2010 second quarters was essentially nil. Net loss for the second quarter of 2011 was \$14,001, or \$0.24 per share, compared to net income of \$2,033, or \$0.03 per share, in the prior year.

On a pro forma basis as if ATT was purchased on October 1, 2009, second quarter revenue of \$476,129, increased 4% in comparison to \$457,380 in the 2010 quarter. The net loss from continuing operations was \$14,001 or \$0.24 per share, compared to income of \$8,078 or \$0.13 per share, in the prior year quarter. Adjusting these results for the same items discussed above, current quarter income from continuing operations would have been \$6,062, or \$0.10 per share, compared to \$7,645, or \$0.13 per share, in the prior year quarter.

Revenue for the six months ended March 31, 2011 was \$890,531, compared to \$619,134 in the prior year period. Loss from continuing operations was \$15,681 or \$0.26 per diluted share, compared to income of \$6,214, or \$0.11 per share, in the prior year period. The current year results included a \$26,164 (\$16,813, net of tax, or \$0.28 per share) charge related to debt extinguishment, \$15,152 (\$9,849, net of tax, or \$0.17 per share) of increased cost of goods related to the sale of inventory recorded at fair value in connection with acquisition accounting for ATT, \$2,605 (\$1,693, net of tax, or \$0.03 per share) of restructuring charges primarily associated with the consolidation of facilities at CBP and \$(241), or \$0.00 per share, of discrete tax items. The prior year included \$2,231 (\$1,450, net of tax, or \$0.02 per share) related to the restructuring at CBP and \$(1,838), or \$(0.03) per share, related to discrete tax items. Excluding the loss on debt extinguishment, the ATT inventory item, restructuring charges and discrete tax items from both periods, income from continuing operations would have been \$12,433, or \$0.21 per share compared to \$5,826, or \$0.10 per share, in the prior year. Income from discontinued operations for the March 2011 and 2010 year-to-date periods was essentially nil. Net loss for the current year period was \$15,681, or \$0.26 per share, compared to net income of \$6,324, or \$0.11 per share, in the prior year.

On a pro forma basis, as if ATT was purchased on October 1, 2009, six-month revenue of \$890,531 increased 4% in comparison to \$853,666 in 2010. The net loss from continuing operations was \$15,681, or \$0.26 per share, compared to income of \$13,737, or \$0.23 per share, in the prior year. Adjusting these results for the same items discussed above, current period income from continuing operations would have been \$12,433, or \$0.21 per share, compared to \$13,711, or \$0.23 per share, in the prior year.

The purchase of ATT occurred on September 30, 2010. Accordingly, ATT's results of operations are not included in Griffon's consolidated statements of operations or cash flows or related footnotes for any period presented prior to September 30, 2010, except where explicitly stated as pro forma results. Griffon's consolidated balance sheet at September 30, 2010 and related footnotes include ATT's balances at that date. The accounts of the acquired company, after adjustments to reflect fair market values assigned to assets and liabilities, have been included in Griffon's consolidated financial statements from the date of acquisition.

On March 17, 2011, Griffon issued \$550,000 aggregate principal amount of senior notes due 2018 ("Senior Notes"), at par, and will pay interest semi-annually at a rate of 7.125% per annum. The Senior Notes are senior unsecured obligations of Griffon and are guaranteed by certain of its domestic subsidiaries. Proceeds from issuance of the Senior Notes were used to repay the balances outstanding under the Clopay Ames True Temper Holding Corp. ("Clopay Ames") secured term loan ("Term Loan") and the Clopay Ames asset based lending agreement ("ABL").

On March 18, 2011, Griffon entered into a \$200,000 five-year revolving credit facility that refinanced and replaced the existing revolving credit facilities at each of Telephonics and Clopay Ames True Temper Holding Corp.

The Senior Notes, along with the revolving credit facility, completed the refinancing of substantially all of Griffon's domestic subsidiary debt with new debt at the parent company level.

Griffon also evaluates performance based on Earnings per share and Income (loss) from continuing operations excluding restructuring charges, gain (loss) from debt extinguishment, discrete tax items and costs related to the fair value of inventory for acquisitions. Griffon believes this information is useful to investors for the same reason. The following table provides a reconciliation of Earnings per share and Income (loss) from continuing operations to Adjusted earnings per share and Adjusted income (loss) from continuing operations:

GRIFFON CORPORATION AND SUBSIDIARIES
RECONCILIATION OF INCOME (LOSS) TO ADJUSTED INCOME (LOSS)
(Unaudited)

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2011	2010	2011	2010
Income (loss) from continuing operations	\$ (14,001)	\$ 2,034	\$ (15,681)	\$ 6,214
Adjusting items, net of tax:				
Loss from debt extinguishment, net	16,813	—	16,813	—
Fair value write-up of acquired inventory sold	2,462	—	9,849	—
Restructuring	788	793	1,693	1,450
Discrete tax items	—	(1,415)	(241)	(1,838)
Adjusted income (loss) from continuing operations	<u>\$ 6,062</u>	<u>\$ 1,412</u>	<u>\$ 12,433</u>	<u>\$ 5,826</u>
Diluted earnings (loss) per common share	\$ (0.24)	\$ 0.03	\$ (0.26)	\$ 0.11
Adjusting items, net of tax:				
Loss from debt extinguishment, net	0.28	—	0.28	—
Fair value write-up of acquired inventory sold	0.04	—	0.17	—
Restructuring	0.01	0.01	0.03	0.02
Discrete tax items	—	(0.02)	—	(0.03)
Adjusted diluted earnings (loss) per common share	<u>\$ 0.10</u>	<u>\$ 0.02</u>	<u>\$ 0.21</u>	<u>\$ 0.10</u>
Weighted-average shares outstanding (in thousands)	<u>59,280</u>	<u>59,939</u>	<u>59,277</u>	<u>59,769</u>

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 (Loss).

RESULTS OF OPERATIONS

Three and six months ended March 31, 2011 and 2010

Griffon evaluates performance and allocates resources based on each segments' operating results before interest income or expense, income taxes, depreciation and amortization, gain (losses) from debt extinguishment, unallocated amounts, restructuring charges and costs related to the fair value of inventory for acquisitions. Griffon believes this information is useful to investors for the same reason. The following table provides a reconciliation of Segment profit before depreciation, amortization, restructuring and fair value write up of acquired inventory sold to Income before taxes and discontinued operations:

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2011	2010	2011	2010
Segment profit before depreciation, amortization, restructuring and fair value write-up of acquired inventory sold:				
Home & Building Products	\$ 19,619	\$ 92	\$ 37,153	\$ 10,561
Telephonics	12,929	12,409	25,335	21,030
Clopay Plastic Products	11,231	10,919	21,017	16,893
Total Segment profit before depreciation, amortization, restructuring and fair value write-up of acquired inventory sold	43,779	23,420	83,505	48,484
Unallocated amounts	(6,581)	(7,610)	(11,687)	(13,891)
Gain (loss) from debt extinguishment, net	(26,164)	12	(26,164)	(6)
Net interest expense	(11,222)	(3,537)	(22,376)	(6,445)
Segment depreciation and amortization	(15,453)	(10,206)	(29,210)	(20,042)
Home & Building Products:				
Restructuring charges	(1,212)	(1,220)	(2,605)	(2,231)
Fair value write-up of acquired inventory sold	(3,788)	—	(15,152)	—
Income (loss) before taxes and discontinued operations	\$ (20,641)	\$ 859	\$ (23,689)	\$ 5,869

Home & Building Products

	Three Months Ended March 31,				Six Months Ended March 31,			
	2011		2010		2011		2010	
Revenue	\$ 232,319		\$ 82,204		\$ 430,582		\$ 181,726	
Segment operating profit (loss)	6,931	3.0%	(3,714)	NM	5,308	1.2%	3,147	1.7%
Depreciation and amortization	7,688		2,586		14,088		5,183	
Fair value write-up of acquired inventory sold	3,788		—		15,152		—	
Restructuring charges	1,212		1,220		2,605		2,231	
Segment profit before depreciation, amortization and restructuring	\$ 19,619	8.4%	\$ 92	0.1%	\$ 37,153	8.6%	\$ 10,561	5.8%

For the quarter ended March 31, 2011, Segment revenue increased \$150,115, or 183%, compared to the prior year quarter primarily due to the inclusion of ATT's revenue and somewhat higher door volume. On a pro forma basis, prepared as if ATT was purchased on October 1, 2009, revenue increased \$6,700, or 3%, compared to the prior year quarter. For the quarter, ATT and CBP revenue increased 2% and 5%, respectively, driven mainly by volume, with ATT's increase primarily driven by snow tools.

For the quarter ended March 31, 2011, Segment operating profit was \$6,931 compared to a loss of \$3,714 in the prior year quarter. The improvement was primarily driven by the inclusion of ATT's operating profit in the current quarter's results. The current quarter operating profit includes \$3,788 for increased cost of goods related to the sale of inventory that was recorded at fair value in connection with acquisition accounting for ATT. On a pro forma basis, as if ATT was purchased on October 1, 2009, the segment operating profit in the prior year was \$13,371 compared to the segment operating profit of \$6,931 in the current year quarter. The decrease was mainly due to the impact of higher material costs as well as the above acquisition accounting item.

For the six months ended March 31, 2011, segment revenue increased \$248,856, or 137%, compared to the prior year period primarily due to the inclusion of ATT's revenue, as well as somewhat higher door volume. On a pro forma basis, prepared as if ATT was purchased on October 1, 2009, revenue increased 14,300, or 3%, compared the prior year quarter. For the six month period, ATT and CBP revenue increased 2% and 5%, respectively, driven mainly by volume.

For the six months ended March 31, 2011, segment operating profit was \$5,308 compared to \$3,147 in the prior year. The benefit from the inclusion of ATT in current year segment results was more than offset by \$15,152 of increased costs of goods related to the sale of inventory recorded at fair value in connection with acquisition accounting for ATT. On a pro forma basis, as if ATT was purchased on October 1, 2009, the segment operating profit in the prior year was \$30,294 compared to the segment operating profit of \$5,308 in the current year. In addition to the ATT inventory item, the decrease was primarily due to the impact of higher material costs and \$2,919 of lower receipts under the Byrd amendment (anti-dumping compensation from the US government).

Telephonics

	Three Months Ended March 31,				Six Months Ended March 31,			
	2011		2010		2011		2010	
Revenue	\$ 113,525		\$ 116,190		\$ 211,804		\$ 219,809	
Segment operating profit	11,225	9.9%	10,622	9.1%	21,918	10.3%	17,617	8.0%
Depreciation and amortization	1,704		1,787		3,417		3,413	
Segment profit before depreciation and amortization	\$ 12,929	11.4%	\$ 12,409	10.7%	\$ 25,335	12.0%	\$ 21,030	9.6%

For the quarter ended March 31, 2011, Telephonics revenue decreased \$2,665, or 2%, compared to the prior year quarter. The decline was primarily attributable to the transition on the Automatic Radar Periscope Detection and Discrimination ("ARPDD") program from development to production phase (5%), and the lower rate of production on the C-17 program (3%); these decreases were partially offset by a 3% increase in Ground Surveillance Radars ("GSR").

For the quarter ended March 31, 2011, Segment operating profit increased \$603, or 6%, and operating profit margin increased 80 basis points from the prior year quarter primarily due to lower selling, general and administrative expenses related to the timing of proposal activities, and research and development initiatives.

For the six months ended March 31, 2011, Telephonics revenue decreased \$8,005, or 4%, compared to the prior year primarily from the ARPDD program (5%) and the lower rate of production on the C-17 program (5%); the decreases were partially offset by a 4% increase in GSR revenue.

For the six months ended March 31, 2011, Segment operating profit increased \$4,301, or 24%, and operating profit margin increased 230 basis points from the prior year due to program mix, as well as lower selling, general and administrative expenses due to the timing of proposal activities, and research and development initiatives.

During the quarter, Telephonics was awarded several new contracts and received incremental funding on current contracts totaling \$131,000. Contract backlog was \$441,000 at March 31, 2011 with 73% expected to be realized in the next 12 months. Backlog was \$407,000 at September 30, 2010 and \$433,000 at March 31, 2010. Backlog is defined as unfilled firm orders for products and services for which funding has been both authorized and appropriated by the customer-congress, in the case of the U.S. government agencies.

Plastics

	Three Months Ended March 31,				Six Months Ended March 31,			
	2011		2010		2011		2010	
Revenue	\$ 130,285		\$ 115,583		\$ 248,145		\$ 217,599	
Segment operating profit	5,170	4.0%	5,086	4.4%	9,312	3.8%	5,447	2.5%
Depreciation and amortization	6,061		5,833		11,705		11,446	
Segment profit before depreciation and amortization	\$ 11,231	8.6%	\$ 10,919	9.4%	\$ 21,017	8.5%	\$ 16,893	7.8%

For the quarter ended March 31, 2011, Plastics revenue increased \$14,702, or 13%, compared to the prior year quarter primarily due to higher volume and favorable product mix (7%), the pass through of higher resin costs in customer selling prices (5%) and the favorable impact of foreign exchange translation (1%).

For the quarter ended March 31, 2011, Segment operating profit increased \$84 compared to the prior year quarter due to higher volume, partially offset by product mix and the impact of higher resin costs which increased the cost of sales. Increased resin costs were not yet reflected in higher customer selling prices; Plastics adjusts customer selling prices based on underlying resin costs on a delayed basis.

For the six months ended March 31, 2011, Plastics revenue increased \$30,546, or 14%, compared to the prior year period primarily due to higher volumes in all geographic locations, the benefit from the pass through of higher resin costs in customer selling prices and favorable product mix, partially offset by the negative impact from foreign currency translation.

For the six months ended March 31, 2011, segment operating profit increased \$3,865 compared to the prior year due to the higher volume and favorable product mix, partially offset by the impact of higher resin costs and the negative impact from foreign exchange translation.

Unallocated

For the quarter ended March 31, 2011, unallocated amounts totaled \$6,581 compared to \$7,610 in the prior year. The decrease was primarily due to higher legal and consulting expenses related to acquisition due diligence in the prior year. For the six months ended March 31, 2011, unallocated amounts totaled \$11,687 compared to \$13,891 in the prior year. The decrease was primarily due to realized and unrealized gains on investments in the current period and the absence of legal and consulting expenses related to acquisition due diligence which were incurred in the prior year period.

Segment Depreciation and Amortization

Segment depreciation and amortization increased \$5,247 and \$9,168 for the three and six month periods ending March 31, 2011 over the prior year periods primarily due to the increased depreciation and amortization related to the ATT acquisition

Other income (expense)

For the quarter and six month period ended March 31, 2011, interest expense increased \$7,590 and \$15,843, respectively, compared to the prior year periods, as a result of debt incurred for the acquisition of ATT.

During the quarter, in connection with the termination of the Term Loan, ABL and TCA, Griffon recorded a \$26,164 loss on extinguishment of debt consisting of \$21,617 of deferred financing charges and original issuer discounts, a call premium of \$3,703 on the Term Loan, and \$844 of swap and other breakage costs.

In the quarter ended March 31, 2010, Griffon recorded a non-cash, pre-tax gain from debt extinguishment of \$12, net of a proportionate write-off of deferred financing costs, which resulted from its January 2010 purchase of \$10,145 of its outstanding convertible notes at a premium.

For the six months ended March 31, 2010, Griffon recorded a non-cash, pre-tax loss from debt extinguishment of \$6, net of a proportionate write-off of deferred financing costs, which resulted from its purchase of \$29,392 of its outstanding convertible notes.

For the quarters ended March 31, 2011 and 2010, Other income included losses of \$150 and \$241, respectively, of foreign exchange gains/losses and \$168 and nil, respectively, of investment income.

For the six months ended March 31, 2011 and 2010, Other income included losses of \$27 and \$166, respectively, of foreign exchange gains/losses and \$1,307 and nil, respectively, of investment income.

Provision for income taxes

Griffon's effective tax rate for continuing operations for the quarter ended March 31, 2011 was a benefit of 32.2%, compared to a benefit of 137% in the prior year quarter. The March 31, 2011 quarter effective tax rate reflected a change in earnings mix between domestic and non-domestic and the results of ATT which was acquired on September 30, 2010. The March 31, 2010 quarter effective tax rate benefited from resolution of certain non-domestic tax audits resulting in the release of previously established reserves for uncertain tax positions, combined with the benefit of certain tax planning initiatives with respect to non-U.S. operating locations.

Griffon's effective tax rate for continuing operations for the six months ended March 31, 2011 was a benefit of 33.8%, compared to a benefit of 5.9% in the prior year quarter. The March 31, 2011 quarter effective tax rate reflected a change in earnings mix between domestic and non-domestic and includes the results of ATT which was acquired on September 30, 2010. In addition, a tax benefit of \$241 was recorded in connection with the retroactively extended research tax credit signed into law on December 22, 2010. The March 31, 2010 quarter effective tax rate benefited from resolution of certain non-domestic tax audits resulting in the release of previously established reserves for uncertain tax positions, combined with the benefits from certain tax planning initiatives with respect to non-U.S. operating locations, and a benefit arising on the filing of certain of Griffon's tax returns in various jurisdictions.

Excluding the above discrete period items, the effective tax rate on continuing operations for the quarter and six months ended March 31, 2011 would have been a benefit of 33.4% and 32.8, respectively. The effective tax rate for the quarter and six months ended March 31, 2010, excluding the discrete period items, would have been a provision of 26.6% and 25.5%, respectively.

Stock based compensation

For the three and six months ended March 31, 2011, stock based compensation expense totaled \$2,624 and \$4,647, respectively. For the three and six months ended March 31, 2010, stock based compensation expense totaled \$1,505 and \$2,935, respectively.

Discontinued operations – Installation Services

In 2008, Griffon exited substantially all of the operating activities of its Installation Services segment; this segment 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 of the segment has been reported as discontinued operations in the Consolidated Statements of Operations for all periods presented; the Installation Services segment is excluded from segment reporting.

Griffon substantially concluded its remaining disposal activities in the second quarter of 2009. There was no revenue in the three and six-month periods ended March 31, 2011 and 2010.

Net income from discontinued operations of the Installation Services' business was nil for the three months ended March 31, 2011 and 2010, respectively, and nil and \$110 for the six months ended March 31, 2011 and 2010, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Management assesses Griffon's liquidity in terms of its ability to generate cash to fund its operating, investing and financing activities. Significant factors affecting liquidity are cash flows from operating activities, capital expenditures, acquisitions, dispositions, bank lines of credit and the ability to attract long-term capital with satisfactory terms. Griffon remains in a strong financial position with sufficient liquidity available for reinvestment in existing businesses and strategic acquisitions while managing its capital structure on both a short-term and long-term basis.

The following table is derived from the Consolidated Statements of Cash Flows:

Cash Flows from Continuing Operations <i>(in thousands)</i>	Six Months Ended March 31,	
	2011	2010
Net Cash Flows Provided by (Used In):		
Operating activities	\$ (35,699)	\$ 5,511
Investing activities	(37,735)	(17,661)
Financing activities	111,388	42,379

Cash flows used in continuing operations for the six months ended March 31, 2011 were \$35,699 compared to \$5,511 provided by operating activities in the prior year quarter. Current assets net of current liabilities, excluding short-term debt and cash, increased to \$415,083 at March 31, 2011 compared to \$326,692 at September 30, 2010, primarily as a result of decreases in accounts payable, accrued liabilities and income taxes payable. Operating cash flows were affected by increases in accounts receivable and inventories as well as the decrease in accounts payable and accrued liabilities.

During the six months ended March 31, 2011, Griffon used cash for investing activities of \$37,735 compared to \$17,661 in the prior year period, primarily for capital expenditures. Griffon expects capital spending to be in the range of \$60,000 to \$70,000 for 2011.

During the six months ended March 31, 2011, cash provided by financing activities totaled \$111,388 compared to \$42,379 in the prior year period. Griffon issued \$140,988 of debt, net of payments, in 2011, which included issuing \$550,000 of 7.125% Senior Notes due in 2018 ("Senior Notes") and repaying the \$375,000 Term Loan, \$25,000 under the Clopay Ames ABL and \$30,000 under the TCA. In the prior year, Griffon issued \$100,000 principal of 4% convertible subordinated notes, due 2017 (the "2017 Notes").

Payments related to Telephonics revenue are received in accordance with the terms of development and production subcontracts to which Telephonics 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 received in advance of production; payment terms are established in advance. With respect to Home & Building Products, there have been no material adverse impacts on payment for sales.

A small number of customers account for, and are expected to continue to account for, a substantial portion of Griffon's consolidated revenue. For the six months ended March 31, 2011:

- The United States Government and its agencies, through either prime or subcontractor relationships, represented 18% of Griffon's consolidated revenue and 75% of Telephonics revenue.
- Procter & Gamble represented 14% of Griffon's consolidated revenue and 50% of Plastics revenue.
- The Home Depot represented 12% of Griffon's consolidated revenue and 25% of Home & Building Products revenue.

No other customers exceed 9% of consolidated revenue. Future operating results will continue to substantially depend on the success of Griffon's largest customers and Griffon'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 volume from any one of these customers could have a material adverse impact on Griffon's liquidity and operations.

Cash, Cash Equivalents and Debt (in thousands)	At March 31, 2011	At September 30, 2010
Cash and equivalents	\$ 208,337	\$ 169,802
Notes payables and current portion of long-term debt	8,579	20,901
Long-term debt, net of current maturities	666,995	503,935
Debt discount	21,139	30,650
Total debt	696,713	555,486
Net cash and equivalents (debt)	\$ (488,376)	\$ (385,684)

On March 17, 2011, in an unregistered offering through a private placement under Rule 144A, Griffon issued, at par, \$550,000 of 7.125% Senior Notes due in 2018 ("Senior Notes"); interest on the Senior Notes is payable semi-annually. Proceeds were used to pay down the outstanding borrowings under a senior secured term loan facility and two senior secured revolving credit facilities of certain of the Company's subsidiaries. The Senior Notes are senior unsecured obligations of Griffon guaranteed by certain domestic subsidiaries, and are subject to certain covenants, limitations and restrictions.

On March 18, 2011, Griffon entered into a five-year \$200,000 Revolving Credit Facility ("Credit Agreement"), which includes a letter of credit sub-facility with a limit of \$50,000, a multi-currency sub-facility of \$50,000 and a swingline sub-facility with a limit of \$30,000. Borrowings under the Credit Agreement may be repaid and re-borrowed at any time, subject to final maturity of the facility or the occurrence of a default or event of default under the Credit Agreement. Interest is payable on borrowings at either a LIBOR or base rate benchmark rate plus an applicable margin, which will decrease based on financial performance. The initial margins are 1.75% for base rate loans and 2.75% for LIBOR loans, in each case without a floor. The Credit Agreement has certain financial maintenance tests including a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio as well as customary affirmative and negative covenants and events of default. The Credit Agreement also includes certain restrictions, such as limitations on the incurrence of indebtedness and liens and the making of restricted payments and investments. Borrowings under the Credit Agreement are guaranteed by certain domestic subsidiaries and are secured, on a first priority basis, by substantially all assets of the Company and the guarantors. There was no outstanding balance as of March 31, 2011, and the Company was in compliance with the terms and covenants of the Credit Agreement.

At March 31, 2011, there were 20,467 of standby letters of credit outstanding under the Credit Agreement; there was \$179,533 available for borrowing.

In connection with the Senior Notes and Credit Agreement ("New Facilities"), Griffon paid off and terminated the \$375,000 term loan and \$125,000 asset based lending agreement, both entered into by Clopay Ames on September 30, 2010 in connection with the ATT acquisition, and terminated the Telephonics \$100,000 revolving credit agreement. Additionally, in connection with the New Facilities, Clopay Ames terminated the \$200,000 interest rate swap that fixed LIBOR to 2.085% for the Clopay Ames term loan.

On December 21, 2009, Griffon issued \$100,000 principal of 4% convertible subordinated notes due 2017 (the "2017 Notes"). 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 \$14.91 per share, a 23% conversion premium over the \$12.12 closing price on December 15, 2009. Griffon used 8.75% as the nonconvertible debt-borrowing rate to discount the 2017 Notes and will amortize the debt discount through January 2017. At issuance, the debt component of the 2017 Notes was \$75,437 and debt discount was \$24,563. At September 30, 2010 and March 31, 2011, the 2017 Notes had a capital in excess of par component, net of tax, of \$15,720.

On December 20, 2010, Griffon entered into two second lien real estate mortgages to secure new loans totaling \$11,834. The loans mature in February 2016, are collateralized by the related properties and are guaranteed by Griffon. The loans bear interest at a rate of LIBOR plus 3% with the option to swap to a fixed rate.

Griffon has other real estate mortgages, collateralized by real property, that bear interest at rates from 6.3% to 6.6% with maturities extending through 2016.

Griffon's Employee Stock Ownership Plan ("ESOP") entered into a loan agreement in August 2010 to borrow \$20,000 over a one-year period, to be used to purchase Griffon common stock in the open market. The loan bears interest at a) LIBOR plus 2.5% or b) the Bank's prime rate. After the first year, Griffon has the option to convert all or a portion of the outstanding loan to a five-year term. If converted, principal is payable in quarterly installments of \$250, beginning September 2011, with the remainder due at maturity. The loan is secured by the shares purchased with the proceeds of the loan, and repayment is guaranteed by Griffon. At March 31, 2011, 675,848 shares have been purchased; the outstanding balance was \$8,310 and \$11,690 was available for borrowing under the agreement.

In addition, the ESOP has a loan agreement, guaranteed by Griffon, which requires quarterly principal payments of \$156 and interest through the expiration date of September 2012 at which time the \$3,900 balance of the loan, and any outstanding interest, will be payable. The primary purpose of this loan was to purchase 547,605 shares of Griffon's common stock in October 2008. The loan is secured by the shares purchased with the proceeds of the loan. The loan bears interest at rates based upon the prime rate or LIBOR. At March 31, 2011, \$4,688 was outstanding.

In October 2006, CBP entered into a capital lease totaling \$14,290 for real estate in Troy, Ohio. Approximately \$10,000 was used to acquire the building and the remaining amount was restricted for improvements. The lease matures in 2021, bears interest at a fixed rate of 5.1%, is secured by a mortgage on the real estate and is guaranteed by Griffon.

At March 31, 2011 and September 30, 2010, Griffon had \$532 of 4% convertible subordinated notes due 2023 (the "2023 Notes") outstanding. Holders of the 2023 Notes may require Griffon to repurchase all or a portion of their 2023 Notes on July 18, 2013 and 2018, if Griffon's common stock price is below the conversion price of the 2023 Notes, as well as upon a change in control. At March 31, 2011 and September 30, 2010, the 2023 Notes had no capital in excess of par value component as substantially all of these notes were put to Griffon at par and settled in July 2010.

In January 2010, Griffon purchased \$10,100 face value of the 2023 Notes for \$10,200 which, after proportionate reduction in related deferred financing costs, resulted in a net pre-tax gain from debt extinguishment of \$12. Capital in excess of par was reduced by \$300 for the equity portion of the extinguished 2023 Notes, and debt discount was reduced by \$200.

In December 2009, Griffon purchased \$19,200 face value of the 2023 Notes for \$19,400. Including a proportionate reduction in the related deferred financing costs, Griffon recorded an immaterial net pre-tax loss on the extinguishment. 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 \$500.

In November 2010, Clopay Europe GmbH ("Clopay Europe") entered into a €10,000 revolving credit facility and a €20,000 term loan. The facility accrues interest at Euribor plus 2.35% per annum, and the term loan accrues interest at Euribor plus 2.45% per annum. The revolving facility matures in November 2011, but is renewable upon mutual agreement with the bank. The term loan can be drawn until August 2011 and, if drawn, repayment will be in ten equal installments beginning September 2011 with maturity in December 2013. Under the term loan, Clopay Europe is required to maintain a certain minimum equity to assets ratio and keep leverage below a certain level, defined as the ratio of total debt to EBITDA. There were no borrowings under the term loan or revolving facility at March 31, 2011.

Clopay do Brazil, a subsidiary of Plastics, maintains a line of credit of approximately \$5,000. Interest on borrowings accrue at a rate of LIBOR plus 4%. \$2,043 was borrowed under the line and \$2,957 was available as of as of March 31, 2011.

As part of the acquisition of ATT, Griffon acquired interest rate swaps that had fair values totaling \$3,845 at September 30, 2010. These swaps were terminated in October 2010 for \$4,303, including accrued interest of \$458.

At March 31, 2011, Griffon and its subsidiaries were in compliance with the terms and covenants of its credit agreements and loan agreements.

Approximately \$1,366 shares of common stock are available for purchase pursuant to the Griffon's stock buyback program. Purchases under this program, including pursuant to a 10b5-1 plan, may be made, depending upon market conditions and other factors, at prices deemed appropriate by management.

The consolidation of the CBP manufacturing facilities plan, announced in June 2009, is substantially complete. The remaining restructuring related expenses primarily consist of shutdown costs for the Baldwin plant, which will be completed by fiscal year end. For the total project, CBP estimates it will incur pre-tax exit and restructuring costs approximating \$11,000, substantially all of which will be cash charges; charges include \$2,000 for one-time termination benefits and other personnel costs, \$1,000 for excess facilities and related costs, and \$8,000 for other exit costs, primarily in connection with production realignment. CBP expects approximately \$11,000 in capital expenditures in order to effectuate the restructuring plan. To date, CBP has spent \$7,901 and \$10,070 for the restructuring plan and related capital expenditures, respectively, including \$1,153 and \$283, respectively, in the second quarter of 2011 and \$2,482 and \$755, respectively, for the six months ended March 31, 2011.

Griffon 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 March 31, 2011 are estimated to be \$4,323. Certain of Griffon's subsidiaries are also contingently liable for approximately \$1,119 related to certain facility leases with varying terms through 2012 that were assigned to the respective purchasers of certain of the Installation Services businesses. Griffon does not believe it has a material exposure related to these contingencies.

During the six months ended March 31, 2011 and 2010, Griffon used cash for discontinued operations of \$561 and \$269, respectively, related to settling remaining Installation Services liabilities.

CRITICAL ACCOUNTING POLICIES

The preparation of Griffon's consolidated financial statements in conformity with GAAP requires Griffon 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. Griffon 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. Griffon's actual results may materially differ from these estimates. There have been no changes in Griffon's critical accounting policies from September 30, 2010.

Griffon'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, 2010. 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. Griffon 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 Griffon.

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 Griffon's financial position, business strategy and the plans and objectives of Griffon'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 Griffon's restructuring and disposal efforts; competitive factors; pricing pressures for resin and steel; capacity and supply constraints; Griffon's ability to identify and successfully consummate and integrate value-adding acquisition opportunities; and the ability of Griffon 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 Griffon to differ are discussed under the caption "Item 1A. Risk Factors" and "Special Notes Regarding Forward-Looking Statements" in Griffon's Form 10-K Annual Report for the year ended September 30, 2010. 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 Griffon's filings with the U.S. Securities and Exchange Commission. Readers are cautioned not to place undue reliance on Griffon's forward-looking statements. Griffon 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

Interest Rates

Griffon's exposure to market risk for changes in interest rates relates primarily to variable interest rate debt and investments in cash and cash equivalents.

- Certain of Griffon's credit facilities have a libor-based variable interest rate. Due to the current and expected level of borrowings under these facilities, a 100 basis point change in libor would not have a material impact on Griffon's results of operations or liquidity.

Foreign Exchange

Griffon conducts business in various non-U.S. countries, primarily in Canada, Mexico, Europe, Brazil, Australia and China; therefore, changes in the value of the currencies of these countries affect the financial position and cash flows when translated into U.S. Dollars. Griffon has generally accepted the exposure to exchange rate movements relative to its non-U.S. operations. Griffon may, from time to time, hedge its currency risk exposures. A change of 5% or less in the value of all applicable foreign currencies would not have a material effect on Griffon's financial position and cash flows.

Item 4 - Controls and Procedures

Under the supervision and with the participation of Griffon's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), Griffon's disclosure controls and procedures, as defined by Exchange Act Rule 13a-15(e) and 15d-15(e), were evaluated as of the end of the period covered by this report. Based on that evaluation, Griffon's CEO and CFO concluded that Griffon's disclosure controls and procedures were effective at the reasonable assurance level.

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

Limitations on the Effectiveness of Controls

Griffon 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. Griffon's disclosure controls and procedures, as defined by Exchange Act Rule 13a-15(e) and 15d-15(e), are designed to provide reasonable assurance of achieving their objectives.

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 Griffon's Annual Report on Form 10-K for the year ended September 30, 2010, which could materially affect Griffon's business, financial condition or future results. The risks described in Griffon's Annual Report on Form 10-K are not the only risks facing Griffon. Additional risks and uncertainties not currently known to Griffon or that Griffon currently deems to be immaterial also may materially adversely affect Griffon's business, financial condition and/or operating results.

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

(c)

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid Per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs
January 1 - 31, 2011	—	\$ —	—	
February 1 - 28, 2011	675,848	12.27	675,848	
March 1 - 31, 2011	—	—	—	
Total	675,848 ¹	\$ 12.27	675,848	\$11,689,422 ^{2,3}

1 All shares were purchased by the Griffon Corporation Employee Stock Ownership Plan (the "ESOP") in open market transactions, and are solely for use by the ESOP.

2 Represents the amount that remains available, as of March 31, 2011, for borrowing under the loan agreement entered into by the ESOP on August 6, 2010, which amount can be drawn until August 6, 2011. The proceeds of such loan can be used to purchase shares for the ESOP.

3 Under Griffon's stock buyback program, which has been in effect since 1993, a total of approximately 17.2 million shares have been purchased for approximately \$234 million. As of March 31, 2011, the number of shares that may yet be purchased under such program is 1,366,295. Purchases under this program, including pursuant to a 10b5-1 plan, may be made, depending upon market conditions and other factors, at prices deemed appropriate by management.

Item 3 **Defaults upon Senior Securities**
None

Item 4 **[Removed and Reserved]**

Item 5 **Other Information**
None

Item 6**Exhibits**

- 4.1 Indenture, dated as of March 17, 2011, by and among Griffon Corporation, as Issuer, the Guarantors named therein and Wells Fargo Bank, National Association, as Trustee (Exhibit 4.1 to the Current Report on Form 8-K filed March 18, 2011 (Commission File No. 1-06620)).
- 4.2 Registration Rights Agreement, dated as of March 17, 2011, by and among Griffon Corporation, Deutsche Bank Securities Inc., as Representative of the several Initial Purchasers named therein, and the Guarantors named therein (Exhibit 4.2 to the Current Report on Form 8-K filed March 18, 2011 (Commission File No. 1-06620)).
- 10.1 Letter Agreement, dated February 3, 2011, between Griffon Corporation and Harvey R. Blau.
- 10.2 Griffon Corporation Director Compensation Program, dated February 3, 2011.
- 10.3 Griffon Corporation 2011 Equity Incentive Plan (Exhibit 99.1 to the Current Report on Form 8-K filed February 9, 2011 (Commission File No. 1-06620)).
- 10.4 Form of Award Agreement for Restricted Share Award under Griffon Corporation 2011 Equity Incentive Plan (Exhibit 99.2 to the Current Report on Form 8-K filed February 9, 2011 (Commission File No. 1-06620)).
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- 10.11 Amended First Amendment, dated as of March 7, 2011, to the Amended and Restated Credit Agreement, dated as of September 30, 2010 among Clopay Ames True Temper LLC, Clopay Ames True Temper Holding Corp., the other Loan Parties party thereto, the several banks and other financial institutions or entities from time to time parties thereto and JPMorgan Chase Bank, N.A., as administrative agent.
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- 31.2 Certification pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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: May 5, 2011

EXHIBIT INDEX

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Griffon Corporation
712 Fifth Avenue
New York, New York 10019

February 3, 2011

PERSONAL AND CONFIDENTIAL

Mr. Harvey R. Blau
c/o Griffon Corporation
712 Fifth Avenue
NY, NY 10019

Dear Harvey:

Reference is hereby made to your employment agreement dated as of July 1, 2001 between you and Griffon Corporation, as amended to date (the "Agreement"). Notwithstanding any provision in the Agreement to the contrary, the term of the Consulting Period, as defined therein, is hereby extended to April 1, 2016. Except as expressly modified herein, the terms and provisions of your consulting entitlements and obligations remain the same as they were immediately prior to the date hereof.

GRIFFON CORPORATION

By: /s/ Seth L. Kaplan

Name: Seth L. Kaplan
Title: Senior Vice President

Acknowledged and Agreed:

/s/ Harvey R. Blau

Harvey R. Blau

Griffon Corporation
Director Compensation Program
(adopted as of February 3, 2011)

Each member of the Board of Directors (the "Board") of Griffon Corporation (the "Company") who is not an employee of the Company (each a "Non-employee Director") shall receive compensation for such person's services as a member of the Board as outlined in this Director Compensation Program.

Cash Compensation

Annual Retainer Fees

- Annual retainer fee in the amount of \$40,000
- Additional annual retainer fee in the amount of \$75,000 for the Non-executive Chairman of the Board
- Additional annual retainer fee in the amount of \$10,000 for the Chairman of each the Audit Committee and the Compensation Committee
- Additional annual retainer fee in the amount of \$10,000 for the Lead Independent Director

Meeting Fees

- Fee in the amount of \$1,500 for attending any meeting of the Board
- Fee in the amount of \$2,500 for attending any meeting of the Audit Committee (i) in person, or (ii) telephonically that lasts longer than thirty minutes
- Fee in the amount of \$1,500 for attending any meeting of any committee other than the Audit Committee (i) in person, or (ii) telephonically that lasts longer than thirty minutes
- Fee in the amount of \$750 for attending any committee meeting telephonically that lasts less than thirty minutes

Equity Compensation

Upon (1) initial election to the Board and (2) upon re-election to the Board and effective as of the date of the Annual Meeting of Stockholders each year, each Non-employee Director shall be awarded a grant of 2,500 restricted shares. The restricted shares shall vest ratably at the rate of 1/3 of the total shares on each of the first, second and third anniversary of the date of grant. If service as a director terminates due to death or disability, or if a change in control occurs, all shares immediately vest.

The number of shares to be granted annually shall be subject to review from time to time based on the Company's stock price and financial circumstances.

JPMORGAN CHASE BANK, N.A.
270 Park Avenue
New York, New York 10017

J.P. MORGAN SECURITIES LLC
383 Madison Avenue
New York, New York 10179

March 4, 2011

Senior Revolving Credit Facility
Commitment Letter

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

Attention: Douglas J. Wetmore

Ladies and Gentlemen:

You have advised J.P. Morgan Securities LLC ("JPMorgan") and JPMorgan Chase Bank, N.A. ("JPMorgan Chase Bank"; together with JPMorgan, the "Commitment Parties") that you ("you" or "Borrower") intend to issue up to \$500,000,000 in senior unsecured notes "the "Notes") and, in connection with the issuance of the Notes, you wish to obtain a \$200,000,000 revolving credit facility (the "Revolving Credit Facility") which will replace (a) the Credit Agreement, dated as of March 31, 2008 (as amended, the "Telephonics Credit Agreement"), among Gritel Holding Co., Inc., Telephonics Corporation, the lenders party thereto, and JPMorgan Chase Bank, as administrative agent, and (b) the Amended and Restated Credit Agreement, dated as of September 30, 2010 (the "Clopay Ames Credit Agreement" and, together with the Telephonics Credit Agreement, the "Existing Credit Agreements"), among Clopay Ames True Temper Holding Corp, Clopay Ames True Temper LLC, certain subsidiaries as guarantors, the lenders parties thereto and JPMorgan Chase Bank, as administrative agent. You have further advised the Commitment Parties that you will require amendments to the Existing Credit Agreements in connection with the issuance of the Notes (the "Amendments"). You have requested that JPMorgan agree to structure, arrange and syndicate the Revolving Credit Facility and that JPMorgan Chase Bank commit to provide a portion of the Revolving Credit Facility and to serve as administrative agent for the Revolving Credit Facility. You have also requested that JPMorgan agree to structure and arrange the Amendments.

JPMorgan is pleased to advise you that it is willing to act as the sole lead arranger and sole bookrunner for the Revolving Credit Facility and to arrange the Amendments.

Furthermore, JPMorgan Chase Bank is pleased to advise you of (a) its commitment to provide up to \$50,000,000 of the Revolving Credit Facility and (b) its agreement, together with

JPMorgan, (i) to use commercially reasonable efforts to assemble a syndicate of Lenders (as defined below) to provide the balance of the necessary commitments for the Revolving Credit Facility, in each case upon the terms and subject to the conditions set forth or referred to in this commitment letter (the "Commitment Letter") and in the Summary of Terms and Conditions attached hereto as Exhibit A (the "Term Sheet") and (ii) to arrange the Amendments on terms and conditions to be agreed. It is a condition to JPMorgan Chase Bank's commitment hereunder that the portion of the Revolving Credit Facility not being provided by JPMorgan Chase Bank in respect of the Revolving Credit Facility shall be provided by the other Lenders.

It is agreed that JPMorgan will act as the sole lead arranger and sole bookrunner in respect of the Revolving Credit Facility and the Amendments (in such capacities, the "Lead Arranger"), and that JPMorgan Chase Bank will act as the sole administrative agent in respect of the Revolving Credit Facility. You agree that, as a condition to the commitments and agreements hereunder, no other agents, co-agents, arrangers or bookrunners will be appointed, no other titles will be awarded and no compensation (other than that expressly contemplated by the Term Sheet and the Fee Letter referred to below) will be paid in connection with the Revolving Credit Facility or the Amendments unless you and we shall so agree; provided that you shall have the right to appoint other agents or co-agents with our consent (not to be unreasonably withheld), it being understood and agreed that no such agent or co-agent shall receive greater economics with respect to the Revolving Credit Facility than the Commitment Parties.

We intend to syndicate the Revolving Credit Facility (including, in our discretion, all or part of JPMorgan Chase Bank's commitment hereunder) to a group of lenders (together with JPMorgan Chase Bank, the "Lenders") identified by us in consultation with you. We intend to promptly commence syndication efforts as well as our efforts to arrange the Amendments, and you agree actively to assist us in completing a syndication reasonably satisfactory to us and in soliciting the approvals required for the Amendments. Such assistance shall include (a) your using commercially reasonable efforts to ensure that the syndication and solicitation efforts benefit materially from the existing banking relationships of the Borrower and its subsidiaries, (b) direct contact between senior management and advisors of the Borrower and its subsidiaries and the proposed Lenders, (c) commercially reasonable assistance from the Borrower in the preparation of materials to be used in connection with the syndication and (d) the attendance, with us and senior management and the Borrower, at one or more meetings of prospective Lenders. You also agree to provide us with reasonable prior notice of the syndication of any credit facility in connection with any other financing of the Borrower or its domestic subsidiaries and, upon our request, to coordinate the syndication of such credit facility with the syndication of the Revolving Credit Facility.

JPMorgan, in its capacity as Lead Arranger, will manage, in consultation with you, all aspects of the syndication of the Revolving Credit Facility and the solicitation of the approvals required for the Amendments, including decisions as to the selection of institutions to be approached and when they will be approached, when their commitments will be accepted, which institutions will participate, the allocation of the commitments among the Lenders and the amount and distribution of fees among the Lenders. In its capacity as Lead Arranger, JPMorgan will have no responsibility other than to arrange the syndication of the Revolving Credit Facility and the approval of the Amendments as set forth herein and in no event shall be subject to any fiduciary or other implied duties. Additionally, you acknowledge and agree that, as Lead Arranger, JPMorgan is not advising you as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. You shall consult with your own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Lead Arranger shall have no responsibility or liability to you with respect thereto.

To assist us in our syndication and solicitation efforts, you agree promptly to prepare and provide to us all information with respect to the Borrower and its subsidiaries and the other transactions contemplated hereby, including all financial information and projections (the "Projections"), as we may reasonably request in connection with the arrangement and syndication of the Revolving Credit Facility and the arrangement of the Amendments. You hereby represent and covenant that (a) all written information (including, to your knowledge, any information of a general or industry nature) other than the Projections (the "Information") that has been or will be made available to us by you or any of your representatives is or will be, taken as a whole when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made and (b) the Projections that have been or will be made available to us by you or any of your representatives have been or will be prepared in good faith based upon assumptions that are believed by you to be reasonable at the time made, it being understood that the actual results may vary from the results projected therein. You understand that in arranging and syndicating the Revolving Credit Facility and the Amendments we may use and rely on the Information and Projections without independent verification thereof.

As consideration for the commitments and agreements of the Commitment Parties hereunder, you agree to cause to be paid the nonrefundable fees described in the Fee Letter dated the date hereof and delivered herewith (the "Fee Letter").

Each Commitment Party's commitments and agreements hereunder are subject to (a) there not occurring or becoming known to such Commitment Party any event, development or circumstance since September 30, 2010 that has had or could reasonably be expected to have a material adverse effect on the business, assets, property, liabilities, operation or condition (financial or otherwise) of the Borrower and its subsidiaries, taken as a whole, (b) such Commitment Party not becoming aware after the date hereof of any information or other matter (including any matter relating to financial models and underlying assumptions relating to the Projections) affecting the Borrower or its subsidiaries that in such Commitment Party's reasonable judgment is inconsistent in a material and adverse manner with any such information or other matter disclosed to such Commitment Party by the Borrower prior to the date hereof, (c) such Commitment Party's reasonable satisfaction that prior to and during the syndication of the Revolving Credit Facility there shall be no competing offering, placement or arrangement of any debt securities or bank financing by or on behalf of the Borrower, or any of its domestic subsidiaries (other than the Notes), (d) the closing of the Revolving Credit Facility on or before June 30, 2011 and (e) the other conditions set forth or referred to in the Term Sheet. The terms and conditions of the commitments hereunder and of the Revolving Credit Facility are not limited to those set forth herein and in the Term Sheet; provided, however, that those matters that are not covered by the provisions hereof and of the Term Sheet are subject to the approval and agreement of the Commitment Parties and the Borrower.

You agree (a) to indemnify and hold harmless the Commitment Parties, their affiliates and their respective directors, employees, advisors, and agents (each, an "indemnified person") from and against any and all losses, claims, damages and liabilities to which any such indemnified person may become subject arising out of or in connection with this Commitment Letter, the Revolving Credit Facility, the use of the proceeds thereof, the Amendments or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any indemnified person is a party thereto, and to reimburse each indemnified person upon demand for any legal or other expenses incurred in connection with investigating or defending any of the foregoing, provided that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities or related expenses to the extent they are found by a final, non-appealable judgment of a court to arise from the willful misconduct or gross negligence of such indemnified person, and (b) to reimburse each Commitment Party and its affiliates on demand for all out-of-pocket reasonable,

documented expenses (including due diligence expenses, syndication expenses, consultant's fees and expenses, travel expenses, and reasonable fees, charges and disbursements of counsel) incurred in connection with the Revolving Credit Facility, the Amendments and any related documentation (including this Commitment Letter and the definitive financing documentation) or the administration, amendment, modification or waiver thereof. No indemnified person shall be liable for any damages arising from the use by others of Information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent any such damages are found by a final, non-appealable judgment of a court to arise from the gross negligence or willful misconduct of such indemnified person or such indemnified person's affiliates, directors, employees, advisors or agents or for any special, indirect, consequential or punitive damages in connection with the Revolving Credit Facility or the Amendments.

You acknowledge that each Commitment Party and its affiliates (the term "Commitment Party" as used below in this paragraph being understood to include such affiliates) may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transactions described herein and otherwise. No Commitment Party will use confidential information obtained from you by virtue of the transactions contemplated hereby or its other relationships with you in connection with the performance by such Commitment Party of services for other companies, and no Commitment Party will furnish any such information to other companies. You also acknowledge that no Commitment Party has any obligation to use in connection with the transactions contemplated hereby, or to furnish to you, confidential information obtained from other companies. You further acknowledge that JPMorgan is a full service securities firm and JPMorgan may from time to time effect transactions, for its own or its affiliates' account or the account of customers, and hold positions in loans, securities or options on loans or securities of the Borrower and its affiliates and of other companies that may be the subject of the transactions contemplated by this Commitment Letter.

Each Commitment Party may employ the services of its affiliates in providing certain services hereunder and, in connection with the provision of such services, may exchange with such affiliates information concerning you and the other companies that may be the subject of the transactions contemplated by this Commitment Letter, and, to the extent so employed, such affiliates shall be entitled to the benefits afforded such Commitment Party hereunder.

Notwithstanding the two immediately preceding paragraphs, JPMorgan acknowledges the terms and conditions contained in the letter agreement entered into on February 18, 2011 between you and JPMorgan (the "NDA") and agrees that nothing in this Commitment Letter shall supersede or render inapplicable the NDA, and JPMorgan reaffirms its obligations to comply with the terms and conditions of the NDA.

Neither this Commitment Letter nor the Fee Letter shall be assignable by you without the prior written consent of each Commitment Party (and any purported assignment without such consent shall be null and void). This Commitment Letter is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto and the indemnified persons. This Commitment Letter may not be amended or waived except by an instrument in writing signed by you and each Commitment Party. This Commitment Letter may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Commitment Letter by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. This Commitment Letter, the Fee Letter and the NDA are the only agreements that have been entered into among us with respect to the Revolving Credit Facility and the Amendments and set forth the entire understanding of the parties with respect thereto.

This Commitment Letter shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York. You hereby consent to the exclusive jurisdiction and venue of the state or federal courts located in the City of New York. Each party hereto irrevocably waives, to the fullest extent permitted by applicable law, (a) any objection that it may now or hereafter have to the laying of venue of any such legal proceeding in the state or federal courts located in the City of New York and (b) any right it may have to a trial by jury in any suit, action, proceeding, claim or counterclaim brought by or on behalf of any party related to or arising out of this Commitment Letter, the Term Sheet, the transactions contemplated hereby or the performance of services hereunder.

This Commitment Letter is delivered to you on the understanding that neither this Commitment Letter, the Term Sheet or the Fee Letter nor any of their terms or substance shall be disclosed, directly or indirectly, to any other person (including, without limitation, other potential providers or arrangers of financing) except (a) to your officers, agents and advisors who are directly involved in the consideration of this matter or (b) as may be compelled in a judicial or administrative proceeding or as otherwise required by law (in which case you agree to inform us promptly thereof), provided, that the foregoing restrictions shall cease to apply (except in respect of the Fee Letter and its terms and substance) after this Commitment Letter has been accepted by you.

The compensation, reimbursement, indemnification and confidentiality provisions contained herein and in the Fee Letter and any other provision herein or therein which by its terms expressly survives the termination of this Commitment Letter shall remain in full force and effect regardless of whether definitive financing documentation shall be executed and delivered and notwithstanding the termination of this Commitment Letter or the commitments hereunder.

If the foregoing correctly sets forth our agreement, please indicate your acceptance of the terms hereof and of the Term Sheet and the Fee Letter by returning to us executed counterparts hereof and of the Fee Letter not later than 5:00 p.m., New York City time, on March 4, 2011. This offer will automatically expire at such time if we have not received such executed counterparts in accordance with the preceding sentence.

We are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

J.P. MORGAN SECURITIES LLC

By: /s/ Cornelius J. Droogan

Name: /s/ Cornelius J. Droogan
Title: Managing Director

JPMORGAN CHASE BANK, N.A.

By: /s/ Edmond F. Thompson

Name: /s/ Edmond F. Thompson
Title: SVP

Accepted and agreed to as of
the date first written above by:

GRIFFON CORPORATION

By: /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

\$200,000,000 Revolving Credit Facility
Summary of Principal Terms and Conditions

- Borrower: Griffon Corporation.
- Administrative Agent: JPMorgan Chase Bank, N.A. ("JPMorgan Chase Bank")
- Lead Arranger: J.P. Morgan Securities LLC.
- Facility:
1. Amount: Revolving credit facility in an aggregate principal amount of \$200 million (the "Revolving Credit Facility").
 2. Use of Proceeds: The proceeds of loans under the Revolving Credit Facility (the "Revolving Loans") shall be utilized for debt repayment, working capital, capital expenditures and other general corporate purposes.
 3. Maturity: The final maturity date of the Revolving Credit Facility shall be the fifth anniversary of the Closing Date (the "Revolving Loan Maturity Date").
 4. Availability: Revolving Loans may be borrowed, repaid and reborrowed on and after the Closing Date and prior to the Revolving Loan Maturity Date in accordance with the terms of the Revolving Credit Documentation (as defined below).
 5. Letter of Credit Sublimit: \$50 million will be available for the issuance of stand-by and trade letters of credit in US Dollars and Available Foreign Currencies (as defined below) in each case, at the Borrower's option ("Letters of Credit") by JPMorgan Chase Bank (or its affiliates) to support obligations of the Borrower and its subsidiaries. Each Letter of Credit shall expire not later than the earlier of (a) 12 months after its date of issuance or such longer period of time as may be agreed by the applicable Issuing Lender and (b) the tenth business day prior to the final maturity of the Revolving Facility; provided that any Letter of Credit may provide for renewal thereof for additional periods of up to 12 months or such longer period of time as may be agreed by the applicable Issuing Lender (which in no event shall extend beyond the date referred to in clause (b) above), except to the extent cash collateralized or backstopped pursuant to arrangements reasonably acceptable to the relevant Issuing

Lender. Letter of Credit outstandings will reduce availability under the Revolving Credit Facility on a dollar-for-dollar basis.

6. Swingline Loans: \$30 million will be available prior to the Revolving Loan Maturity Date for swingline loans (the "Swingline Loans" and, together with Revolving Loans, the "Loans") to be made by by JPMorgan Chase Bank (or its affiliates) (in such capacity, the "Swingline Lender") on same-day notice. Any Swingline Loans will reduce availability under the Revolving Credit Facility on a dollar-for-dollar basis.

7. Issuance Price: 100%.

8. Multicurrency Sublimit: \$50 million will be available for loans in Euros and other currencies (all such currencies, the "Available Foreign Currencies") agreed to by all the Lenders ("Multicurrency Loans"). Multicurrency Loans will be made available by all the Lenders on a ratable basis.

Guaranties:

Each direct and indirect, existing and future, material domestic subsidiary of the Borrower, which shall be defined so as to include on the Closing Date only Telephonics Corporation, Clopay Building Products Company, Inc., Clopay Plastics Products Company, Inc., and Ames True Temper, Inc. (each, a "Guarantor" and, collectively, the "Guarantors"), shall provide a guaranty (collectively, the "Guaranties") of all amounts owing under the Revolving Credit Facility (the Borrower and the Guarantors, collectively, the "Loan Parties").

For the avoidance of doubt, no non-U.S. subsidiary of the Borrower which is a "controlled foreign corporation" (within the meaning of Section 957 of the Internal Revenue Code) (each, a "CFC") shall be required to provide a Guaranty or constitute a Guarantor.

Security:

All amounts owing under the Revolving Credit Facility will be secured by a first priority perfected security interest in substantially all the assets of the Borrower and the Guarantors, except for those assets as to which the Administrative Agent shall determine in its sole discretion that the cost of obtaining a security interest therein are excessive in relation to the value of the security to be afforded thereby, provided that in no event shall more than 65% of the total outstanding voting stock of any

CFC be required to be pledged.

Optional Commitment Reductions:

The unutilized portion of the total commitments under the Revolving Credit Facility may from time to time be reduced or terminated by the Borrower without penalty (other than breakage costs described below in connection with any prepayment).

Voluntary Prepayments:

Voluntary prepayments may be made at any time on three business days' notice in the case of Eurocurrency Loans, or one business day's notice in the case of Base Rate Loans (or same day notice in the case of Swingline Loans), without premium or penalty; provided that voluntary prepayments of Eurocurrency Loans made on a date other than the last day of an interest period applicable thereto shall be subject to customary breakage costs.

Mandatory Repayments:

If at any time the outstandings pursuant to the Revolving Credit Facility (including Letter of Credit outstandings, Swingline Loans and the US Dollar equivalent of Multicurrency Loans and Letters of Credit issued in Available Foreign Currencies) exceed the aggregate commitments with respect thereto, prepayments of Revolving Loans, Swingline Loans and/or Multicurrency Loans (or the cash collateralization of Letters of Credit) shall be required in an amount equal to such excess.

Multicurrency Loans and Letters of Credit issued in Available Foreign Currencies will be marked-to market to the US Dollar equivalent thereof on a periodic basis to be agreed. To the extent that the US Dollar equivalent of such exposure exceeds 105% of the Multicurrency Sublimit, prepayments of Multicurrency Loans (or the cash collateralization of Letters of Credit issued in Available Foreign Currencies) shall be required in an amount equal to such excess.

The commitments under the Revolving Credit Facility will be reduced as described under "Negative Covenants" below and the Borrower shall comply with the requirements of the first paragraph of this Section after giving effect to any such reduction.

Interest Rates:

At the Borrower's option, Loans may be maintained from time to time as (x) Base Rate Loans, which shall bear interest at the Base Rate in effect from time to time plus the Applicable Margin (as defined below) or (y) Eurocurrency Loans, which shall bear interest at the Eurocurrency Rate (adjusted for maximum reserves) as determined by the Administrative Agent for the respective interest period and the applicable currency, plus the Applicable Margin, provided, that (a) all Swingline Loans shall

bear interest based upon the Base Rate and (b) all Multicurrency Loans shall be Eurocurrency Loans.

“Applicable Margin” shall mean, (A) for Base Rate Loans, initially 1.75% and following delivery of financial statements for the first full fiscal quarter ending after the Closing Date a margin based on the leverage ratio from time to time, as set forth on the grid below, and (B) for Eurocurrency Loans, initially 2.75% and following delivery of financial statements for the first full fiscal quarter ending after the Closing Date a margin based on the leverage ratio from time to time, as set forth on the grid below.

Leverage Ratio	Applicable Margin for Base Rate Loans	Applicable Margin for Eurocurrency Loans	Commitment Fee
≥ 4.00:1.00	1.75%	2.75%	0.50%
< 4.00:1.00	1.50%	2.50%	0.45%
< 3.00:1.00	1.25%	2.25%	0.40%
< 2.00:1.00	1.00%	2.00%	0.35%
< 1.00:1.00	0.75%	1.75%	0.30%

“Base Rate” shall mean the highest of (x) the rate that the Administrative Agent announces from time to time as its prime lending rate, as in effect from time to time, (y) 1/2 of 1% in excess of the overnight federal funds rate and (z) the Eurocurrency Rate plus 1.00%.

The Eurocurrency Rate shall be adjusted for statutory reserve requirements.

“Base Rate Floor”: None

“Eurocurrency Rate Floor”: None

Interest periods of 1, 2, 3 and 6 (or if available to all Lenders, 9 and 12 months) shall be available in the case of Eurocurrency Loans.

The Revolving Credit Facility shall include customary protective provisions for such matters as defaulting banks, FATCA indemnity for the Borrower, capital adequacy, increased costs including as the result of the Dodd-Frank Wall Street Reform and Consumer Protection Act, reserves, funding losses, illegality, and withholding taxes. The Borrower shall have the right to replace

any Lender that (i) charges a material amount in excess of that being charged by the other Lenders with respect to contingencies described in the immediately preceding sentence or (ii) does not consent to certain amendments or waivers of the Revolving Credit Facility which expressly require the consent of such Lender and which have been approved by the Required Lenders.

Interest in respect of Base Rate Loans shall be payable quarterly in arrears on the last business day of each calendar quarter. Interest in respect of Eurocurrency Loans shall be payable in arrears at the end of the applicable interest period and every three months in the case of interest periods in excess of three months. Interest will also be payable at the time of repayment of any Loans and at maturity.

Upon the occurrence and during the continuance of a payment default, interest will accrue (i) in the case of principal on any loan, at a rate of 2.00% per annum plus the rate otherwise applicable to such loan and (ii) in the case of any other outstanding amount, at a rate of 2.00% per annum plus the non-default interest rate then applicable to Base Rate loans, and will be payable on demand.

Commitment Fee:

A commitment fee, at a per annum rate of 0.50% on the daily undrawn portion of the commitments of each Lender under the Revolving Credit Facility, will commence accruing on the Closing Date and will be payable quarterly in arrears. Following delivery of financial statements for the first full fiscal quarter ending after the Closing Date, the commitment fee rate will be determined based on the leverage ratio from time to time, as set forth on the grid above.

Letter of Credit Fees:

A letter of credit fee equal to the Applicable Margin for Loans maintained as Eurocurrency Loans on the outstanding stated amount of Letters of Credit (the "Letter of Credit Fee") to be shared proportionately by the Lenders under the Revolving Credit Facility in accordance with their participation in the respective Letter of Credit, and a facing fee of 1/8% per annum (but in no event less than \$250 per annum for each Letter of Credit) (the "Facing Fee") to be paid to the issuer of each Letter of Credit for its own account, in each case calculated on the aggregate stated amount of all Letters of Credit for the stated duration thereof. Letter of Credit Fees and Facing Fees shall be payable quarterly in arrears.

Conditions

A. The availability of the Revolving Credit Facility

Precedent:

shall be conditioned upon the prior or concurrent satisfaction of the following conditions precedent (the date upon which all such conditions precedent shall be satisfied, the "Closing Date"):

(i) Each Loan Party shall have executed and delivered reasonably satisfactory definitive financing documentation with respect to the Revolving Credit Facility ("Revolving Credit Documentation").

(ii) The commitments under (a) the Existing Credit Agreements and (b) the Credit and Guarantee Agreement, dated as of September 30, 2010, among Clopay Ames True Temper Holding Corp, Clopay Ames True Temper LLC, certain subsidiaries as guarantors, the lenders parties thereto and Goldman Sachs Lending Partners LLC, as administrative agent shall have been terminated, all amounts due and payable thereunder shall have been paid and all liens created in connection therewith shall have been released.

(iii) The Borrower shall have received up to \$500 million in aggregate gross cash proceeds from the issuance of the Notes.

(iv) The Lenders, the Administrative Agent and the Lead Arranger shall have received all fees required to be paid, and all expenses required to be paid for which invoices have been presented, pursuant to the Commitment Letter and the Fee Letter on or before the Closing Date.

(v) The Borrower shall have delivered reasonably satisfactory audited financial statements of the Borrower for the immediately preceding three fiscal years.

(vi) The Administrative Agent shall have received the results of a recent lien search in each relevant jurisdiction with respect to each Loan Party, and such search shall reveal no liens on any of the assets of any Loan Party or its subsidiaries except for customary liens permitted by the Revolving Credit Documentation or liens to be discharged on or prior to the Closing Date pursuant to documentation reasonably satisfactory to the Administrative Agent.

(vii) All documents and instruments reasonably necessary to perfect the Administrative Agent's first priority security

interest in the collateral under the Revolving Credit Facility (including delivery of stock certificates and undated stock powers executed in blank) shall have been executed and be in reasonably proper form for filing.

(viii) The Administrative Agent shall have received such legal opinions (including opinions from counsel to the Borrower and its subsidiaries), documents and other instruments as are customary for transactions of this type or as they may reasonably request.

B. To All Revolving Loans and Letters of Credit

- (i) All representations and warranties shall be true and correct in all material respects on and as of the date of each borrowing of a Loan and each issuance of a Letter of Credit (although any representations and warranties which expressly relate to a given date or period shall be required to be true and correct in all material respects only as of the respective date or for the respective period, as the case may be);
- (ii) No event of default under the Revolving Credit Facility or event which with the giving of notice or lapse of time or both would be an event of default under the Revolving Credit Facility, shall have occurred and be continuing.

Representations and Warranties:

Representations and warranties which are usual and customary for facilities of this type.

Covenants:

Affirmative and negative covenants that are usual and customary for facilities of this type.

The negative covenants will include the following exceptions (and such others as may be agreed upon):

- (i) Restrictions on incurrence of debt: Exceptions to include, among others, (a) all scheduled debt of the Borrower and its domestic subsidiaries existing on the Closing Date, (b) additional secured debt of the Borrower and its subsidiaries in an aggregate principal amount not to exceed \$75 million at any time, (c) additional secured debt of the foreign subsidiaries of the Borrower in an aggregate principal amount not to exceed \$75 million at any time, (d) additional unsecured debt of the Borrower and its subsidiaries in an aggregate principal amount not to exceed \$300 million at any time and subject to no default

and pro forma compliance with financial covenants, (e) additional subordinated debt of the Borrower and its subsidiaries so long as such debt is subordinated to the debt under the Revolving Credit Facility on terms and conditions reasonably satisfactory to the Administrative Agent and subject to no default and pro forma compliance with financial covenants, (f) additional unsecured debt of the Borrower and the Guarantors so long as the total leverage ratio does not exceed 4.5:1 on a pro forma basis, and subject to no default and pro forma compliance with financial covenants, and (g) ESOP loans constituting debt of the Borrower in an aggregate principal amount not to exceed \$50 million;

(ii) Restrictions on liens: Exceptions to include, among others, all scheduled liens granted by the Borrower and its subsidiaries (including without limitation all foreign subsidiaries) existing on the Closing Date), all liens in connection with secured debt to the extent referenced in the immediately preceding paragraph relating to exceptions to restrictions on debt incurrence, and a general-use basket for additional liens securing debt in an amount not to exceed \$35 million;

(iii) Restrictions on dispositions of assets: Exceptions to include, among others, sales of inventory in the ordinary course of business, sales of obsolete or worn out assets, and an additional general-use basket for asset sales not to exceed (together with all other asset sales made in reliance on the basket) 17.5% of consolidated total assets as of the immediately preceding quarter end for which financial statements are available unless the commitments under the Revolving Credit Facility are reduced on a dollar-for-dollar basis by the amount of such excess.

(iv) Restrictions on acquisitions and other investments: Exceptions to include, among others, permitted acquisitions not to exceed \$400 million in aggregate acquisition consideration and subject to no default and pro forma compliance with financial covenants, and an additional general-use basket for investments not exceeding \$75 million); and

(v) Restricted payments: Exceptions to include, among others, ability to make restricted payments in an aggregate amount of \$25 million per fiscal year, unless the total leverage ratio does not exceed 3:1 on a pro forma basis, in which case restricted payments shall be permitted so long as such leverage ratio is not exceeded on a pro forma basis and ESOP purchases in an amount not to exceed \$10 million per year (provided there shall be no more than an aggregate of \$50 million in ESOP purchases after

the Closing Date).

Financial Covenants.

Maximum Senior Secured Leverage Ratio (definition to be agreed) of 2.75:1.00.

Maximum Total Leverage Ratio (definition to be agreed, but with total debt to be calculated net of unrestricted cash and cash equivalents in excess of \$100 million) of 5.50:1.00, with a step-down to 5.00:1.00 for the last fiscal quarter of the fiscal year ending 2012; provided that in the event that the Borrower or its subsidiaries complete a permitted acquisition and incur debt to finance at least 35% of the consideration therefor, the pro forma Total Leverage Ratio shall increase by 0.50x for the 12 months following such permitted acquisition.

Minimum Interest Coverage Ratio (to be defined as the ratio of EBITDA to cash interest expense) of 2.75:1.00.

Maximum Capital Expenditures of \$100 million per fiscal year, with the ability to carry-forward 50% of unused amounts to the next succeeding fiscal year.

Events of Default:

Usual and customary for facilities of this type.

Assignments:

The Borrower may not assign its rights or obligations under the Revolving Credit Facility. Any Lender may assign its rights and obligations under the Revolving Credit Facility, subject (other than if an Event of Default shall have occurred and be continuing) to the prior written consent of the Borrower (not to be unreasonably withheld) and the Administrative Agent (not to be unreasonably withheld); provided that no consent of Borrower shall be required for an assignment to an existing Lender, an affiliate of an existing Lender or an approved fund. The Borrower will be deemed to have given its consent if no express refusal is received within 5 business days after notice is received by the Borrower. The minimum assignment amount shall be \$5 million, in each case unless otherwise agreed by the Borrower and the Administrative Agent. The Administrative Agent shall receive a processing and recordation fee of \$3,500 from the relevant assignor in connection with all assignments. In addition, each Lender may sell participations in all or a portion of its loans and commitments under one or more of the Revolving Credit Facility; provided that no purchaser of a participation shall have the right to exercise or to cause the selling Lender to exercise voting rights in respect of the Revolving Credit Facility (except

as to certain basic issues).

Waivers and Amendments:

Amendments and waivers of the provisions of the Revolving Loan Documents will require the approval of Lenders holding commitments and/or outstandings (as applicable) representing more than 50% of the aggregate commitments and outstandings under the Revolving Credit Facility from time to time (the "Required Lenders"), except that (a) the consent of each Lender directly affected thereby will be required with respect to (i) increases in commitment amounts, (ii) reductions of principal or interest, (iii) extensions of the scheduled final maturity of any Loan, and (iv) modifications to the foregoing required voting percentages or to the pro rata sharing (except in connection with a prepayment of Loans by the Borrower offered ratably to all Lenders at a discount to par, which shall be permitted under the Revolving Credit Facility), and (b) the consent of all of the Lenders shall be required with respect to releases of all or substantially all of the collateral or of all or substantially all of the Guaranties provided by the Guarantors.

Indemnification:

The documentation for the Revolving Credit Facility will contain customary indemnities for the Administrative Agent and the Lenders, in each case other than as a result of such person's gross negligence or willful misconduct.

Governing Law and Forum:

New York.

Counsel to the Administrative Agent and Simpson Thacher & Bartlett LLP.

Lead Arranger:

JPMORGAN CHASE BANK, N.A.
270 Park Avenue
New York, New York 10017

J.P. MORGAN SECURITIES LLC
383 Madison Avenue
New York, New York 10179

March 14, 2011

Amendment to the Senior Revolving Credit Facility
Commitment Letter

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

Attention: Douglas J. Wetmore

Ladies and Gentlemen:

Reference is hereby made to the Commitment Letter, dated March 4, 2011 (together with the Summary of Term and Conditions attached thereto as Exhibit A (the "Term Sheet"), the "Commitment Letter"), among you ("you" or "Borrower"), J.P. Morgan Securities LLC ("JPMorgan") and JPMorgan Chase Bank, N.A. ("JPMorgan Chase Bank"; together with JPMorgan, the "Commitment Parties").

The parties hereto hereby acknowledge that the Borrower intends to issue senior unsecured notes in an amount of up to \$550,000,000 and hereby agree that the Term Sheet is hereby amended such that clause (iii) under the heading "Conditions Precedent" is amended by deleting the phrase "up to \$500 million" and substituting in lieu thereof the phrase "up to \$550 million".

This Amendment may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Amendment by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York. You hereby consent to the exclusive jurisdiction and venue of the state or federal courts located in the City of New York. Each party hereto irrevocably waives, to the fullest extent permitted by applicable law, (a) any objection that it may now or hereafter have to the laying of venue of any such legal proceeding in the state or federal courts located in the City of New York and (b) any right it may have to a trial by jury in any suit, action, proceeding, claim or counterclaim brought by or on behalf of any party related to or arising out of this Amendment.

You agree that this letter agreement is subject to the confidentiality provisions of the Commitment Letter.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

J.P. MORGAN SECURITIES LLC

By: /s/ Edward S. Pyne

Name: Edward S. Pyne
Title: Vice President

JPMORGAN CHASE BANK, N.A.

By: /s/ Michelle Cipriani

Name: Michelle Cipriani
Title: Vice President

Accepted and agreed to as of
the date first written above by:

GRIFFON CORPORATION

By: /s/ Seth Kaplan

Name: Seth L. Kaplan
Title: Senior Vice President

FIRST AMENDMENT

FIRST AMENDMENT, dated as of March 7, 2011 (this "Amendment"), to the AMENDED AND RESTATED CREDIT AGREEMENT, dated as of September 30, 2010 (as amended, supplemented or modified from time to time, the "Credit Agreement"), among CLOPAY AMES TRUE TEMPER LLC, a Delaware limited liability company, CLOPAY AMES TRUE TEMPER HOLDING CORP., a Delaware corporation (the "Borrower"), the other Loan Parties party thereto, the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders") and JPMORGAN CHASE BANK, N.A., as administrative agent (the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to the Credit Agreement;

WHEREAS, the Borrower has requested that the Required Lenders approve certain provisions of the Credit Agreement as set forth herein; and

WHEREAS, pursuant to such request, the Required Lenders are willing to consent to such amendments on the terms set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the Borrower, the Administrative Agent and the Required Lenders hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

2. Amendments to Section 1.01 (Defined Terms).

(a) Section 1.01 of the Credit Agreement is hereby amended by adding the following definitions in proper alphabetical order:

"Senior Unsecured Note Indenture" means that certain Indenture to be entered into by Griffon and certain of its Subsidiaries in connection with the issuance of the Senior Unsecured Notes, together with all instruments and other agreements entered into by Griffon or such Subsidiaries in connection therewith.

"Senior Unsecured Notes" means the Senior Unsecured Notes of Griffon in the aggregate principal amount of up to \$500,000,000 issued pursuant to the Senior Unsecured Note Indenture on or prior to June 30, 2011.

(b) The definition of "Group Member" is hereby amended by adding the following proviso at the end thereof:

"provided that, solely for purposes of paragraphs (f) and (g) in Article VII and the definition of Material Indebtedness, Griffon shall be deemed to be a Group Member".

(c) The definition of "Fixed Charge Coverage Ratio" is hereby amended by adding the following proviso at the end of the first sentence thereof:

"provided that in no event shall any Interest Expense or Indebtedness in respect of the Senior Unsecured Notes be included in the calculation of the Fixed Charge Coverage Ratio (including, without limitation, for purposes of determining EBITDA) for any purpose required by this Agreement to the extent that any Interest Expense of Griffon in respect of the Senior Unsecured Notes (or the Indebtedness of Griffon in respect of the Senior Unsecured Notes) would otherwise be included in any such calculation as a result of the Borrower or the Guarantor's Guarantee thereof (including, without limitation, as a result of any payments made by the Borrower to Griffon for that purpose)".

(d) The definition of "Maturity Date" is hereby amended by deleting the date "September 30, 2015" and substituting in lieu thereof the phrase "the date that is the six-month anniversary of the date of the issuance of the Senior Unsecured Notes".

3. Amendment to Section 6.01(a) (Indebtedness; Guarantees). Section 6.01(a) of the Credit Agreement is hereby amended by (a) deleting the "and" at the end of clause (xvii) thereof, (b) deleting the "." at the end of clause (xviii) thereof and substituting in lieu thereof "; and", (c) inserting the following new clause (xix):

"(xix) (i) unsecured Indebtedness of the Borrower owed to Griffon the net cash proceeds of which are used either to (x) repay all outstanding loans (and related expenses) under the Term Loan Credit Agreement, or (y) prior to a Permitted Change of Control Transaction, for general corporate purposes, provided that such Indebtedness shall be subordinated to the Obligations on terms and conditions reasonably satisfactory to the Administrative Agent and (ii) prior to a Permitted Change of Control Transaction, unsecured Indebtedness of Griffon to the Loan Parties permitted by Section 6.06(p)(ii).", and

(d) adding the following clause at the end of the first sentence of the final paragraph of Section 6.01(a):

"or as permitted under Section 6.01(a)(xix)".

4. Amendment to Section 6.01(b) (Indebtedness; Guarantees). Section 6.01(b) of the Credit Agreement is hereby amended by (a) deleting the "and" at the end of clause (iv) thereof, (b) deleting the "." at the end of clause (v) thereof and substituting in lieu thereof "; and" and (c) inserting the following new clause (vi):

"(vi) obligations of the Borrower and the Guarantors in respect of their Guarantees of the Senior Unsecured Notes."

5. Amendment to Section 6.06 (Investments and Acquisitions). Section 6.06 of the Credit Agreement is hereby amended by (a) deleting the "and" at the end of clause (o) thereof, (b) renumbering clause (p) thereof as clause (q) thereof, and (c) inserting the following new clause (p):

"(p) (i) Investments in the Loan Parties by Griffon consisting of unsecured Indebtedness permitted by Section 6.01(a)(xix) (or a capital contribution for the same purposes as required thereby), (ii) prior to a Permitted Change of Control Transaction, Investments by the Loan Parties in Griffon consisting of unsecured Indebtedness, so long as, after giving pro forma effect to thereto, (A) no Default or Event of Default shall have occurred and be continuing, and (B) Availability shall be at least 25% of the Revolving Commitment for each of the most recent 30 days and, after giving effect thereto, and (iii) Guarantees by the Borrower and the Guarantors of the Senior Unsecured Notes, and;"

6. Amendment to Section 6.07(b) (Restricted Payments). Section 6.07(b) of the Credit Agreement is hereby amended by:

(a) inserting “of any Group Member” after the phrase “in respect of principal of or interests on any Indebtedness” in the first sentence thereof,

(b) inserting the following proviso at the end of clause (ii) thereof:

“provided that, notwithstanding the foregoing, the Term Loan Credit Agreement may be repaid in full in connection with the issuance of the Senior Unsecured Notes;”, and

(c) deleting the proviso at the end of clause (iii) thereof.

7. Amendment to Section 6.08 (Transactions with Affiliates). Section 6.08 of the Credit Agreement is hereby amended by (a) deleting sub-clause (ii) of the proviso at the end of clause (c) thereof, (b) deleting the “and” at the end of clause (d) thereof, (c) deleting the “.” at the end of clause (e) thereof and substituting in lieu thereof “; and” and (d) inserting the following new clauses (f) and (g):

“(f) obligations of the Borrower and the Guarantors in respect of their Guarantees of the Senior Unsecured Notes; and

(g) obligations consisting of the intercompany Indebtedness permitted by Section 6.01(a)(xix).”

8. Amendment to Section 6.09(a) (Restrictive Agreements). Section 6.09(a) of the Credit Agreement is hereby amended by deleting the “or (iv)” at the end of clause (iii) thereof and substituting in lieu thereof:

“, (iii) Senior Unsecured Note Indenture or (iv)”.

9. Amendment to Article VII (Events of Default). Article VII of the Credit Agreement is hereby amended by (a) deleting the phrase “(and, prior to a Permitted Change of Control Transaction, Griffon or the Parent)” in each place that it occurs in paragraphs (h), (i) and (j) thereof.

10. Effectiveness. This Amendment shall become effective on the date (the “First Amendment Effective Date”) on which the following conditions precedent shall have been satisfied:

(a) Amendment. The Administrative Agent shall have received this Amendment, duly executed and delivered by the Borrower, the Required Lenders and the Administrative Agent.

(b) Senior Unsecured Notes. The Senior Unsecured Notes shall have been issued on or prior to June 30, 2011.

(c) Acknowledgement and Consent. The Administrative Agent shall have received an Acknowledgement and Consent in the form attached hereto as Annex A, executed and delivered by each Loan Party.

(d) Representations and Warranties. Each of the representations and warranties made by any Loan Party in the Loan Documents shall be true and correct in all material respects on and

as of the First Amendment Effective Date as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

(e) No Default. After giving effect to this Amendment (as in effect as of the First Amendment Effective Date), no Default or Event of Default shall have occurred and be continuing.

11. Continuing Effect of the Credit Agreement. This Amendment shall not constitute an amendment of any other provision of the Credit Agreement not expressly referred to herein and shall not be construed as a waiver or consent to any further or future action on the part of the Borrower that would require a waiver or consent of the Lenders or the Administrative Agent. Except as expressly amended hereby, the provisions of the Credit Agreement are and shall remain in full force and effect.

12. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

13. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

14. Expenses. The Borrower agrees to pay or reimburse the Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of this Amendment, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

[rest of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

CLOPAY AMES TRUE TEMPER HOLDING CORP.,

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

JPMORGAN CHASE BANK, N.A., individually, as Administrative Agent,
an Issuing Bank, Swingline Lender and as a Lender

By /s/ Donna M. DiForio

Name: Donna M. DiForio
Title: Vice President

Manufacturers and Traders Trust Company, as a Lender

By: /s/ William S. Terraglio

Name: William S. Terraglio
Title: Vice President

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as a Lender

By: /s/ Omayra Laucella

Name: Omayra Laucella
Title: Vice President

By: /s/ Evelyn Thierry

Name: Evelyn Thierry
Title: Director

Bank of America, N.A, as and Issuing Bank and as a Lender

By: /s/ Allan R. Juleus

Name: Allan R. Juleus
Title: SVP

HSBC Bank (USA), N.A., as a Lender

By: /s/ Kysha A. Pierre-Louis

Name: Kysha A. Pierre-Louis
Title: Vice President

ACKNOWLEDGEMENT AND CONSENT

Each of the parties hereto hereby acknowledges and consents to the First Amendment, dated as of March 7, 2011 (the "Amendment"; capitalized terms used herein, but not defined, shall have the meanings set forth in the Amendment), to the Amended and Restated Credit Agreement, dated as of September 30, 2010 (as amended, supplemented or modified from time to time, the "Credit Agreement"), among CLOPAY AMES TRUE TEMPER LLC, a Delaware limited liability company, CLOPAY AMES TRUE TEMPER HOLDING CORP., a Delaware corporation, the several banks and other financial institutions or entities from time to time parties thereto and JPMORGAN CHASE BANK, N.A., as administrative agent, and agrees with respect to each Loan Document to which it is a party:

(a) all of its obligations, liabilities and indebtedness under such Loan Document shall remain in full force and effect on a continuous basis after giving effect to the Amendment and its guarantee, if any, of the obligations, liabilities and indebtedness of the Loan Parties under the Credit Agreement shall extend to and cover Loans made pursuant to the increased Aggregate Commitment and interest thereon and fees and expenses and other obligations in respect thereof and in respect of commitments related thereto; and

(b) all of the Liens and security interests created and arising under such Loan Document remain in full force and effect on a continuous basis, and the perfected status and priority of each such Lien and security interest continue in full force and effect on a continuous basis, unimpaired, uninterrupted and undischarged, after giving effect to the Amendment, as collateral security for its obligations, liabilities and indebtedness under the Credit Agreement and under its guarantees, if any, in the Loan Documents.

[Remainder of page intentionally left blank.]

CLOPAY AMES TRUE TEMPER HOLDING CORP.

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CLOPAY AMES TRUE TEMPER LLC

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CLOPAY PLASTIC PRODUCTS COMPANY, INC

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CLOPAY BUILDING PRODCUTS COMPANY, INC..

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CLOPAY BUILDING PRODUCTS INTERNATIONAL SALES CORPORATION

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CLOPAY TRANSPORTATION COMPANY

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CLOPAY ACQUISITION CORP.

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CHATT HOLDINGS INC.

By /s/ Duane R. Greenly

Name: Duane R. Greenly
Title: President & CEO

ATT HOLDING CO.

By /s/ Duane R. Greenly

Name: Duane R. Greenly
Title: President & CEO

AMES TRUE TEMPER, INC.

By /s/ Duane R. Greenly

Name: Duane R. Greenly
Title: President & CEO

FIRST AMENDMENT

FIRST AMENDMENT, dated as of March 7, 2011 (this "Amendment"), to the AMENDED AND RESTATED CREDIT AGREEMENT, dated as of September 30, 2010 (as amended, supplemented or modified from time to time, the "Credit Agreement"), among CLOPAY AMES TRUE TEMPER LLC, a Delaware limited liability company, CLOPAY AMES TRUE TEMPER HOLDING CORP., a Delaware corporation (the "Borrower"), the other Loan Parties party thereto, the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders") and JPMORGAN CHASE BANK, N.A., as administrative agent (the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to the Credit Agreement;

WHEREAS, the Borrower has requested that the Required Lenders approve certain provisions of the Credit Agreement as set forth herein; and

WHEREAS, pursuant to such request, the Required Lenders are willing to consent to such amendments on the terms set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the Borrower, the Administrative Agent and the Required Lenders hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

2. Amendments to Section 1.01 (Defined Terms).

(a) Section 1.01 of the Credit Agreement is hereby amended by adding the following definitions in proper alphabetical order:

"Senior Unsecured Note Indenture" means that certain Indenture to be entered into by Griffon and certain of its Subsidiaries in connection with the issuance of the Senior Unsecured Notes, together with all instruments and other agreements entered into by Griffon or such Subsidiaries in connection therewith.

"Senior Unsecured Notes" means the Senior Unsecured Notes of Griffon in the aggregate principal amount of up to \$550,000,000 issued pursuant to the Senior Unsecured Note Indenture on or prior to June 30, 2011.

(b) The definition of "Group Member" is hereby amended by adding the following proviso at the end thereof:

"provided that, solely for purposes of paragraphs (f) and (g) in Article VII and the definition of Material Indebtedness, Griffon shall be deemed to be a Group Member".

(c) The definition of "Fixed Charge Coverage Ratio" is hereby amended by adding the following proviso at the end of the first sentence thereof:

"provided that in no event shall any Interest Expense or Indebtedness in respect of the Senior Unsecured Notes be included in the calculation of the Fixed Charge Coverage Ratio (including, without limitation, for purposes of determining EBITDA) for any purpose required by this Agreement to the extent that any Interest Expense of Griffon in respect of the Senior Unsecured Notes (or the Indebtedness of Griffon in respect of the Senior Unsecured Notes) would otherwise be included in any such calculation as a result of the Borrower or the Guarantor's Guarantee thereof (including, without limitation, as a result of any payments made by the Borrower to Griffon for that purpose)".

(d) The definition of "Maturity Date" is hereby amended by deleting the date "September 30, 2015" and substituting in lieu thereof the phrase "the date that is the six-month anniversary of the date of the issuance of the Senior Unsecured Notes".

3. Amendment to Section 6.01(a) (Indebtedness; Guarantees). Section 6.01(a) of the Credit Agreement is hereby amended by (a) deleting the "and" at the end of clause (xvii) thereof, (b) deleting the "." at the end of clause (xviii) thereof and substituting in lieu thereof "; and", (c) inserting the following new clause (xix):

"(xix) (i) unsecured Indebtedness of the Borrower owed to Griffon the net cash proceeds of which are used either to (x) repay all outstanding loans (and related expenses) under the Term Loan Credit Agreement, or (y) prior to a Permitted Change of Control Transaction, for general corporate purposes, provided that such Indebtedness shall be subordinated to the Obligations on terms and conditions reasonably satisfactory to the Administrative Agent and (ii) prior to a Permitted Change of Control Transaction, unsecured Indebtedness of Griffon to the Loan Parties permitted by Section 6.06(p)(ii).", and

(d) adding the following clause at the end of the first sentence of the final paragraph of Section 6.01(a):

"or as permitted under Section 6.01(a)(xix)".

4. Amendment to Section 6.01(b) (Indebtedness; Guarantees). Section 6.01(b) of the Credit Agreement is hereby amended by (a) deleting the "and" at the end of clause (iv) thereof, (b) deleting the "." at the end of clause (v) thereof and substituting in lieu thereof "; and" and (c) inserting the following new clause (vi):

"(vi) obligations of the Borrower and the Guarantors in respect of their Guarantees of the Senior Unsecured Notes."

5. Amendment to Section 6.06 (Investments and Acquisitions). Section 6.06 of the Credit Agreement is hereby amended by (a) deleting the "and" at the end of clause (o) thereof, (b) renumbering clause (p) thereof as clause (q) thereof, and (c) inserting the following new clause (p):

"(p) (i) Investments in the Loan Parties by Griffon consisting of unsecured Indebtedness permitted by Section 6.01(a)(xix) (or a capital contribution for the same purposes as required thereby), (ii) prior to a Permitted Change of Control Transaction, Investments by the Loan Parties in Griffon consisting of unsecured Indebtedness, so long as, after giving pro forma effect to thereto, (A) no Default or Event of Default shall have occurred and be continuing, and (B) Availability shall be at least 25% of the Revolving Commitment for each of the most recent 30 days and, after giving effect thereto, and (iii) Guarantees by the Borrower and the Guarantors of the Senior Unsecured Notes, and;"

6. Amendment to Section 6.07(b) (Restricted Payments). Section 6.07(b) of the Credit Agreement is hereby amended by:

(a) inserting “of any Group Member” after the phrase “in respect of principal of or interests on any Indebtedness” in the first sentence thereof,

(b) inserting the following proviso at the end of clause (ii) thereof:

“provided that, notwithstanding the foregoing, the Term Loan Credit Agreement may be repaid in full in connection with the issuance of the Senior Unsecured Notes;”, and

(c) deleting the proviso at the end of clause (iii) thereof.

7. Amendment to Section 6.08 (Transactions with Affiliates). Section 6.08 of the Credit Agreement is hereby amended by (a) deleting sub-clause (ii) of the proviso at the end of clause (c) thereof, (b) deleting the “and” at the end of clause (d) thereof, (c) deleting the “.” at the end of clause (e) thereof and substituting in lieu thereof “; and” and (d) inserting the following new clauses (f) and (g):

“(f) obligations of the Borrower and the Guarantors in respect of their Guarantees of the Senior Unsecured Notes; and

(g) obligations consisting of the intercompany Indebtedness permitted by Section 6.01(a)(xix).”

8. Amendment to Section 6.09(a) (Restrictive Agreements). Section 6.09(a) of the Credit Agreement is hereby amended by deleting the “or (iv)” at the end of clause (iii) thereof and substituting in lieu thereof:

“, (iii) Senior Unsecured Note Indenture or (iv)”.

9. Amendment to Article VII (Events of Default). Article VII of the Credit Agreement is hereby amended by (a) deleting the phrase “(and, prior to a Permitted Change of Control Transaction, Griffon or the Parent)” in each place that it occurs in paragraphs (h), (i) and (j) thereof.

10. Effectiveness. This Amendment shall become effective on the date (the “First Amendment Effective Date”) on which the following conditions precedent shall have been satisfied:

(a) Amendment. The Administrative Agent shall have received this Amendment, duly executed and delivered by the Borrower, the Required Lenders and the Administrative Agent.

(b) Senior Unsecured Notes. The Senior Unsecured Notes shall have been issued on or prior to June 30, 2011.

(c) Acknowledgement and Consent. The Administrative Agent shall have received an Acknowledgement and Consent in the form attached hereto as Annex A, executed and delivered by each Loan Party.

(d) Representations and Warranties. Each of the representations and warranties made by any Loan Party in the Loan Documents shall be true and correct in all material respects on and

as of the First Amendment Effective Date as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

(e) No Default. After giving effect to this Amendment (as in effect as of the First Amendment Effective Date), no Default or Event of Default shall have occurred and be continuing.

11. Continuing Effect of the Credit Agreement. This Amendment shall not constitute an amendment of any other provision of the Credit Agreement not expressly referred to herein and shall not be construed as a waiver or consent to any further or future action on the part of the Borrower that would require a waiver or consent of the Lenders or the Administrative Agent. Except as expressly amended hereby, the provisions of the Credit Agreement are and shall remain in full force and effect.

12. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

13. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

14. Expenses. The Borrower agrees to pay or reimburse the Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of this Amendment, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

[rest of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

CLOPAY AMES TRUE TEMPER HOLDING CORP.,

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

JPMORGAN CHASE BANK, N.A., individually, as Administrative Agent,
an Issuing Bank, Swingline Lender and as a Lender

By /s/ Donna M. DiForio

Name: Donna M. DiForio
Title: Vice President

Manufacturers and Traders Trust Company, as a Lender

By: /s/ William S. Terraglio

Name: William S. Terraglio
Title: Vice President

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as a Lender

By: /s/ Omayra Laucella

Name: Omayra Laucella
Title: Vice President

By: /s/ Evelyn Thierry

Name: Evelyn Thierry
Title: Director

Bank of America, N.A, as and Issuing Bank and as a Lender

By: /s/ Allan R. Juleus

Name: Allan R. Juleus
Title: SVP

HSBC Bank (USA), N.A., as a Lender

By: /s/ Kysha A. Pierre-Louis

Name: Kysha A. Pierre-Louis
Title: Vice President

ACKNOWLEDGEMENT AND CONSENT

Each of the parties hereto hereby acknowledges and consents to the First Amendment, dated as of March 7, 2011 (the "Amendment"; capitalized terms used herein, but not defined, shall have the meanings set forth in the Amendment), to the Amended and Restated Credit Agreement, dated as of September 30, 2010 (as amended, supplemented or modified from time to time, the "Credit Agreement"), among CLOPAY AMES TRUE TEMPER LLC, a Delaware limited liability company, CLOPAY AMES TRUE TEMPER HOLDING CORP., a Delaware corporation, the several banks and other financial institutions or entities from time to time parties thereto and JPMORGAN CHASE BANK, N.A., as administrative agent, and agrees with respect to each Loan Document to which it is a party:

(a) all of its obligations, liabilities and indebtedness under such Loan Document shall remain in full force and effect on a continuous basis after giving effect to the Amendment and its guarantee, if any, of the obligations, liabilities and indebtedness of the Loan Parties under the Credit Agreement shall extend to and cover Loans made pursuant to the increased Aggregate Commitment and interest thereon and fees and expenses and other obligations in respect thereof and in respect of commitments related thereto; and

(b) all of the Liens and security interests created and arising under such Loan Document remain in full force and effect on a continuous basis, and the perfected status and priority of each such Lien and security interest continue in full force and effect on a continuous basis, unimpaired, uninterrupted and undischarged, after giving effect to the Amendment, as collateral security for its obligations, liabilities and indebtedness under the Credit Agreement and under its guarantees, if any, in the Loan Documents.

[Remainder of page intentionally left blank.]

CLOPAY AMES TRUE TEMPER HOLDING CORP.

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CLOPAY AMES TRUE TEMPER LLC

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CLOPAY PLASTIC PRODUCTS COMPANY, INC

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CLOPAY BUILDING PRODCUTS COMPANY, INC..

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CLOPAY BUILDING PRODUCTS INTERNATIONAL SALES CORPORATION

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CLOPAY TRANSPORTATION COMPANY

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CLOPAY ACQUISITION CORP.

By /s/ Thomas D. Gibbons

Name: Thomas D. Gibbons
Title: Treasurer

CHATT HOLDINGS INC.

By /s/ Duane R. Greenly

Name: Duane R. Greenly
Title: President & CEO

ATT HOLDING CO.

By /s/ Duane R. Greenly

Name: Duane R. Greenly
Title: President & CEO

AMES TRUE TEMPER, INC.

By /s/ Duane R. Greenly

Name: Duane R. Greenly
Title: President & CEO

FIRST AMENDMENT

FIRST AMENDMENT, dated as of March 7, 2011 (this "Amendment"), to the CREDIT AGREEMENT, dated as of March 31, 2008 (as amended, supplemented or modified from time to time, the "Credit Agreement"), among GRITEL HOLDING CO., INC., a Delaware corporation, TELEPHONICS CORPORATION, a Delaware corporation (the "Borrower"), the other Loan Parties party thereto, the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders") and JPMORGAN CHASE BANK, N.A., as administrative agent (the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to the Credit Agreement;

WHEREAS, the Borrower has requested that the Required Lenders approve certain provisions of the Credit Agreement as set forth herein; and

WHEREAS, pursuant to such request, the Required Lenders are willing to consent to such amendments on the terms set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the Borrower, the Administrative Agent and the Required Lenders hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

2. Amendments to Section 1.01 (Defined Terms).

(a) Section 1.01 of the Credit Agreement is hereby amended by adding the following definitions in proper alphabetical order:

"Senior Unsecured Note Indenture" means that certain Indenture to be entered into by the Parent and certain of its Subsidiaries in connection with the issuance of the Senior Unsecured Notes, together with all instruments and other agreements entered into by the Parent or such Subsidiaries in connection therewith.

"Senior Unsecured Notes" means the Senior Unsecured Notes of the Parent in the aggregate principal amount of up to \$500,000,000 issued pursuant to the Senior Unsecured Note Indenture on or prior to June 30, 2011.

(b) The definition of "Commitment Termination Date" is hereby amended by deleting the date "March 31, 2013" and substituting in lieu thereof the phrase "the date that is the six-month anniversary of the date of the issuance of the Senior Unsecured Notes"

(c) The definition of "Consolidated Fixed Charge Coverage Ratio" is hereby amended by adding the following proviso at the end of the first sentence thereof:

"; provided that in no event shall any cash interest expense or Indebtedness in respect of the Senior Unsecured Notes be included in the calculation of the Consolidated Fixed Charge Coverage Ratio (including, without limitation, for purposes of determining Consolidated

EBITDA) for any purpose required by this Agreement to the extent that any cash interest expense of Parent in respect of the Senior Unsecured Notes (or the Indebtedness of Parent in respect of the Senior Unsecured Notes) would otherwise be included in any such calculation as a result of the Borrower or the Guarantor's Guarantee thereof (including, without limitation, as a result of any payments made by the Borrower to the Parent for that purpose)".

(d) The definition of "Consolidated Leverage Ratio" is hereby amended by adding the following proviso at the end of the first sentence thereof:

"; provided that in no event shall any cash interest expense or Indebtedness in respect of the Senior Unsecured Notes be included in the calculation of the Consolidated Leverage Ratio (including, without limitation, for purposes of determining Consolidated EBITDA or Consolidated Funded Debt) for any purpose required by this Agreement to the extent that any cash interest expense of Parent in respect of the Senior Unsecured Notes (or the Indebtedness of Parent in respect of the Senior Unsecured Notes) would otherwise be included in any such calculation as a result of the Borrower or the Guarantor's Guarantee thereof (including, without limitation, as a result of any payments made by the Borrower to the Parent for that purpose)".

(e) The definition of "Consolidated Net Worth" is hereby amended by adding the following proviso at the end of the first sentence thereof:

"; provided that in no event shall obligations of the Borrower and the Guarantors in respect of their Guarantees of the Senior Unsecured Notes be included in the determination of Consolidated Net Worth for any purpose required by this Agreement".

3. Amendment to Section 7.01(a) (Indebtedness). Section 7.01(a) of the Credit Agreement is hereby amended by (a) deleting the "and" at the end of clause (xv) thereof, (b) renumbering clause (xvi) thereof as clause (xvii) thereof, and (c) inserting the following new clause (xvi):

"(xvi) (I) prior to a Permitted Change of Control Transaction, unsecured Indebtedness of Parent to Borrower permitted by Section 7.06(s)(ii), and (II) prior to a Permitted Change of Control Transaction, Indebtedness of Borrower or any of its Subsidiaries to Parent, provided that such Indebtedness shall be subordinated to the Obligations on terms and conditions reasonably satisfactory to the Administrative Agent."

4. Amendment to Section 7.01(b) (Guarantees). Section 7.01(b) of the Credit Agreement is hereby amended by (a) deleting the "and" at the end of clause (v) thereof, (b) deleting the "." at the end of clause (vi) thereof and substituting in lieu thereof "; and" and (c) inserting the following new clause (vii):

"(vii) obligations of the Borrower and the Guarantors in respect of their Guarantees of the Senior Unsecured Notes."

5. Amendment to Section 7.06 (Investments and Acquisitions). Section 7.06 of the Credit Agreement is hereby amended by (a) deleting the "and" at the end of clause (r) thereof, (b) renumbering clause (s) thereof as clause (t) thereof, and (c) inserting the following new clause (s):

"(s) (i) Investments in Borrower and its Subsidiaries by Parent consisting of unsecured Indebtedness permitted by Section 7.01(xvi) (II), and (ii) prior to a Permitted Change of Control Transaction, Investments by Borrower or its Subsidiaries in Parent consisting of unsecured Indebtedness, so long as after giving effect thereto on a pro-forma basis, (x) the

Consolidated Leverage Ratio does not exceed 2.25 to 1.0, and (y) no Default shall have occurred and be continuing; and”.

6. Amendment to Section 7.07(f) (Restricted Payments). Section 7.07(f) of the Credit Agreement is hereby amended by deleting it in its entirety and replacing it with the following clause:

“(f) prior to a Permitted Change of Control Transaction, the Borrower may declare and pay to Holdings dividends (for distribution to the Parent, if applicable), not otherwise permitted hereunder so long as, after giving effect thereto on a pro forma basis, (i) the Consolidated Leverage Ratio does not exceed 2.25 to 1.0 and (ii) no Default shall have occurred and be continuing.”

7. Amendment to Section 7.08 (Transactions with Affiliates). Section 7.08 of the Credit Agreement is hereby amended by (a) deleting the “and” at the end of clause (e) thereof, (b) deleting the “.” at the end of clause (f) thereof and substituting in lieu thereof “; and” and (c) inserting the following new clauses (g) and (h):

“(g) the Guarantees of the Borrower and the Guarantors of the Senior Unsecured Notes; and

(h) the intercompany Indebtedness permitted by Section 7.01(xvi).”

8. Amendment to Section 7.09(a) (Restrictive Agreements). Section 7.09(a) of the Credit Agreement is hereby amended by inserting the following clause at the end thereof:

“or by the Senior Unsecured Note Indenture”.

9. Effectiveness. This Amendment shall become effective on the date (the “First Amendment Effective Date”) on which the following conditions precedent shall have been satisfied:

(a) Amendment. The Administrative Agent shall have received this Amendment, duly executed and delivered by the Borrower, the Required Lenders and the Administrative Agent.

(b) Senior Unsecured Notes. The Senior Unsecured Notes shall have been issued on or prior to June 30, 2011.

(c) Acknowledgement and Consent. The Administrative Agent shall have received an Acknowledgement and Consent in the form attached hereto as Annex A, executed and delivered by each Loan Party.

(d) Representations and Warranties. Each of the representations and warranties made by any Loan Party in the Loan Documents shall be true and correct in all material respects on and as of the First Amendment Effective Date as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

(e) No Default. After giving effect to this Amendment (as in effect as of the First Amendment Effective Date), no Default or Event of Default shall have occurred and be continuing.

10. Continuing Effect of the Credit Agreement. This Amendment shall not constitute an amendment of any other provision of the Credit Agreement not expressly referred to herein and shall not be construed as a waiver or consent to any further or future action on the part of the Borrower that would require a waiver or consent of the Lenders or the Administrative Agent. Except as expressly amended hereby, the provisions of the Credit Agreement are and shall remain in full force and effect.

11. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

12. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

13. Expenses. The Borrower agrees to pay or reimburse the Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of this Amendment, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

[rest of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

TELEPHONICS CORPORATION

By /s/ Joseph J. Battaglia

Name: Joseph J. Battaglia
Title: President

JPMORGAN CHASE BANK, N.A., individually, as Administrative Agent,
an Issuing Bank, Swingline Lender and as a Lender

By: /s/ Michelle Cipriani

Name: Michelle Cipriani
Title: Vice President

Wells Fargo Bank, N.A., as a Lender

By: /s/ Edward P. Nallan, Jr.

Name: Edward P. Nallan, Jr.
Title: Senior Vice President

HSBC Bank USA, NA, as a Lender

By: /s/ Michael Kid

Name: Michael Kid

Title: Assistant Vice President

Manufacturers and Traders Trust Company, as a Lender

By: /s/ William S. Terraglio

Name: William S. Terraglio
Title: Vice President

Bank of America, N.A., as a Lender

By: /s/ Steven J. Melicharek

Name: Steven J. Melicharek
Title: Senior Vice President

US Bank, N.A., as a Lender

By: /s/ Patrick McGraw

Name: Patrick McGraw
Title: Vice President
U.S. Bank, N.A.

ACKNOWLEDGEMENT AND CONSENT

Each of the parties hereto hereby acknowledges and consents to the First Amendment, dated as of March 7, 2011 (the "Amendment"; capitalized terms used herein, but not defined, shall have the meanings set forth in the Amendment), to the Credit Agreement, dated as of March 31, 2008 (as amended, supplemented or modified from time to time, the "Credit Agreement"), among GRITEL HOLDING CO., INC., a Delaware corporation, TELEPHONICS CORPORATION, a Delaware corporation, the several banks and other financial institutions or entities from time to time parties thereto and JPMORGAN CHASE BANK, N.A., as administrative agent, and agrees with respect to each Loan Document to which it is a party:

(a) all of its obligations, liabilities and indebtedness under such Loan Document shall remain in full force and effect on a continuous basis after giving effect to the Amendment and its guarantee, if any, of the obligations, liabilities and indebtedness of the Loan Parties under the Credit Agreement shall extend to and cover Loans made pursuant to the increased Aggregate Commitment and interest thereon and fees and expenses and other obligations in respect thereof and in respect of commitments related thereto; and

(b) all of the Liens and security interests created and arising under such Loan Document remain in full force and effect on a continuous basis, and the perfected status and priority of each such Lien and security interest continue in full force and effect on a continuous basis, unimpaired, uninterrupted and undischarged, after giving effect to the Amendment, as collateral security for its obligations, liabilities and indebtedness under the Credit Agreement and under its guarantees, if any, in the Loan Documents.

[Remainder of page intentionally left blank.]

TELEPHONICS CORPORATION

By: /s/ Joseph J. Battaglia

Name: Joseph J. Battaglia
Title: President

GRITEL HOLDINGS CO., INC.

By: /s/ Ronald J. Kramer

Name: Ronald J. Kramer
Title: President

FIRST AMENDMENT

FIRST AMENDMENT, dated as of March 7, 2011 (this "Amendment"), to the CREDIT AGREEMENT, dated as of March 31, 2008 (as amended, supplemented or modified from time to time, the "Credit Agreement"), among GRITEL HOLDING CO., INC., a Delaware corporation, TELEPHONICS CORPORATION, a Delaware corporation (the "Borrower"), the other Loan Parties party thereto, the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders") and JPMORGAN CHASE BANK, N.A., as administrative agent (the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to the Credit Agreement;

WHEREAS, the Borrower has requested that the Required Lenders approve certain provisions of the Credit Agreement as set forth herein; and

WHEREAS, pursuant to such request, the Required Lenders are willing to consent to such amendments on the terms set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the Borrower, the Administrative Agent and the Required Lenders hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

2. Amendments to Section 1.01 (Defined Terms).

(a) Section 1.01 of the Credit Agreement is hereby amended by adding the following definitions in proper alphabetical order:

"Senior Unsecured Note Indenture" means that certain Indenture to be entered into by the Parent and certain of its Subsidiaries in connection with the issuance of the Senior Unsecured Notes, together with all instruments and other agreements entered into by the Parent or such Subsidiaries in connection therewith.

"Senior Unsecured Notes" means the Senior Unsecured Notes of the Parent in the aggregate principal amount of up to \$550,000,000 issued pursuant to the Senior Unsecured Note Indenture on or prior to June 30, 2011.

(b) The definition of "Commitment Termination Date" is hereby amended by deleting the date "March 31, 2013" and substituting in lieu thereof the phrase "the date that is the six-month anniversary of the date of the issuance of the Senior Unsecured Notes"

(c) The definition of "Consolidated Fixed Charge Coverage Ratio" is hereby amended by adding the following proviso at the end of the first sentence thereof:

"; provided that in no event shall any cash interest expense or Indebtedness in respect of the Senior Unsecured Notes be included in the calculation of the Consolidated Fixed Charge Coverage Ratio (including, without limitation, for purposes of determining Consolidated

EBITDA) for any purpose required by this Agreement to the extent that any cash interest expense of Parent in respect of the Senior Unsecured Notes (or the Indebtedness of Parent in respect of the Senior Unsecured Notes) would otherwise be included in any such calculation as a result of the Borrower or the Guarantor's Guarantee thereof (including, without limitation, as a result of any payments made by the Borrower to the Parent for that purpose)".

(d) The definition of "Consolidated Leverage Ratio" is hereby amended by adding the following proviso at the end of the first sentence thereof:

"; provided that in no event shall any cash interest expense or Indebtedness in respect of the Senior Unsecured Notes be included in the calculation of the Consolidated Leverage Ratio (including, without limitation, for purposes of determining Consolidated EBITDA or Consolidated Funded Debt) for any purpose required by this Agreement to the extent that any cash interest expense of Parent in respect of the Senior Unsecured Notes (or the Indebtedness of Parent in respect of the Senior Unsecured Notes) would otherwise be included in any such calculation as a result of the Borrower or the Guarantor's Guarantee thereof (including, without limitation, as a result of any payments made by the Borrower to the Parent for that purpose)".

(e) The definition of "Consolidated Net Worth" is hereby amended by adding the following proviso at the end of the first sentence thereof:

"; provided that in no event shall obligations of the Borrower and the Guarantors in respect of their Guarantees of the Senior Unsecured Notes be included in the determination of Consolidated Net Worth for any purpose required by this Agreement".

3. Amendment to Section 7.01(a) (Indebtedness). Section 7.01(a) of the Credit Agreement is hereby amended by (a) deleting the "and" at the end of clause (xv) thereof, (b) renumbering clause (xvi) thereof as clause (xvii) thereof, and (c) inserting the following new clause (xvi):

"(xvi) (I) prior to a Permitted Change of Control Transaction, unsecured Indebtedness of Parent to Borrower permitted by Section 7.06(s)(ii), and (II) prior to a Permitted Change of Control Transaction, Indebtedness of Borrower or any of its Subsidiaries to Parent, provided that such Indebtedness shall be subordinated to the Obligations on terms and conditions reasonably satisfactory to the Administrative Agent."

4. Amendment to Section 7.01(b) (Guarantees). Section 7.01(b) of the Credit Agreement is hereby amended by (a) deleting the "and" at the end of clause (v) thereof, (b) deleting the "." at the end of clause (vi) thereof and substituting in lieu thereof "; and" and (c) inserting the following new clause (vii):

"(vii) obligations of the Borrower and the Guarantors in respect of their Guarantees of the Senior Unsecured Notes."

5. Amendment to Section 7.06 (Investments and Acquisitions). Section 7.06 of the Credit Agreement is hereby amended by (a) deleting the "and" at the end of clause (r) thereof, (b) renumbering clause (s) thereof as clause (t) thereof, and (c) inserting the following new clause (s):

"(s) (i) Investments in Borrower and its Subsidiaries by Parent consisting of unsecured Indebtedness permitted by Section 7.01(xvi) (II), and (ii) prior to a Permitted Change of Control Transaction, Investments by Borrower or its Subsidiaries in Parent consisting of unsecured Indebtedness, so long as after giving effect thereto on a pro-forma basis, (x) the

Consolidated Leverage Ratio does not exceed 2.25 to 1.0, and (y) no Default shall have occurred and be continuing; and”.

6. Amendment to Section 7.07(f) (Restricted Payments). Section 7.07(f) of the Credit Agreement is hereby amended by deleting it in its entirety and replacing it with the following clause:

“(f) prior to a Permitted Change of Control Transaction, the Borrower may declare and pay to Holdings dividends (for distribution to the Parent, if applicable), not otherwise permitted hereunder so long as, after giving effect thereto on a pro forma basis, (i) the Consolidated Leverage Ratio does not exceed 2.25 to 1.0 and (ii) no Default shall have occurred and be continuing.”

7. Amendment to Section 7.08 (Transactions with Affiliates). Section 7.08 of the Credit Agreement is hereby amended by (a) deleting the “and” at the end of clause (e) thereof, (b) deleting the “.” at the end of clause (f) thereof and substituting in lieu thereof “; and” and (c) inserting the following new clauses (g) and (h):

“(g) the Guarantees of the Borrower and the Guarantors of the Senior Unsecured Notes; and

(h) the intercompany Indebtedness permitted by Section 7.01(xvi).”

8. Amendment to Section 7.09(a) (Restrictive Agreements). Section 7.09(a) of the Credit Agreement is hereby amended by inserting the following clause at the end thereof:

“or by the Senior Unsecured Note Indenture”.

9. Effectiveness. This Amendment shall become effective on the date (the “First Amendment Effective Date”) on which the following conditions precedent shall have been satisfied:

(a) Amendment. The Administrative Agent shall have received this Amendment, duly executed and delivered by the Borrower, the Required Lenders and the Administrative Agent.

(b) Senior Unsecured Notes. The Senior Unsecured Notes shall have been issued on or prior to June 30, 2011.

(c) Acknowledgement and Consent. The Administrative Agent shall have received an Acknowledgement and Consent in the form attached hereto as Annex A, executed and delivered by each Loan Party.

(d) Representations and Warranties. Each of the representations and warranties made by any Loan Party in the Loan Documents shall be true and correct in all material respects on and as of the First Amendment Effective Date as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

(e) No Default. After giving effect to this Amendment (as in effect as of the First Amendment Effective Date), no Default or Event of Default shall have occurred and be continuing.

10. Continuing Effect of the Credit Agreement. This Amendment shall not constitute an amendment of any other provision of the Credit Agreement not expressly referred to herein and shall not be construed as a waiver or consent to any further or future action on the part of the Borrower that would require a waiver or consent of the Lenders or the Administrative Agent. Except as expressly amended hereby, the provisions of the Credit Agreement are and shall remain in full force and effect.

11. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

12. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

13. Expenses. The Borrower agrees to pay or reimburse the Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of this Amendment, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

[rest of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

TELEPHONICS CORPORATION

By /s/ Joseph J. Battaglia

Name: Joseph J. Battaglia
Title: President

JPMORGAN CHASE BANK, N.A., individually, as Administrative Agent,
an Issuing Bank, Swingline Lender and as a Lender

By: /s/ Michelle Cipriani

Name: Michelle Cipriani
Title: Vice President

Wells Fargo Bank, N.A., as a Lender

By: /s/ Edward P. Nallan, Jr.

Name: Edward P. Nallan, Jr.
Title: Senior Vice President

HSBC Bank USA, NA, as a Lender

By: /s/ Michael Kid

Name: Michael Kid

Title: Assistant Vice President

Manufacturers and Traders Trust Company, as a Lender

By: /s/ William S. Terraglio

Name: William S. Terraglio
Title: Vice President

Bank of America, N.A., as a Lender

By: /s/ Steven J. Melicharek

Name: Steven J. Melicharek
Title: Senior Vice President

US Bank, N.A., as a Lender

By: /s/ Patrick McGraw

Name: Patrick McGraw
Title: Vice President
U.S. Bank, N.A.

ACKNOWLEDGEMENT AND CONSENT

Each of the parties hereto hereby acknowledges and consents to the First Amendment, dated as of March 7, 2011 (the "Amendment"; capitalized terms used herein, but not defined, shall have the meanings set forth in the Amendment), to the Credit Agreement, dated as of March 31, 2008 (as amended, supplemented or modified from time to time, the "Credit Agreement"), among GRITEL HOLDING CO., INC., a Delaware corporation, TELEPHONICS CORPORATION, a Delaware corporation, the several banks and other financial institutions or entities from time to time parties thereto and JPMORGAN CHASE BANK, N.A., as administrative agent, and agrees with respect to each Loan Document to which it is a party:

(a) all of its obligations, liabilities and indebtedness under such Loan Document shall remain in full force and effect on a continuous basis after giving effect to the Amendment and its guarantee, if any, of the obligations, liabilities and indebtedness of the Loan Parties under the Credit Agreement shall extend to and cover Loans made pursuant to the increased Aggregate Commitment and interest thereon and fees and expenses and other obligations in respect thereof and in respect of commitments related thereto; and

(b) all of the Liens and security interests created and arising under such Loan Document remain in full force and effect on a continuous basis, and the perfected status and priority of each such Lien and security interest continue in full force and effect on a continuous basis, unimpaired, uninterrupted and undischarged, after giving effect to the Amendment, as collateral security for its obligations, liabilities and indebtedness under the Credit Agreement and under its guarantees, if any, in the Loan Documents.

[Remainder of page intentionally left blank.]

TELEPHONICS CORPORATION

By: /s/ Joseph J. Battaglia

Name: Joseph J. Battaglia
Title: President

GRITEL HOLDINGS CO., INC.

By: /s/ Ronald J. Kramer

Name: Ronald J. Kramer
Title: President

Exhibit 31.1
CERTIFICATION

I, Ronald J. Kramer, 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 fourth fiscal 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: May 5, 2011

/s/ Ronald J. Kramer

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

Exhibit 31.2

CERTIFICATION

I, Douglas J. Wetmore, 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 fourth fiscal 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: May 5, 2011

/s/ Douglas J. Wetmore

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

**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 March 31, 2011 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: May 5, 2011

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 March 31, 2011 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: May 5, 2011

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.
