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

FORM 10-Q

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

For the quarterly period ended June 30, 2009

☐ **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.)
100 JERICHO QUADRANGLE, JERICHO, NEW YORK (Address of principal executive offices)	**11753** (Zip Code)

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

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

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

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 59,520,983 shares of Common Stock as of July 31, 2009.

Griffon Corporation and Subsidiaries
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Part I — Financial Information

Item 1 — Financial Statements

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

	At June 30, 2009	At September 30, 2008
CURRENT ASSETS		
Cash and equivalents	$ 289,563	$ 311,921
Accounts receivable, net of allowances of $5,012 and $5,609	153,799	163,586
Contract costs and recognized income not yet billed	62,972	69,001
Inventories, net	150,333	167,158
Prepaid and other current assets	36,030	52,430
Assets of discontinued operations	4,384	9,495
Total Current Assets	697,081	773,591
PROPERTY, PLANT AND EQUIPMENT, net	230,867	239,003
GOODWILL	93,094	93,782
INTANGIBLE ASSETS, net	32,949	34,777
OTHER ASSETS	24,276	22,067
ASSETS OF DISCONTINUED OPERATIONS	9,011	8,346
Total Assets	$ 1,087,278	$ 1,171,566
CURRENT LIABILITIES		
Notes payable and current portion of long-term debt	$ 2,084	$ 2,258
Accounts payable	99,515	129,823
Accrued liabilities	63,167	64,450
Liabilities of discontinued operations	5,252	14,917
Total Current Liabilities	170,018	211,448
LONG-TERM DEBT	177,739	230,930
OTHER LIABILITIES	61,552	59,460
LIABILITIES OF DISCONTINUED OPERATIONS	9,096	10,048
Total Liabilities	418,405	511,886
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Total Shareholders' Equity	668,873	659,680
Total Liabilities and Shareholders' Equity	$ 1,087,278	$ 1,171,566

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

(in thousands)	COMMON STOCK SHARES	COMMON STOCK PAR VALUE	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	TREASURY SHARES SHARES	TREASURY SHARES COST	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	DEFERRED ESOP COMPENSATION	Total
Balance at 9/30/2008	71,095	17,774	415,505	415,991	12,440	(213,310)	25,469	(1,749)	659,680
Net income	—	—	—	10,361	—	—	—	—	10,361
Amortization of deferred compensation	—	—	—	—	—	—	—	514	514
Restricted stock vesting	5	1	(1)					—	—
ESOP Purchase of common stock	—	—	(48)	—	—	—	—	(4,370)	(4,418)
Stock-based compensation	—	—	2,998	—	—	—	—	44	3,042
Issuance of common stock pursuant to rights offering, net of financing costs	854	214	1,731	—	—	—	—	—	1,945
Translation of foreign financial statements	—	—	—	—	—	—	(2,251)	—	(2,251)
Balance at 6/30/2009	71,954	17,989	420,185	426,352	12,440	(213,310)	23,218	(5,561)	668,873

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

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2009	2008	2009	2008
Net sales	$ 287,385	$ 322,267	$ 865,806	$ 915,640
Cost of sales	221,099	248,887	686,588	720,052
Gross profit	66,286	73,380	179,218	195,588
Selling and administrative expenses	58,376	62,550	170,449	181,651
Restructuring and other related charges	38	180	38	2,572
Total operating expenses	58,414	62,730	170,487	184,223
Income from operations	7,872	10,650	8,731	11,365
Other income (expense)				
Interest expense	(2,157)	(2,588)	(7,790)	(9,222)
Interest income	343	276	1,010	1,756
Gain from debt extinguishment, net	646	—	7,360	—
Other, net	1,174	946	617	2,525
Total other income (expense)	6	(1,366)	1,197	(4,941)
Income before taxes and discontinued operations	7,878	9,284	9,928	6,424
Provision (benefit) for income taxes	986	(72)	268	(325)
Income before discontinued operations	6,892	9,356	9,660	6,749
Discontinued operations:				
Income (loss) from operations of the discontinued Installation Services business	4	(28,113)	1,055	(52,336)
Provision (benefit) for income taxes	(45)	(8,957)	354	(13,063)
Income (loss) from discontinued operations	49	(19,156)	701	(39,273)
Net Income (loss)	$ 6,941	$ (9,800)	$ 10,361	$ (32,524)
Basic earnings (loss) per common share:				
Income from continuing operations	$ 0.12	$ 0.29	$ 0.17	$ 0.21
Income (loss) from discontinued operations	0.00	(0.59)	0.01	(1.21)
Net income (loss)	0.12	(0.30)	0.18	(1.00)
Weighted-average shares outstanding	58,700	32,490	58,673	32,485
Diluted earnings (loss) per common share:				
Income from continuing operations	$ 0.12	$ 0.29	$ 0.17	$ 0.21
Income (loss) from discontinued operations	0.00	(0.59)	0.01	(1.21)
Net income (loss)	0.12	(0.30)	0.18	(1.00)
Weighted-average shares outstanding	59,097	32,689	58,862	32,657

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

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

	Nine Months Ended June 30, 2009	Nine Months Ended June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 10,361	$ (32,524)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Loss (income) from discontinued operations	(701)	39,273
Depreciation and amortization	31,404	31,602
Stock-based compensation	3,042	2,012
Provision for losses on account receivable	646	447
Amortization/write-off of deferred financing costs	1,426	1,118
Gain from debt extinguishment, net	(7,360)	—
Deferred income taxes	(548)	874
Change in assets and liabilities:		
Decrease in accounts receivable and contract costs and recognized income not yet billed	14,785	17,650
Decrease (increase) in inventories	16,412	(18,746)
Decrease (increase) in prepaid and other assets	14,647	(18,231)
Increase (decrease) in accounts payable, accrued liabilities and income taxes payable	(42,299)	29,327
Other changes, net	511	(3,260)
	31,965	82,066
Net cash provided by operating activities	42,326	49,542
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(20,563)	(49,101)
Acquired businesses	—	(1,829)
Proceeds from sale of investment	—	1,000
Decrease (increase) in equipment lease deposits	(330)	3,235
Net cash used in investing activities	(20,893)	(46,695)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares from rights offering	7,257	—
Purchase of shares for treasury	—	(579)
Proceeds from issuance of long-term debt	10,879	84,600
Payments of long-term debt	(56,191)	(82,130)
Decrease in short-term borrowings	(796)	(896)
Financing costs	(559)	(2,779)
Purchase of ESOP shares	(4,370)	—
Tax benefit from vesting of restricted stock	—	909
Other, net	465	(879)
Net cash used in financing activities	(43,315)	(1,754)
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Net cash used in discontinued operations	(1,111)	(3,842)
Net cash provided by investing activities	—	3,928
Net cash provided by (used in) discontinued operations	(1,111)	86
Effect of exchange rate changes on cash and cash equivalents	635	1,113
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(22,358)	2,292
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	311,921	44,747
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 289,563	$ 47,039

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)

NOTE 1 — BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Griffon Corporation and its subsidiaries (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements, and should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended September 30, 2008, which provides a more complete explanation of the Company'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. The results of operations of any interim period are not necessarily indicative of the results for the full fiscal year.

The unaudited condensed consolidated balance sheet information as of September 30, 2008 was derived from the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 2008.

In preparing its unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, the Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. On an ongoing basis, the Company evaluates estimates, including those related to bad debts, inventory reserves, goodwill and intangible assets. The Company bases its estimates on historical data and experience, when available, and on various other assumptions that the Company believes are reasonable, the combined results of which forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The Installation Services segment was discontinued in the fiscal third quarter of 2008. Operating results of substantially all of the Installation Services segment have been reported as discontinued operations in the consolidated statements of operations for all periods presented and the Installation Services segment is excluded from segment reporting (see Discontinued Operations footnote).

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

NOTE 2 — FAIR VALUE MEASUREMENTS

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, Fair Value Measurements ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The statement clarifies that the exchange price is the price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The statement emphasizes that fair value is a market-based measurement and not an entity-specific measurement. It also establishes a fair value hierarchy used in fair value measurements and expands the required disclosures of assets and liabilities measured at fair value. For financial assets and liabilities, this statement is effective for fiscal periods beginning after November 15, 2007 and does not require any new fair value measurements. In February 2008, the FASB Staff Position No. 157-2 ("FSP 157-2") was issued which delayed the effective date of SFAS 157 to fiscal years beginning after November 15, 2008 for non-financial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually).

The Company adopted the provisions of SFAS 157, as amended by FSP 157-2, on October 1, 2008. Pursuant to the provisions of FSP 157-2, the Company will not apply the provisions of SFAS 157 until October 1, 2009 for non-financial assets and liabilities (principally goodwill and intangible assets).

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"), to provide companies the option to report selected financial assets and liabilities at fair value. Upon adoption of the provisions of SFAS 159 on October 1, 2008, the Company did not elect the fair value option to report its financial assets and liabilities at fair value. Accordingly, the adoption of SFAS 159 did not have an impact on the Company's financial position or results of operations.

Fair Value Hierarchy

SFAS 157 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs), or reflect the Company's own assumptions of market participant valuation (unobservable inputs). In accordance with SFAS 157, these two types of inputs have created the following fair value hierarchy:

- Level 1 — Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities.

- Level 2 — Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly.

- Level 3 — Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

SFAS 157 requires the use of observable market data if such data is available without undue cost and effort.

Measurement of Fair Value

The Company measures fair value as an exit price using the procedures described below for all assets and liabilities measured at fair value. When available, the Company uses unadjusted quoted market prices to measure fair value and classifies such items within Level 1. If quoted market prices are not available, fair value is based upon internally developed models that use, where possible, current market-based or independently-sourced market parameters such as interest rates and currency rates. Items valued using internally generated models are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be inputs that are readily observable. If quoted market prices are not available, the valuation model used generally depends on the specific asset or liability being valued. The determination of fair value considers various factors including interest rate yield curves and time value underlying the financial instruments.

Items Measured at Fair Value on a Recurring Basis

Each quarter Cash and equivalents and the deferred non-qualified retirement plan assets are measured and recorded at fair value based upon quoted prices in active markets for identical assets and liabilities. The deferred non-qualified retirement plans assets were $3,459 at June 30, 2009. Additionally, accounts receivable and accounts payable approximate fair value due to their short-term nature.

NOTE 3 — INVENTORIES

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

(in thousands)	At June 30, 2009	At June 30, 2008
Raw materials and supplies	$ 36,236	$ 45,583
Work in process	78,768	70,716
Finished goods	35,329	50,859
Total	$ 150,333	$ 167,158

NOTE 4 — PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment are comprised of the following:

(in thousands)	At June 30, 2009	At June 30, 2008
Land, building and building improvements	$ 108,157	$ 108,344
Machinery and equipment	410,619	390,282
Leasehold improvements	23,083	21,832
	541,859	520,458
Less - Accumulated depreciation and amortization	310,992	281,455
Total	$ 230,867	$ 239,003

There have been no triggering events or indicators of impairment that have occurred during the three and nine months ended June 30, 2009, that would require additional impairment testing of Property, Plant and Equipment.

NOTE 5 — GOODWILL AND OTHER INTANGIBLES

The following table provides the changes in carrying value of goodwill by segment through the nine-months ended June 30, 2009.

(in thousands)	At September 30, 2008	Goodwill from 2009 acquisitions	Other adjustments including currency translations	At June 30, 2009
Telephonics	**$ 18,545**	$ —	$ —	**$ 18,545**
Clopay Building Products	—	—	—	—
Clopay Plastic Products	**75,237**	—	(688)	**74,549**
Total	**$ 93,782**	$ —	$ (688)	**$ 93,094**

There have been no triggering events or indicators of impairment that have occurred during the three and nine months ended June 30, 2009, that would require additional impairment testing of Goodwill.

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

	At June 30, 2009		Average	At September 30, 2008	
(dollar amounts in thousands)	Gross Carrying Amount	Accumulated Amortization	Life (Years)	Gross Carrying Amount	Accumulated Amortization
Customer relationships	$ 29,409	$ 5,084	25	$ 29,507	$ 4,162
Other	3,580	299	15	3,580	150
Total amortizable intangible assets	32,989	5,383	24	33,087	4,312
Unpatented technology	5,343			6,002	
Total intangible assets	$ 38,332	$ 5,383		$ 39,089	$ 4,312

There have been no trigger events or indicators of impairment that have occurred during the three and nine months ended June 30, 2009, that would require additional impairment testing of long-lived intangible assets excluding goodwill.

NOTE 6 — INCOME TAXES

As a result of various statute of limitations expiring during the three and nine months ended June 30, 2009, the Company reduced previously established FIN 48 reserves related to uncertain tax positions of $1,440 and $4,262, respectively. The total amount of FIN 48 reserves related to uncertain tax positions was $7,250 at June 30, 2009.

NOTE 7 — LONG-TERM DEBT

In June 2008, Clopay Building Products Company, Inc. (“BPC”) and Clopay Plastic Products Company, Inc. (“PPC”), each a wholly-owned subsidiary of the Company, entered into a credit agreement for their domestic operations with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, pursuant to which the lenders agreed to provide a five-year, senior secured revolving credit facility of $100,000 (the “Clopay Credit Agreement”). At June 30, 2009 and September 30, 2008, $35,374 and $33,900, respectively, were outstanding under the Clopay Credit Agreement and approximately $32,549 was available for borrowing at June 30, 2009. BPC and PPC were in compliance with all of their financial covenants under the Clopay Credit Agreement at June 30, 2009. The balance of the debt approximates its fair value.

In March 2008, Telephonics Corporation (“Telephonics”), a wholly-owned subsidiary of the Company, 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 “Telephonics Credit Agreement”). At June 30, 2009 and September 30, 2008, $38,000 and $44,500, respectively, were outstanding under the Telephonics Credit Agreement and approximately $55,260 was available for borrowing at June 30, 2009. Telephonics was in compliance with all of its financial covenants under the Telephonics Credit Agreement at June 30, 2009. The balance of the debt approximates its fair value.

The Company had outstanding $79,380 of 4% convertible subordinated notes due 2023 (the “Notes”) at June 30, 2009. Holders may convert the Notes at a conversion price of $22.41 per share, as adjusted pursuant to the recent rights offering of the Company and subject to possible further adjustment, as defined, which is equal to a conversion rate of approximately 44.6229 shares per $1 principal amount of Notes. The fair value is approximately $77 million, which is based upon quoted market price (Level 1). Due to the likelihood that these notes will be put to the company in July of 2010, these Notes will be reclassed to Notes payable and current portion of long-term debt in the fourth quarter of fiscal 2009.

In April 2009, the Company purchased $15,120 face value of the Notes from certain noteholders for $14,341. The Company recorded a pre-tax gain from debt extinguishment of approximately $747, offset by a $101 proportionate reduction in the related deferred financing costs for a net gain of $646 in the third quarter of fiscal 2009.

In October 2008, the Company purchased $35,500 face value of the Notes from certain noteholders for $28,400. The Company recorded a pre-tax gain from debt extinguishment of approximately $7,100, offset by a $386 proportionate reduction in the related deferred financing costs for a net gain of $6,714 in the first quarter of fiscal 2009.

Prior to the above described repurchases, the Company had outstanding $130,000 of Notes at September 30, 2008.

The Company's Employee Stock Ownership Plan ("ESOP") has a loan agreement, guaranteed by the Company, which requires payments of principal and interest through the expiration date of September 2012 at which time the balance of the loan, and any outstanding interest, will be payable. The primary purpose of this loan, and it predecessor loans which were refinanced by this loan in October 2008, was to purchase 547,605 shares of the Company's stock in October 2008. The loan bears interest at rates based upon the prime rate or LIBOR. The balance of the loan was $5,781 as of June 30, 2009, and the outstanding balance approximates fair value.

NOTE 8 — SHAREHOLDERS' EQUITY

In August 2008, the Company's Board of Directors authorized a 20,000,000 share Common Stock rights offering to its shareholders in order to raise equity capital for general corporate purposes and to fund future growth. The rights had an exercise price of $8.50 per share. In conjunction with the rights offering, GS Direct, L.L.C., an affiliate of Goldman, Sachs & Co. ("GS Direct"), agreed to back stop the rights offering by purchasing, on the same terms, any and all shares not subscribed through the exercise of rights. GS Direct also agreed to purchase additional shares of common stock at the rights offering price if it did not acquire a minimum of 10,000,000 shares of Common Stock as a result of its back stop commitment. In September 2008, the Company received $241,344 of gross proceeds from the first closing of its rights offering and the closing of the related investments by GS Direct and by the Company's Chief Executive Officer, and issued 28,393,323 shares of its Common Stock. An additional $5,274 of rights offering proceeds, which were reflected as a component of prepaid expenses and other current assets in the condensed consolidated balance sheet at September 30, 2008, were received in October 2008 and the Company issued 620,486 shares of Common Stock in connection with the second closing of the rights offering. An additional $1,983 of rights offering proceeds were received in April 2009 and the Company issued 233,298 shares of Common Stock.

During fiscal 2008, the Company granted 25,000 options under its stock option plans with a total fair value of $172, or a weighted average fair value of $6.89 per share. During fiscal 2008, the Company granted 300,000 shares of restricted stock with a total fair value of $2,694, or a weighted average fair value of $8.98 per share.

In accordance with the terms of an employment agreement, in October 2008, the Company's Chief Executive Officer received a restricted stock grant of 75,000 shares of Common Stock, which vests in April 2011. The fair value of the restricted stock on the date of grant was $675. In addition, the Company's Chief Executive Officer received a ten-year option to purchase 350,000 shares of Common Stock at an exercise price of $20 per share. The closing stock price on date of grant was $9.00 and the grant vests in three equal annual installments beginning April 2009. The fair value of the options on the date of grant was $721 or $2.06 per share.

In March 2009, the Company's Chief Executive Officer received a restricted stock grant of 675,000 shares of Common Stock, which vests in March 2013. The fair value of the restricted stock on the date of grant was $5,063 or $7.50 per share.

In addition to the above fiscal 2009 grants, during the nine months ended June 30, 2009, the Company granted 214,000 shares of restricted stock, each with 4 year cliff vesting, with a total fair value of $1,900, or a weighted average fair value of $8.88 per share.

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

The fair value of the 2008 and 2009 option grants was estimated as of the grant dates using the Black-Scholes option pricing model with the following weighted average assumptions:

	2009 Grant	2008 Grant
Risk-free interest rate	3.04%	4.09%
Dividend yield	0.00%	0.00%
Expected life (years)	7.0	7.0
Volatility	38.98%	40.00%
Option exercise price	$ 20.00	$ 14.19
Fair value of options granted	$ 2.06	$ 6.89

For the three and nine months ending June 30, 2009, after-tax stock based compensation expense totaled $781 and $1,977, respectively. For the three and nine months ending June 30, 2008, after-tax stock based compensation expense totaled $532 and $1,308, respectively.

NOTE 9 — EARNINGS (LOSS) PER SHARE (EPS)

Basic EPS is calculated by dividing income available to common shareholders by the weighted average number of shares of Common Stock outstanding during the period. Diluted EPS is calculated by dividing income available to common shareholders by the weighted average number of shares of Common Stock outstanding plus additional common shares that could be issued in connection with potentially dilutive shares. Management determined that the rights offering contained a bonus element to existing shareholders that required the Company to adjust the shares used in the computation of basic and fully-diluted weighted-average shares outstanding for the three and nine months ended June 30, 2008. The Notes were anti-dilutive due to the conversion price being greater than the weighted-average stock price during the periods presented.

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2009	2008	2009	2008
Weighted average shares outstanding - basic	58,700	32,490	58,673	32,485
Incremental shares from stock based compensation	397	199	189	172
Weighted average shares outstanding - diluted	59,097	32,689	58,862	32,657
Anti-dilutive options excluded from diluted EPS computation	1,305	1,766	1,305	1,766

NOTE 10 — BUSINESS SEGMENTS

The Company’s reportable business segments are as follows: Telephonics Corporation (“Telephonics”) provides high-technology engineering and manufacturing capabilities for integrated information, communication and sensor system solutions to military and commercial markets worldwide; Clopay Building Products Company (“Clopay 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; and Clopay Plastic Products Company (“Clopay Plastic Products”) 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 markets. The Company’s reportable segments are distinguished from each other by types of products and services offered, classes of customers, production and distribution methods and separate management. The Company’s former Installation Services segment (sale and installation of building products primarily for new construction, such as garage doors, garage door openers, manufactured fireplaces and surrounds, appliances, flooring and cabinets) has been reflected as discontinued operations in the condensed consolidated financial statements for all periods presented and, accordingly, is excluded from segment disclosures (see Discontinued Operations footnote).

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

GRIFFON CORPORATION
NET SALES, INCOME & OTHER DATA BY SEGMENT

(in thousands)	Three months ended June 30, 2009	Three months ended June 30, 2008	Nine Months Ended June 30, 2009	Nine Months Ended June 30, 2008
NET SALES				
Telephonics	$ 94,126	$ 88,251	$ 271,520	$ 262,508
Clopay Building Products	98,497	112,869	286,566	310,912
Clopay Plastic Products	94,762	121,147	307,720	342,220
Total consolidated net sales	$ 287,385	$ 322,267	$ 865,806	$ 915,640
INCOME (LOSS) FROM CONTINUING OPERATIONS				
Segment operating profit (loss):				
Telephonics	$ 9,908	$ 9,173	$ 23,538	$ 21,795
Clopay Building Products	639	2,252	(15,595)	(8,069)
Clopay Plastic Products	4,780	5,506	16,894	15,856
Total segment operating profit	15,327	16,931	24,837	29,582
Unallocated amounts	(6,281)	(5,335)	(15,489)	(15,692)
Gain from debt extinguishment, net	646	—	7,360	—
Net interest expense	(1,814)	(2,312)	(6,780)	(7,466)
Income from continuing operations before provision for income taxes and discontinued operations	$ 7,878	$ 9,284	$ 9,928	$ 6,424

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

	Three months ended June 30, 2009	Three months ended June 30, 2008	Nine Months Ended June 30, 2009	Nine Months Ended June 30, 2008
DEPRECIATION and AMORTIZATION				
Segment:				
Telephonics	$ 1,620	$ 1,712	$ 4,650	$ 4,630
Clopay Building Products	3,546	3,331	10,032	9,811
Clopay Plastic Products	5,239	5,770	16,248	16,940
Total segment	10,405	10,813	30,930	31,381
Corporate	88	74	474	221
Total consolidated depreciation and amortization	$ 10,493	$ 10,887	$ 31,404	$ 31,602
CAPITAL EXPENDITURES				
Segment:				
Telephonics	$ 2,507	$ 1,919	$ 5,344	$ 5,041
Clopay Building Products	1,145	1,517	4,839	7,217
Clopay Plastic Products	4,819	33,864	10,347	36,827
Total segment	8,471	37,300	20,530	49,085
Corporate	4	5	33	16
Total consolidated capital expenditures	$ 8,475	$ 37,305	$ 20,563	$ 49,101

	At June 30, 2009	At September 30, 2008
ASSETS		
Segment assets:		
Telephonics	$ 258,740	$ 251,016
Clopay Building Products	167,308	197,740
Clopay Plastic Products	339,523	356,635
Total segment assets	765,571	805,391
Corporate (principally cash and equivalents)	308,312	348,334
Total continuing assets	1,073,883	1,153,725
Assets from discontinued operations	13,395	17,841
Consolidated total	$ 1,087,278	$ 1,171,566

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NOTE 11 — COMPREHENSIVE INCOME (LOSS) AND DEFINED BENEFIT PENSION EXPENSE

Comprehensive income (loss) was as follows:

	Three months Ended June 30,		Nine Months Ended June 30,	
(in thousands)	2009	2008	2009	2008
Net income (loss)	$ 6,941	$ (9,800)	$ 10,361	$ (32,524)
Foreign currency translation adjustment	18,486	5,350	(2,251)	27,642
Comprehensive income (loss)	$ 25,427	$ (4,450)	$ 8,110	$ (4,882)

Defined benefit pension expense was recognized as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
(in thousands)	2009	2008	2009	2008
Service cost	$ 112	$ 137	$ 335	$ 518
Interest cost	1,056	1,001	3,168	3,003
Expected return on plan assets	(431)	(520)	(1,292)	(1,560)
Amortization:				
Prior service cost	84	84	252	252
Recognized actuarial loss	230	239	691	717
Net periodic expense	$ 1,051	$ 941	$ 3,154	$ 2,930

NOTE 12 — RECENT ACCOUNTING PRONOUNCEMENTS

Effect of newly issued but not yet effective accounting pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), “Business Combinations” (“SFAS 141R”). The purpose of issuing the statement is to replace current guidance in SFAS 141 to better represent the economic value of a business combination transaction. The changes to be effected with SFAS 141R from the current guidance include, but are not limited to: (1) acquisition costs will be recognized separately from the acquisition; (2) known contractual contingencies at the time of the acquisition will be considered part of the liabilities acquired measured at their fair value; all other contingencies will be part of the liabilities acquired measured at their fair value only if it is more likely than not that they meet the definition of a liability; (3) contingent consideration based on the outcome of future events will be recognized and measured at the time of the acquisition; (4) business combinations achieved in stages (step acquisitions) will need to recognize the identifiable assets and liabilities, as well as noncontrolling interests, in the acquiree, at the full amounts of their fair values; and (5) a bargain purchase (defined as a business combination in which the total acquisition-date fair value of the identifiable net assets acquired exceeds the fair value of the consideration transferred plus any noncontrolling interest in the acquiree) will require that excess to be recognized as a gain attributable to the acquirer. The Company anticipates that the adoption of SFAS 141R will have an impact on the way in which business combinations will be accounted for compared to current practice. SFAS 141R will be effective for any business combinations that occur after October 1, 2009.

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51” (“SFAS 160”). SFAS 160 was issued to improve the relevance, comparability, and transparency of financial information provided to investors by requiring all entities to report noncontrolling (minority) interests in subsidiaries in the same way, that is, as equity in the consolidated financial statements. Moreover, SFAS 160 eliminates the diversity that currently exists in accounting for transactions between an entity and noncontrolling interests by requiring they be treated as equity transactions. SFAS 160 is effective for the Company as of October 1, 2009. The Company is evaluating the potential impact, if any, of the adoption of SFAS 160 on its consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities - an Amendment of FASB Statement 133” which enhances required disclosures regarding derivatives and hedging activities, including enhanced disclosures regarding how: (a) an entity uses derivative instruments; (b) derivative instruments and related hedged items are accounted for under FASB Statement No. 133, “Accounting for Derivative Instruments and Hedging Activities”; and (c) derivative instruments and related hedged items affect an entity’s financial position, financial performance and cash flows. Although early adoption is encouraged, SFAS 161 is effective for the Company as of October 1, 2009. The Company is evaluating the potential impact, if any, of the adoption of SFAS 161 on its consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position No. 142-3, “Determination of the Useful Life of Intangible Assets” (“FSP 142-3”). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions that are used to determine the useful life of a recognized intangible asset under SFAS No. 142, “Goodwill and Other Intangible Assets”, and requires enhanced related disclosures. FSP 142-3 must be applied prospectively to all intangible assets acquired as of and subsequent to fiscal years beginning after December 15, 2008, which is the Company’s fiscal year 2010. The Company is evaluating the potential impact, if any, of the adoption of FSP 142-3 on its consolidated financial statements.

In May 2008, the FASB issued Staff Position APB 14-1, “Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)” (“APB 14-1”) to clarify that convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) are not addressed by paragraph 12 of APB Opinion No. 14, “Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants”. Additionally, APB 14-1 specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity’s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. APB 14-1 is effective for the Company as of October 1, 2009. The Company is evaluating the potential impact, if any, of the adoption of APB 14-1 on its consolidated financial statements.

In June 2009, the FASB issued SFAS No. 166 “Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140” (“SFAS 166”). SFAS 166 eliminates the concept of a qualifying special purpose entity (“QSPE”) and modifies the derecognition provisions in SFAS No. 140. This statement is effective for financial asset transfers occurring after the beginning of an entity’s first fiscal year that begins after November 15, 2009. SFAS 166 is effective for the Company as of October 1, 2010. The Company is evaluating the potential impact, if any, of the adoption of SFAS 166 will have on its consolidated financial statements.

In June 2009, the FASB issued SFAS No. 167, “Amendments to FASB Interpretation No. 46(R)” (“SFAS 167”). SFAS 167 amends FIN 46(R), “Consolidation of Variable Interest Entities (revised December 2003)—an interpretation of ARB No. 51” (“FIN 46(R)”) to require an enterprise to perform an analysis to determine whether the enterprise’s variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as one with the power to direct the activities of a variable interest entity that most significantly impact the entity’s economic performance and the obligation to absorb losses of the entity that could potentially be significant to the variable interest. SFAS 167 will be effective as of the beginning of the annual reporting period commencing after November 15, 2009 and will be adopted by the Company as of October 1, 2010. The Company is evaluating the potential impact, if any, of the adoption of SFAS 167 on its consolidated financial statements.

Newly issued effective accounting pronouncements

In April 2009, the FASB issued FASB Staff Position No. 107-1 and Accounting Principles Board No. 28-1, “Interim disclosure about Fair Value of Financial instruments” (“FSP 107-1 and APB 28-1”), which requires disclosure about fair value of financial instruments for interim periods of publicly traded companies as well as in annual financial statements. This statement is effective for the Company starting with the interim period ending June 30, 2009, and is required to be applied prospectively. The Company has included the required disclosure in this Form 10-Q.

In June 2009, the FASB issued SFAS 165, “Subsequent Events”, which establishes principles and requirements for subsequent events regarding: (1) the period after the balance sheet date during which management shall evaluate events and transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosure that an entity shall make about events or transactions that occurred after the balance sheet date. This statement is effective for the Company starting with the interim period ending June 30, 2009, and is required to be applied prospectively. The Company has included the required disclosure in this Form 10-Q.

NOTE 13 — DISCONTINUED OPERATIONS

As a result of the downturn in the residential housing market and the impact on the Installation Services segment, the Company’s management initiated a plan during the second quarter of fiscal 2008 to exit certain markets within the Installation Services segment through the sale or disposition of business units. As part of the decision to exit certain markets, the Company closed three units of the Installation Services segment in the second quarter of fiscal 2008.

Subsequently, during the third quarter of fiscal 2008, the Company’s Board of Directors approved a plan to exit all other operating activities of the Installation Services segment in 2008, with the exception of two units which were merged into the Clopay Building Products segment. As part of this plan, the Company closed one additional unit during the third quarter of fiscal 2008, sold nine units to one buyer in the third quarter of fiscal 2008 and sold its two remaining units in Phoenix and Las Vegas in the fourth quarter of fiscal 2008. The plan met the criteria for discontinued operations classification in accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets.” Operating results of substantially all of the Installation Services segment have been reported as discontinued operations in the condensed consolidated statements of operations for all periods presented and the Installation Services segment is excluded from segment reporting.

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

	At June 30, 2009		At September 30, 2008	
(in thousands)	Current	Long-term	Current	Long-term
Assets of discontinued operations:				
Accounts receivable	$ —	$ —	$ 3,414	$ —
Prepaid and other current assets	4,384		6,081	
Other long-term assets		9,011		8,346
Total assets of discontinued operations	$ 4,384	$ 9,011	$ 9,495	$ 8,346
Liabilities of discontinued operations:				
Accounts payable	$ —	$ —	$ 340	$ —
Accrued liabilities	5,252	—	14,577	—
Other long-term liabilities		9,096		10,048
Total liabilities of discontinued operations	$ 5,252	$ 9,096	$ 14,917	$ 10,048

Net sales of the Installation Services’ operating units were $22.6 million and $99.4 million for the three and nine months ended June 30, 2008. There were no sales in fiscal 2009.

NOTE 14 — RESTRUCTURING AND OTHER RELATED CHARGES

As a result of the downturn in the residential housing market and the impact on the Clopay Building Products segment, the Company initiated plans to restructure its operations. This restructuring program includes workforce reductions, closure or consolidation of excess facilities and other charges. The Company began its restructuring initiative in the latter part of fiscal 2007 with the closure and relocation of its Tempe, AZ manufacturing facility to Troy, OH.

These restructuring activities resulted in costs incurred primarily for (1) workforce reduction of approximately 370 employees across certain business functions and operating locations (2) abandoned or excess facilities relating to lease terminations and non-cancelable lease costs and (3) other exit costs with respect to relocating certain production lines to a new facility.

In June 2009, the Company announced plans to consolidate facilities in its Clopay Building Products segment, which are scheduled to be completed in early 2011. The consolidation is expected to produce annual savings of $10 million. The Company estimates that it will incur pre-tax exit and restructuring costs of approximately $12 million, substantially all of which will be cash charges, including approximately $2 million for one-time termination benefits and other personnel costs, approximately $1 million for excess facilities and related costs, and approximately $9 million in other exit costs primarily in connection with production realignment. These charges will occur primarily in fiscal 2010 and 2011.

A summary of the quarterly restructuring and other related charges included in the line item "Restructuring and other related charges" in the Condensed Consolidated Statements of Operations recognized for the nine-months ended June 30, 2009 and 2008 were as follows:

(in thousands)	Workforce Reduction	Excess Facilities	Other Exit Costs	Total
Amounts incurred in:				
Quarter ended December 31, 2007	$ 393	$ —	$ 1,298	$ 1,691
Quarter ended March 31, 2008	107	—	594	701
Quarter ended June 30, 2008	147	(11)	44	180
Nine months ended June 30, 2008	$ 647	$ (11)	$ 1,936	$ 2,572
Quarter ended December 31, 2008	$ —	$ —	$ —	$ —
Quarter ended March 31, 2009	—	—	—	—
Quarter ended June 30, 2009	37	—	1	38
Nine months ended June 30, 2009	$ 37	$ —	$ 1	$ 38

At June 30, 2009, the accrued liability associated with the restructuring and other related charges consisted of the following:

(in thousands)	Workforce Reduction	Excess Facilities	Other Exit Costs	Total
Accrued liability at, 2008	$ —	$ 231	$ —	$ 231
Charges	37	—	1	38
Payments	—	(231)	(1)	(232)
Accrued liability at June 30, 2009	$ 37	$ —	$ —	$ 37

NOTE 15 — OTHER INCOME

Other income included approximately $353 and $15 for the three-month periods and $(521) and $814 for the nine-month periods ended June 30, 2009 and 2008, respectively, of foreign exchange gains (losses) in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of the Company and its subsidiaries.

NOTE 16 — WARRANTY LIABILITY

The Company offers to its customers warranties against product defects for periods primarily ranging from six months to three years, with certain products having a limited lifetime warranty, depending on the specific product and terms of the customer purchase agreement. The Company's typical warranties require it to repair or replace the defective products during the warranty period at no cost to the customer. At the time product revenue is recognized, the Company records a liability for estimated warranty costs, which is estimated based on historical experience. The

Company periodically assesses the adequacy of its warranty liability and adjusts the liability as necessary. While the Company believes that its estimated liability for product warranties is adequate, the estimated liability for the product warranties could differ materially from actual warranty costs.

Changes in the Company's warranty liability, included in accrued liabilities, were as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
(in thousands)	2009	2008	2009	2008
Balance, beginning of period	$ 5,523	$ 6,642	$ 5,328	$ 7,868
Warranties issued and charges in estimated pre-existing warranties	1,488	(118)	4,847	328
Actual warranty costs incurred	(1,268)	(824)	(4,432)	(2,496)
Balance, end of period	$ 5,743	$ 5,700	$ 5,743	$ 5,700

NOTE 17 — COMMITMENTS AND CONTINGENCIES

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

Subsequently, the Company was advised by the DEC that random sampling at the Peekskill Site and in a creek near the Peekskill Site indicated concentrations of solvents and other chemicals common to Lightron's prior plating operations. ISC then entered into a consent order with the DEC in 1996 (the "Consent Order") to perform a remedial investigation and prepare a feasibility study. After completing the initial remedial investigation pursuant to the Consent Order, ISC was required by the DEC to conduct a supplemental remedial investigation under the Consent Order. In or about August 2004, a report was submitted to the DEC of the findings under the supplemental remedial investigation. Subsequently, an addendum to the supplemental remediation investigation was negotiated and conducted and a further report submitted to the DEC. A soil vapor investigation report that contained the findings of a soil vapor investigation conducted at the Peekskill Site under the Consent Order was submitted in July 2007 to, and accepted in September 2007 by, the DEC. Thereafter, ISC submitted to the DEC for its approval, a final draft of all of the Remedial Investigation work performed in connection with, and as required by, the Consent Order. In accordance with the soil vapor investigation work that ISC had performed at the Peekskill Site under the Consent Order, ISC, per the request of the DEC, proposed to, and did undertake to perform one additional one day sampling event in March 2008 in accordance with an approved soil vapor work plan, and a soil vapor investigation report was submitted to DEC in May 2008.

In March 2008, DEC requested additional, supplemental sampling at the Peekskill Site, and a Supplemental Investigation Work Plan was submitted to the DEC in April 2008. Based on comments received from the DEC in July 2008, a revised Supplemental Investigation Work Plan was submitted on July 30, 2008 to, and was approved subsequently by, the DEC. The work that was required to be performed in accordance with the Supplemental Investigation Work Plan was performed in October 2008 and a report was prepared for submission to the DEC.

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 has completed the Remedial Investigation required under the Consent Order. ISC has now, based on the results of the Remedial Investigation Report, prepared a Feasibility Study which will be submitted shortly to the DEC for its review and comment.

NOTE 18 — SUBSEQUENT EVENTS

The Company evaluated events occurring subsequent to June 30, 2009 through August 7, 2009 for potential recognition and disclosure in the consolidated financial statements. No events have occurred that would require adjustment to or disclosure in the consolidated financial statements, which were issued on August 7, 2009.

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

BUSINESS OVERVIEW

Griffon Corporation, headquartered in Jericho, New York, is a diversified holding company consisting of three distinct business segments: Telephonics Corporation ("Telephonics"), Clopay Building Products Company ("Clopay Building Products") and Clopay Plastic Products Company ("Clopay Plastic Products").

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

QUARTERLY OVERVIEW

Net sales from continuing operations for the three months ended June 30, 2009 were $287.4 million, compared to $322.3 million last year due to lower sales at Clopay Building Products and Clopay Plastic Products, partially offset by Telephonics. Income from continuing operations was $6.9 million, or $0.12 per diluted share, for the third quarter of fiscal 2009 compared to $9.4 million, or $0.29 per diluted share, last year. Income from discontinued operations for the third quarter of fiscal 2009 was essentially nil, compared to a loss of $19.2 million, or $0.59 per diluted share, last year. Net income for the third quarter of fiscal 2009 was $6.9 million, or $0.12 per diluted share, compared to a loss of $9.8 million, or $0.30 per diluted share, last year.

The **Telephonics (**Electronic Information and Communications Systems**)** segment continues to perform well as sales grew by approximately $5.9 million, or 7%. The Telephonics segment last year was awarded contracts in excess of $400 million for the MH-60 program that are expected to be incrementally funded over the next several years. Based on these contract awards, this program is anticipated to generate revenue at a run rate of approximately $100 million per year for the next several years.

The **Clopay Building Products** (Garage Doors) segment results continued to be impacted by the sustained downturn in the residential housing and credit markets, with sales and operating profits decreasing from the prior-year period. The segment remains committed to retaining its customer base and, where possible, growing market share to offset shrinking sales. Additionally, Clopay Building Products' ongoing review of, and changes to, its cost structure resulted in a Segment quarter profit for the first time this year.

As part of it cost structure review, in June 2009, the Company announced plans to consolidate facilities in its **Clopay Building Products** segment, which are scheduled to be completed in early 2011. The consolidation is expected to produce annual cost savings of approximately $10 million. The Company estimates that it will incur pre-tax exit and restructuring costs of approximately $12 million, substantially all of which will be cash charges, including approximately $2 million for one-time termination benefits and other personnel costs, approximately $1 million for excess facilities and related costs, and approximately $9 million in other exit costs primarily in connection with production realignment. In addition, the Company expects to invest approximately $11 million in capital expenditures in order to effectuate the restructuring plan. These charges and expenditures will occur primarily in fiscal 2010 and 2011.

The **Clopay Plastic Products (**Specialty Plastic Films) segment sales decreased $26.4 million, or 22%, from the prior year fiscal third quarter; however, its Segment operating profit margin increased primarily due to managing expenses which offset some of the impact from lower volume. Over the past several years, the segment has been successful in diversifying its customer portfolio. The segment remains optimistic that their progress on cost reduction programs and product mix should result in improved performance.

Discontinued operations — Installation Services

As a result of the downturn in the residential housing market, in fiscal 2008, the Company exited substantially all of the operating activities of its Installation Services segment. The Installation Services 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 Installation Services segment have been reported as discontinued operations in the Condensed Consolidated Statements of Operations for all periods presented herein, and the Installation Services segment is excluded from segment reporting.

RESULTS OF OPERATIONS

Three and Nine months ended June 30, 2009 and 2008

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

Telephonics (Electronic Information and Communication Systems **)**

	Three Months Ended June 30,				Nine Months Ended June 30,			
(in thousands)	2009		2008		2009		2008	
Net Sales	$ 94,126		$ 88,251		$ 271,520		$ 262,508	
Segment operating profit	9,908	10.5%	9,173	10.4%	23,538	8.7%	21,795	8.3%
Depreciation and amortization	1,620		1,712		4,650		4,630	
Segment profit before depreciation and amortization	$ 11,528	12.2%	$ 10,885	12.3%	$ 28,188	10.4%	$ 26,425	10.1%

For the three months ended June 30, 2009, net sales of the Telephonics segment increased $5.9 million, or 7%, compared to the prior year period. The sales increase was primarily the result of higher sales in the Electronic Systems division driven by homeland defense and border patrol projects.

For the three months ended June 30, 2009, Segment operating profit of $9.9 million increased $0.7 million and Segment operating profit margin was essentially flat, principally due to higher SG&A expenses offset by a favorable program mix. The increase in SG&A expenses was primarily due to higher research expenditures and additional administrative expenses to support sales growth.

For the nine months ended June 30, 2009, the increase in net sales from the prior year period of $9.0 million, or 3%, was primarily due to increases at the Radar Systems division (maritime patrol, multi-mode radar and periscope detect & discriminate systems) and Electronic Systems divisions (homeland defense and border patrol systems). The increase was partially offset by a program with Syracuse Research Corporation (“SRC”), which ended in the second fiscal quarter of 2008. Excluding the prior-period sales related to the SRC contracts, net sales grew by approximately $27.1 million, or 11%.

For the nine months ended June 30, 2009, Segment profit increased $1.7 million compared to the prior year period and Segment operating profit margin increased 40 basis points primarily due to program mix, with SG&A expenses as a percent of sales down 30 basis points due to leveraging of the cost structure.

Clopay Building Products (Garage Doors**)**

(in thousands)	Three Months Ended June 30, 2009		Three Months Ended June 30, 2008		Nine Months Ended June 30, 2009		Nine Months Ended June 30, 2008	
Net Sales	$ 98,497		$ 112,869		$ 286,566		$ 310,912	
Segment operating profit (loss)	639	0.6%	2,252	2.0%	(15,595)		(8,069)	
Depreciation and amortization	3,546		3,331		10,032		9,811	
Restructuring charges	38		180		38		2,572	
Segment profit (loss) before depreciation, amortization and restructuring	$ 4,223	4.3%	$ 5,763	5.1%	$ (5,525)		$ 4,314	1.4%

For the three months ended June 30, 2009, net sales of the Clopay Building Products Doors segment decreased by $14.4 million, or 13%, compared to the prior year period primarily due to the continuing effects of the weak housing and credit markets. The sales decline was principally due to reduced unit volume and, to a lesser extent, the impact of foreign exchange translation, offset partially by a shift in mix to higher priced products.

For the three months ended June 30, 2009, Segment operating profit decreased $1.6 million compared to the prior year period primarily due to reduced sales volume, and the associated plant absorption impact, partially offset by ongoing cost reduction activities.

For the nine months ended June 30, 2009, the decrease in net sales from the prior year period was primarily due to the same factors noted in the quarter discussion.

For the nine months ended June 30, 2009, Segment operating loss increased $7.5 million from the prior year period. The factors effecting Segment profit were primarily due to the same factors noted in the quarter discussion except for a current year favorable impact on SG&A expense due to non-recurring restructuring costs recorded in the prior year period for the closure of the Tempe, AZ manufacturing facility.

Clopay Plastic Products (Specialty Plastic Films**)**

(in thousands)	Three Months Ended June 30, 2009		Three Months Ended June 30, 2008		Nine Months Ended June 30, 2009		Nine Months Ended June 30, 2008	
Net Sales	$ 94,762		$ 121,147		$ 307,720		$ 342,220	
Segment operating profit	4,780	5.0%	5,506	4.5%	16,894	5.5%	15,856	4.6%
Depreciation and amortization	5,239		5,770		16,248		16,940	
Segment profit before depreciation and amortization	$ 10,019	10.6%	$ 11,276	9.3%	$ 33,142	10.8%	$ 32,796	9.6%

For the three months ended June 30, 2009, net sales of the Clopay Plastic Products segment decreased $26.4 million, or 22%, compared to the prior year period. The decrease was principally due to lower volume in our European business, foreign exchange translation and the pass through of lower resin costs.

For the three months ended June 30, 2009, Segment operating profit decreased by $0.7 million or 13%, primarily due to lower unit volume, partially offset by cost containment efforts. Segment operating profit margin increased 50 basis points.

For the nine months ended June 30, 2009, the decrease in net sales of $34.5 million was primarily due to the same factors noted in the quarter discussion.

For the nine months ended June 30, 2009, Segment operating profit increased $1.0 million, or 7%, from the prior year period primarily due to the same factors noted in the quarter discussion.

Other income (expense)

In the first quarter of the current fiscal year, the Company recorded a non-cash, pre-tax gain from debt extinguishment of $6.7 million, net of a proportionate write-off of deferred financing costs, that resulted from its October 2008 purchase of $35.5 million of its outstanding convertible notes at a discount.

In the third quarter of the current fiscal year, the Company recorded a non-cash, pre-tax gain from debt extinguishment of $0.6 million, net of a proportionate write-off of deferred financing costs, that resulted from its April 2009 purchase of $15.1 million of its outstanding convertible notes at a discount.

In three- and nine-month periods ended June 30, 2009, interest expense decreased $0.4 million and $1.4 million from the respective prior year periods primarily as a result of decreased average borrowings outstanding due to the repurchase of convertible notes in the fiscal first and third quarters.

In three-month period ended June 30, 2009, interest income increased $0.1 million from the respective prior year period primarily as a result of higher average invested cash and cash equivalents partially offset by lower interest rates. In the nine-month period ended June 30, 2009, interest income decreased $0.7 million primarily due to reduced interest rates, partially offset by an increase in average invested cash and equivalents during the period.

Other income included approximately $0.4 million and zero for the three-month periods and $(0.5) million and $0.8 million for the nine-month periods ended June 30, 2009 and 2008, respectively, of foreign exchange gains (losses) in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of the Company and its subsidiaries.

Provision for income taxes

The Company's effective tax rate for continuing operations for the three months ending June 30, 2009 was a provision of 12.5% compared to a benefit of 0.8% in the prior year period. The rates in both periods benefited from tax planning with respect to foreign tax credits and discrete tax benefits related to the resolution of previously recorded tax liabilities principally due to the resolution of audits and the closing of statutes for certain prior year returns. The prior year rate was lower than the current year primarily due to a larger benefit from the resolution and closing of prior year returns and the release of the related recorded tax liabilities.

The Company's effective tax rate for continuing operations for the nine months ending June 30, 2009 was a provision of 2.7% compared to a benefit of 5.1% in the prior year period. The rates in both periods benefit from tax planning with respect to foreign tax credits and discrete tax benefits related to the resolution of previously recorded tax liabilities principally due to the resolution of audits and the closing of certain statutes for prior year returns. The current year rate is higher than the prior year rate due to a larger benefit from the resolution and closing of prior year returns and the release of the related recorded tax liabilities, partially offset by a combination of foreign income and domestic losses in the prior year period.

Stock Based Compensation

For the three and nine months ending June 30, 2009, after-tax stock based compensation expense totaled $0.8 million and $2.0 million, respectively. For the three and nine months ending June 30, 2008, after-tax stock based compensation expense totaled $0.5 million and $1.3 million, respectively.

Discontinued operations — Installation Services

The Company substantially concluded its remaining disposal activities in the second quarter of fiscal 2009. There were no net sales in the nine-month period ended June 30, 2009, and net sales were $22.6 million and $99.4 million for the three and nine months ended June 30, 2008, respectively, as a result of the Company's exit from the segment in fiscal 2008.

Net income (loss) from discontinued operations of the Installation Services' business was essentially nil and $(19.2) million for the three months ended June 30, 2009 and 2008, respectively. Net income (loss) from discontinued operations of the Installation Services' business was $0.7 million and $(39.3) million for the nine months ended June 30, 2009 and 2008, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows provided by continuing operations during the nine-month period ended June 30, 2009 were $42.3 million compared to cash provided by continuing operations of $49.5 million in the comparable prior year period. Working capital decreased to $527.1 million at June 30, 2009 compared to $562.1 million at September 30, 2008, primarily as a result of the purchase of $50.6 million face value of long-term Notes for $42.7 million. Operating cash flows from continuing operations were favorably impacted by decreased receivables, inventories and prepaid and other assets, primarily due to a tax refund; and unfavorably impacted by decreased accounts payable. The current period decrease in receivables is primarily attributable to lower sales volume in the Clopay Building Products and Clopay Plastic Products segments. The current period decrease in inventories is primarily attributable to lower sales volume at Clopay Building Products and decreased costs of materials. The current period decrease in accounts payable affected all segments as there were less purchases overall due to sales volume decreases compared to the prior year, and, with respect to the Telephonics segment, there was a reduction in liabilities associated with the nature and timing of contract obligations.

Payments from revenues derived from the Telephonics segment are received in accordance with the terms of development and production subcontracts to which the Company is a party. Certain of the payments received in this segment are progress payments. Customers in the Clopay Plastic Products segment are generally substantial industrial companies whose payments have been steady, reliable and made in accordance with the terms governing such sales. The sales in this segment are made to satisfy orders that are received in advance of production, where payment terms are established in advance of production and sale. With respect to the Clopay Building Products segment, there have been no material adverse impacts on payment for sales.

A small number of customers have accounted for a substantial portion of historical net sales, and the Company expects that a limited number of customers will continue to represent a substantial portion of sales for the foreseeable future. Approximately 17% and 20% of total net sales from continuing operations for the three and nine months ended June 30, 2009, respectively, and 53% and 56% of Clopay Plastic Products' sales for the three and nine months ended June 30, 2009, respectively, were made to Procter & Gamble, which is the largest customer in the Clopay Plastic Products segment. The Home Depot, Inc. and Menards, Inc. are significant customers of the Clopay Building Products segment and Lockheed Martin Corporation and the Boeing Company are significant customers of the Telephonics segment. Future operating results will continue to substantially depend on the success of the largest customers and the Company's relationships with them. Orders from these customers are subject to fluctuation and may be reduced materially. The loss of all or a portion of the sales volume from any one of these customers would have an adverse affect on the Company's liquidity and operations.

During the nine-month period ended June 30, 2009, the Company used cash from investing activities of continuing operations of $20.9 million compared to $46.7 million last year, primarily for capital expenditures.

During the nine-month period ended June 30, 2009, the Company used cash from financing activities of continuing operations of $43.3 million compared to $1.8 million last year, primarily as a result of the purchase of $50.6 million face value of convertible notes for $42.7 million and the purchase of common stock by the Company's Employee Stock Ownership Plan ("ESOP") of $4.4 million, partially offset by the receipt of $7.3 million of rights offering proceeds (see below). Approximately 1.4 million shares of common stock are available for purchase pursuant to the Company's stock buyback program and additional purchases, including pursuant to a 10b5-1 plan, may be made, depending upon market conditions and other factors, at prices deemed appropriate by management.

In August 2008, the Company's Board of Directors authorized a 20 million share common stock rights offering to its shareholders in order to raise equity capital for general corporate purposes and to fund future growth. The rights had an exercise price of $8.50 per share. In conjunction with the rights offering, Goldman, Sachs & Co, ("GS Direct") agreed to back stop the rights offering by purchasing, on the same terms, any and all shares not subscribed through the exercise of rights. GS Direct also agreed to purchase additional shares of common stock at the rights offering price if it did not acquire a minimum of 10 million shares of common stock as a result of its back stop commitment. In September 2008, the Company received $241.3 million of gross proceeds from the first closing of its rights offering and the closing of the related investments by GS Direct and by the Company's Chief Executive Officer. An additional $5.3 million of rights offering proceeds were received in October 2008 in connection with the second closing of the rights offering. In April 2009, an additional $2.0 million of rights offering proceeds were received in connection with the rights offering.

In June 2008, Clopay Building Products Company, Inc. ("BPC") and Clopay Plastic Products Company, Inc. ("PPC"), each a wholly-owned subsidiary of the Company, entered into a credit agreement for their domestic operations with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, pursuant to which the lenders agreed to provide a five-year, senior secured revolving credit facility of $100 million (the "Clopay Credit Agreement"). At June 30, 2009, $35.4 million was outstanding under the Clopay Credit Agreement and approximately $32.5 million was available for borrowing.

In March 2008, Telephonics Corporation ("Telephonics"), a wholly-owned subsidiary of the Company, 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 million (the "Telephonics Credit Agreement"). At June 30, 2009, $38.0 million was outstanding under the Telephonics Credit Agreement and approximately $55.3 million was available for borrowing.

The Telephonics Credit Agreement and the Clopay Credit Agreement include various sublimits for standby letters of credit. At June 30, 2009, there were approximately $19.8 million of aggregate standby letters of credit outstanding under these credit facilities. These credit agreements limit dividends and advances that these subsidiaries may pay to the parent company. The agreements permit the payment of income taxes, overhead and expenses, with dividends or advances in excess of these amounts being limited based on (a) with respect to the Clopay Credit Agreement, maintaining certain minimum availability under the loan agreement or (b) with respect to the Telephonics Credit Agreement, compliance with certain conditions and limited to an annual maximum. At June 30, 2009, the Company was not, nor was it reasonably likely to be, in breach of covenants under its respective credit facilities. The Clopay Credit Agreement provides for credit availability primarily based on working capital assets and imposes only one ratio compliance requirement, which becomes operative only in the event that utilization of that facility were to reach a defined level significantly beyond the June 30, 2009 level. The Telephonics Credit Agreement is a "cash flow based" facility and compliance with required ratios at June 30, 2009 was well within the parameters set forth in that agreement. Further, the covenants within such credit facilities do not materially affect the Company's ability to undertake additional debt or equity financing for Griffon, the parent company, as such credit facilities are at the subsidiary level and are not guaranteed by Griffon.

The Company had $79.4 million outstanding of 4% convertible subordinated notes due 2023 (the "Notes") as of June 30, 2009. Holders of the Notes may require the Company to repurchase all or a portion of their Notes on July 18, 2010, 2013 and 2018, as well as upon a change in control. If our common stock price is below the conversion price of the Notes on the earliest of these dates, we anticipate that noteholders will require us to repurchase their outstanding Notes. As such, these notes will be reclassed to Notes payable and current portion of long-term debt in the fourth quarter of fiscal 2009. The fair value is approximately $77 million, which is based on quoted market price (Level 1).

In April 2009, the Company purchased $15.1 million face value of the Notes from certain noteholders for $14.3 million. The Company recorded a pre-tax gain from debt extinguishment of approximately $0.7 million, offset by a $0.1 million proportionate reduction in the related deferred financing costs for a net gain of $0.6 million in the third quarter of fiscal 2009.

In October 2008, the Company purchased $35.5 million face value of the Notes from certain noteholders for $28.4 million. The Company recorded a pre-tax gain from debt extinguishment of approximately $7.1 million, offset by a $0.4 million proportionate reduction in the related deferred financing costs for a net gain of $6.7 million in the first quarter of fiscal 2009. Due to the nature of these Notes for income tax purposes, the Company reclassified a deferred income tax liability to a current income tax liability of approximately $7 million from the resultant gain and recapture of interest expense.

At September 30, 2008, prior to the above described repurchases, the Company had $130 million outstanding of Notes.

The Company's Employee Stock Ownership Plan ("ESOP") has a loan agreement, guaranteed by the Company, which requires payments of principal and interest through the expiration date of September 2012 at which time the $3.9 million balance of the loan, and any outstanding interest, will be payable. The primary purpose of this loan, and it predecessor loans which were refinanced by this loan in October 2008, was to purchase 547,605 shares of the Company's stock in October 2008.The loan bears interest at rates based upon the prime rate or LIBOR. The balance of the loan was $5.8 million as of June 30, 2009, and the outstanding balance approximates fair value.

The Company substantially concluded its remaining disposal activities in the second quarter of fiscal 2009 and does not expect to incur significant expenses in the future. Future net cash outflows to satisfy liabilities related to disposal activities that were accrued as of June 30, 2009 are estimated to be $3 million. Substantially all of such liabilities are expected to be paid during fiscal 2009. Certain of the Company's subsidiaries are also contingently liable for approximately $3.1 million related to certain facilities leases with varying terms through fiscal 2011 that were assigned to the respective purchasers of certain of the Installation Services businesses. The Company does not believe it has a material exposure related to these contingencies.

During the nine-month period ended June 30, 2009, the Company used cash from operating activities of discontinued operations of $1.1 million.

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

In addition to organic growth, part of the Company's overall growth strategy calls for the Company to pursue acquisition and investment opportunities, both within its existing segments and outside of those segments. We regularly examine and explore such opportunities ; but there can be no assurance that this will result in an acquisition or investment.

CRITICAL ACCOUNTING POLICIES

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires us 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. We evaluate these estimates and judgments on an ongoing basis and base our 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. Our actual results may materially differ from these estimates.

Our significant accounting policies and procedures are explained in the Management Discussion and Analysis section in our Annual Report on Form 10-K for the fiscal year ended September 30, 2008. In the selection of our critical accounting policies, the objective is to properly reflect our financial position and results of operations for each reporting period in a consistent manner that can be understood by the reader of our financial statements. We consider 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 our financial position or results of operations.

RECENT ACCOUNTING PRONOUNCEMENTS

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

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements other than statements of historical fact, including, without limitation, statements regarding the Company's financial position, business strategy and the plans and objectives of the Company's management for future operations, are forward-looking statements. Without limiting the generality of the foregoing, in some cases you can identify forward-looking statements by terminology such as "may," "will," "should," "would," "could," "anticipate," "believe," "estimate," "expect," "plan," "intend" or the negative of these expressions or comparable terminology. Such forward-looking statements involve important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statements. These risks and uncertainties include, among others: general domestic and international business, financial market and economic conditions; the credit market; the housing market; results of integrating acquired businesses into existing operations; the results of the Company's restructuring and disposal efforts; competitive factors; pricing pressures for resin and steel; and capacity and supply constraints. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect future events or circumstances or to reflect the occurrence of unanticipated events.

Item 3 - Quantitative and Qualitative Disclosure About Market Risk

Management does not believe that there is any material market risk exposure with respect to derivative or other financial instruments that is required to be disclosed.

Item 4 - Controls and Procedures

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

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

Limitations on the Effectiveness of Controls

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

PART II - OTHER INFORMATION

Item 1 Legal Proceedings

None

Item 1A Risk Factors

There have been no material changes from the risk factors disclosed in Item 1A to Part I in the Company's Annual Report on Form 10-K for the year ended September 30, 2008.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3 Defaults upon Senior Securities

None

Item 4 Submission of Matters to a Vote of Security Holders

None

Item 5 Other Information

1. In July 2009, our Telephonics subsidiary protested the awarding of a military contract to another company. The protest was filed with the General Accounting Office ("GAO") and cites what we believe to be procedural and substantive errors in the award process. The GAO's statutory deadline for a decision is October 28, 2009.

2. On August 6, 2009, the Company entered into an Employment Agreement (the "Employment Agreement") with Douglas J. Wetmore, pursuant to which he will become the Executive Vice President and Chief Financial Officer of the Company effective September 1, 2009 (the "Commencement Date"). From April 1998 to July 2008, Mr. Wetmore (age 52) was the Senior Vice President, Chief Financial Officer and Treasurer of International Flavors & Fragrances Inc. ("IFF"), a creator and manufacturer of flavors and fragrances used in a variety of consumer products. From 1991 to 1998, he was the Corporate Controller of IFF. Prior to his employment with IFF, Mr. Wetmore was employed at Price Waterhouse, a public accounting firm, for over twelve years.

   Pursuant to the Employment Agreement, Mr. Wetmore's term of employment with the Company will continue until the fourth anniversary of the Commencement Date (the "Initial Term") and thereafter automatically renew for successive one (1) year periods (each, a "Renewal Term" and together with the Initial Term, the "Term"), unless either party provides notice of non-renewal to the other party at least 90 days prior to the expiration of the Initial Term or any Renewal Term. During the Term, Mr. Wetmore will receive a base salary of $500,000 per annum, subject to discretionary increases commencing October 1, 2010. Mr. Wetmore shall be entitled to an annual bonus in respect of the fiscal year ending September 30, 2010 and for fiscal years thereafter based upon achievement of performance objectives. Mr. Wetmore shall also be entitled to receive severance payments upon termination of his employment under certain circumstances, as more fully set forth in the Employment Agreement.

   On the Commencement Date, Mr. Wetmore shall receive a restricted stock grant of 200,000 shares of common stock (the "Restricted Stock Grant") pursuant to the Company's 2006 Equity Incentive Plan, which will cliff vest on the fourth anniversary of the date of grant, subject to Mr. Wetmore's continued employment with the Company. Notwithstanding the foregoing, the Restricted Stock Grant shall immediately vest in full in the event of termination of Mr. Wetmore's employment without Cause or if he leaves for Good Reason (as such terms are defined in the Employment Agreement). Upon a termination by the Company due to Mr. Wetmore's disability, a pro-rata portion of the Restricted Stock Grant will vest.

The foregoing descriptions are not complete and are qualified in their entirety by reference to the Employment Agreement filed as Exhibit 10.1 hereto, which is incorporated herein by reference.

3. On August 6, 2009, the Board of Directors of the Company promoted Patrick L. Alesia, who presently serves as the Vice President, Chief Financial Officer, Treasurer and Secretary of the Company, to the newly created position of Chief Administrative Officer, effective September 1, 2009. Mr. Alesia (age 61) has served as the Company's Treasurer since April 1979, its Vice President since May 1990, its Secretary since February 2005 and its Chief Financial Officer from November 2007 through August 2009. In March 2005, Mr. Alesia was also appointed the Company's Ethics Officer. In addition to his new responsibilities as Chief Administrative Officer, Mr. Alesia will continue to serve in his capacities as Vice President, Treasurer and Secretary of the Company and as the Ethics Officer of the Company.

4. On August 6, 2009, the Board of Directors of the Company elected Brian G. Harris (age 40) as Chief Accounting Officer of the Company. From May 2005 to June 2009, Mr. Harris was Assistant Controller of Dover Corporation, a diversified industrial manufacturer. From June 2004 to May 2005, he was Corporate Controller and Principal Accounting Officer of Hearst-Argyle Television, Inc. ("HTV"), an owner operator of television stations. Prior to his employment at HTV, Mr. Harris was employed by John Wiley & Sons, Inc. for six years and by Arthur Andersen LLP for six years.

Item 6 **Exhibits**

Exhibit 10.1 – Employment agreement dated August 6, 2009 between the Company and Douglas J. Wetmore (attached hereto).
Exhibit 31.1 - Certification pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto).
Exhibit 31.2 – Certification pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (attached hereto).
Exhibit 32 – Certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (attached hereto).

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SIGNATURE

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/ Patrick L. Alesia
Patrick L. Alesia
Chief Financial Officer
(Principal Financial Officer)

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

Date: August 7, 2009

EXHIBIT INDEX

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Exhibit 10.1

EXECUTION COPY

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), is made and entered into as of August 6, 2009 (the "Effective Date"), by and between Griffon Corporation, a Delaware corporation, with its principal office located at 100 Jericho Quadrangle, Jericho, New York 11753-2794 (together with its successors and assigns permitted under this Agreement, "Griffon") and Douglas J. Wetmore ("Wetmore").

W I T N E S S E T H:

WHEREAS, Griffon has determined that it is in the best interests of Griffon and its stockholders to employ Wetmore as its Executive Vice-President and Chief Financial Officer; and

WHEREAS, Griffon wishes to assure itself of the services of Wetmore for the period hereinafter provided, and Wetmore is willing to be employed by Griffon for said period, upon the terms and conditions provided in this Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, Griffon and Wetmore (individually a "Party" and together the "Parties") agree as follows:

1. DEFINITIONS.

(a) "Affiliate" means any person or entity controlling, controlled by or under common control with Griffon.

(b) "Board" shall mean the Board of Directors of Griffon.

(c) "Cause" shall mean:

(i) Wetmore's willful refusal to perform his material duties as defined herein (other than as a result of total or partial incapacity due to physical or mental illness),

(ii) theft or embezzlement of Griffon property or dishonesty in the performance of Wetmore's duties,

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

(iv) Wetmore's willful malfeasance or willful misconduct in connection with Wetmore's duties hereunder or any act or omission which is materially injurious to the financial condition or business reputation of Griffon or any of its Subsidiaries or Affiliates. For purposes of Section 1(c)(i) and (iv), no act or failure to act on the part of Wetmore shall be considered "willful" unless it is committed, or omitted to be done, by him in bad faith or without reasonable belief that his action or omission was in the best interests of Griffon, and/or

(v) any material breach of the Agreement by Wetmore.

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

(d) "Change in Control" shall mean the occurrence of any of the following events during the Employment Term:

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

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

(iii) a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election, but excluding any new director whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 as amended) (a " Person") other than the Board; or

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

Notwithstanding the foregoing, a Change in Control shall not include any event, circumstance or transaction that results from an action of any Person, entity or group which includes, is affiliated with or is wholly or partly controlled by one or more executive officers of Griffon and in which Wetmore participates directly or actively (other than a renegotiation of his employment arrangements or in his capacity as an employee of Griffon or any successor entity thereto or to the business of Griffon).

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

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

(g) "Employment Term" shall mean the period specified in Section 2(b) below.

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

(i) "Good Reason" shall mean the occurrence of any of the following events without Wetmore's prior written consent:

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

(ii) a reduction by Griffon in Wetmore's Salary or Target Bonus, other than a percentage reduction applied equally to all senior executives,

(iii) a material diminution in Wetmore's authority or responsibilities from those described herein, including the appointment of another person to the position of Chief Financial Officer,

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

(v) any material breach of the Agreement by Griffon, or

(vi) a failure of Griffon to have any successor assume in writing the obligations under the Agreement.

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

(j) "Salary" shall mean the annual salary provided for in Section 3 below, as adjusted from time to time.

2. EMPLOYMENT TERM, POSITIONS AND DUTIES.

(a) Employment of Wetmore. Griffon hereby employs Wetmore, and Wetmore hereby accepts employment with Griffon, in the positions and with the duties and responsibilities set forth below and upon such other terms and conditions as are hereinafter stated. Wetmore shall render services to Griffon principally at Griffon's corporate headquarters, but he shall do such traveling on behalf of Griffon as shall be reasonably required in the course of the performance of his duties hereunder.

(b) Employment Term. Unless earlier terminated under Section 9 hereof, the term of employment hereunder shall commence as of September 1, 2009 (the "Commencement Date"), and shall continue until the fourth anniversary of the Commencement Date (the "Initial Term") and shall automatically renew for one year periods commencing on the fourth anniversary of the Commencement Date (each such one-year period, a "Renewal Term"), unless either Party provides notice of non-renewal at least ninety (90) days prior to the end of the Initial Term or any Renewal Term (the Initial Term and any Renewal Term shall hereinafter be referred to as the "Employment Term").

(c) Titles and Duties. During the Employment Term, Wetmore shall (i) have the titles of Executive Vice-President and Chief Financial Officer, (ii) be responsible for, and, along with Griffon's Chief Executive Officer, have authority over, Griffon's internal controls, Sarbanes Oxley compliance, investor relations, finance, accounting and treasury functions, (iii) have such other duties and responsibilities as are assigned to Wetmore by Griffon's Chief Executive Officer or the Board (not inconsistent in any significant respect with the duties and responsibilities typically assigned to the chief financial officer of a publicly-traded corporation), and (iv) report to Griffon's Chief Executive Officer and/or his designees.

(d) Time and Effort. Wetmore shall devote his best efforts and abilities, and all of his business time, to the performance of his duties under the Agreement; provided that he shall, to the extent same does not substantially interfere with the performance of his duties hereunder, be permitted to: (i) serve on civic boards and committees and, with the prior written consent of the Board, corporate boards, provided, however, that Board consent shall not be required to continue Wetmore's current membership on the board of Arch Chemicals, Inc.. (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions, and (iii) manage personal and family investments.

3. **SALARY**.

(a) Wetmore shall receive from Griffon a Salary, payable in accordance with the regular payroll practices of Griffon, in an amount of $500,000 per annum. During the Employment Term, Wetmore shall be eligible for periodic annual increases in Salary commencing October 1, 2010, in the sole discretion of the Committee.

4. **BONUSES**.

(a) Annual Bonus. Commencing with the Fiscal Year ending September 30, 2010 and for each Fiscal Year thereafter during the Employment Term, Wetmore shall be eligible to receive a performance based bonus of between 0% and 150% of Salary, with a target bonus of 75% of Salary (the "Target Bonus"), in accordance with Griffon's 2006 Performance Bonus Plan or another plan or plans providing annual award opportunities. Any such bonus shall be based on the achievement of performance objectives to be established and certified by the Committee. Such performance criteria shall be communicated to Wetmore in writing within ninety (90) days after the commencement of the applicable performance period. Such performance-based bonus shall be paid within seventy-five (75) days of the end of the Fiscal Year during which it is earned.

(b) Discretionary Bonus. Wetmore shall be eligible to receive a bonus for the Fiscal Year ending September 30, 2009, and each Fiscal Year thereafter during the Employment Term. The amount and the occasion for payment of such bonus, if any, shall be determined by the Committee in its sole discretion.

5. **EQUITY AWARDS**.

(a) Restricted Stock. As soon as practicable following the Commencement Date, Wetmore shall receive, pursuant to the Griffon Corporation 2006 Equity Incentive Plan (the "Plan") and an award agreement issued thereunder, a restricted stock grant of 200,000 shares of common stock (the "Restricted Stock Grant") of Griffon. The Restricted Stock Grant shall vest in full on the fourth anniversary of the date of grant, provided that Wetmore is then still employed by Griffon (unless prior thereto Wetmore's employment is terminated by Griffon without Cause or due to Wetmore's disability or by Wetmore for Good Reason, in which case the Restricted Stock Grant shall vest in accordance with subsection (i) (in the case of a termination without Cause or for Good Reason) or (ii) (in the case of disability) of Section 9(h)). The award agreement for the Restricted Stock Grant shall permit Wetmore to satisfy his withholding obligations by having Griffon withhold a sufficient number of shares to satisfy such obligations.

(b) Subsequent Grants. The Board (or the Committee) shall consider making additional equity grants to Wetmore, the amount and frequency of which shall be determined by the Board or Committee in its sole discretion.

6. <u>BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT; CERTAIN OTHER COSTS</u>.

(a) <u>Business Expenses</u>. Wetmore shall be entitled to prompt reimbursement by Griffon for all reasonable business expenses incurred by him during the Employment Term in performing services under this Agreement, upon his proper submission of such accounts and records as may be reasonably required by Griffon.

(b) <u>Other Costs</u>. Griffon shall reimburse Wetmore for reasonable attorneys fees incurred in connection with the negotiation of this Agreement, up to a maximum of $10,000.00.

All reimbursements under this <u>Section 6</u> shall be made as soon as practicable following submission of a reimbursement request, but no later than the end of the year following the year during which the underlying expense was incurred.

7. <u>PERQUISITES</u>.

During the Employment Term, Griffon shall provide Wetmore with the use of an automobile, such as a BMW X5 or similar model and reimbursement or payment of all related expenses, including, without limitation, lease payments, insurance, maintenance and parking, subject to Wetmore's prompt submission of such accounts and records as may be reasonably required by Griffon. All reimbursements or payments under this <u>Section 7</u> shall be made as soon as practicable following submission of a reimbursement request, but no later than the end of the year following the year during which the underlying expense was incurred.

8. <u>BENEFITS</u>.

(a) <u>General</u>. During the Employment Term, Wetmore will be eligible to participate in all welfare benefit plans and tax-qualified pension plans of Griffon as are generally available to Griffon's other similarly situated executives in accordance with the terms and provisions of such plans, including without limitation, profit-sharing plans, savings and similar plans, group life insurance, accidental death and dismemberment insurance, travel accident insurance, hospitalization insurance, surgical insurance, major medical insurance, dental insurance, short-term and long-term disability insurance, sick leave, holidays, vacation (four weeks per calendar year, to be taken in accordance with Griffon's policy) and any other employee benefit plans or programs that may be sponsored by Griffon from time to time; provided, however, that Wetmore shall not be eligible to receive benefits or payments under any severance plan, program or arrangement of Griffon other than those benefits Wetmore may become entitled to receive, as the case may be, under this Agreement.

(b) <u>Life Insurance Benefit</u>. In addition to the group life insurance available to employees generally, Griffon shall provide Wetmore with company-paid term life insurance coverage with a face amount equal to three times his Salary.

9. TERMINATION OF EMPLOYMENT.

(a) Voluntary Termination. Wetmore may terminate his employment voluntarily at any time during the Employment Term. If he does so, except for Good Reason, he shall be entitled to receive only the compensation and benefits specified in Section 9(b).

(b) General. Notwithstanding anything to the contrary herein, in the event of any termination of Wetmore's employment during the Employment Term (including by reason of his death), he shall be entitled to receive as soon as administratively feasible following such termination, but in any event, except as provided below, within fifteen (15) days thereafter (in addition to the applicable payments and benefits he may also be entitled to receive under subsections (c) through (h) below, as applicable):

(i) accrued but unpaid Salary through the date of termination;

(ii) any accrued but unused vacation;

(iii) any annual bonus earned for the Fiscal Year completed prior to the year of termination but not yet paid to him; and

(iv) reimbursement in accordance with Section 6 above of any expenses incurred by him through the date of termination but not yet paid to him.

Additionally, Wetmore shall receive any other compensation or benefits, including, without limitation, benefits under any outstanding equity grants and awards granted pursuant to Section 5 above and employee benefits under plans described in Section 8 above, that have vested through the date of termination or to which he may then be entitled in accordance with the applicable terms and conditions of each grant, award or plan.

(c) Termination Due to Disability. If, during the Employment Term, Wetmore's employment is terminated by Griffon due to disability, he shall be entitled, in addition to the compensation and benefits specified in Section 9(b), to receive:

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

(ii) severance equal to six months' Salary payable in six (6) equal monthly installments and commencing on the first payroll period following such termination; provided, however, that, if and to the extent necessary to avoid the imposition of any taxes imposed under Section 409A of the Code, such six months of continued Salary shall be payable over eighteen months (instead of over six months); and

(iii) if Wetmore (or his beneficiaries) elects continued medical coverage under COBRA, Griffon shall pay for coverage under COBRA for six (6) months following such termination.

(d) Termination due to Death. If, during the Employment Term, Wetmore's employment is terminated due to Wetmore's death, he shall be entitled, in addition to the compensation and benefits specified in Section 9(b), to receive a pro-rata bonus for the year of termination equal to the Target Bonus multiplied by a fraction, the numerator of which is the number of completed days in the Fiscal Year of Wetmore's termination of employment during which Wetmore was employed by Griffon and the denominator of which is 365, as soon as administratively feasible following such termination, but in any event within fifteen (15) days thereafter.

(e) Termination by Griffon for Cause. Griffon may terminate Wetmore's employment hereunder for Cause. In the event that Wetmore's employment is terminated for Cause, he shall be entitled to receive only the compensation and benefits specified in Section 9(b).

(f) Termination by Griffon Without Cause or by Wetmore for Good Reason. Griffon may terminate Wetmore's employment hereunder without Cause and Wetmore may terminate his employment hereunder for Good Reason. If, during the Employment Term, Griffon terminates Wetmore's employment without Cause or Wetmore terminates his employment for Good Reason, in either such case, other than within two years after a Change in Control, he shall be entitled to receive, subject to the execution and non-revocation of a release substantially in the form attached hereto as Exhibit A and to Wetmore's continued compliance with the restrictive covenants contained in Sections 12 and 13, commencing no later than forty-five (45) days after such termination, in addition to the compensation and benefits specified in Section 9(b):

(i) continued Salary for eighteen (18) months payable in eighteen (18) equal monthly installments and commencing as soon as practicable following such termination;

(ii) a performance bonus payment (at no less than the Target Bonus) which would have otherwise been paid for the year of termination had Wetmore's employment not been terminated, to be paid at such time as such bonus would otherwise have been paid; and

(iii) if Wetmore (or his beneficiaries) elect continued medical coverage under COBRA, Griffon will pay for coverage under COBRA for 18 months following such termination.

(g) Termination by Griffon Without Cause or by Wetmore for Good Reason Within Two Years After a Change in Control. If, during the Employment Term, Griffon terminates Wetmore's employment without Cause or Wetmore terminates his employment for Good Reason, in either such case, within two years after a Change in Control, he shall be entitled to receive, subject to the execution and non-revocation of a release substantially in the form attached hereto as Exhibit A and to Wetmore's continued compliance with the restrictive covenants contained in Sections 12 and 13, commencing no later than forty-five (45) days after such termination, in addition to the compensation and benefits specified in Section 9(b):

(i) a lump sum payment, as soon as administratively feasible following such termination, but in any event within ten (10) days thereafter, equal to two and one-half (2.5) times the sum of (A) the Salary (but in no event less than Wetmore's Salary in effect immediately prior to the Change in Control) plus (B) the average of the annual bonuses hereof paid to Wetmore under Section 4(a) in the three-year period immediately prior to such termination; provided that, until Wetmore has received an annual bonus under Section 4(a), his Target Bonus shall be used for purposes of this subsection (B);

(ii) a pro-rata portion of the higher of (A) the earned annual bonus for the most recently completed fiscal year; or (B) the Target Bonus, to be paid as soon as administratively feasible following such termination, but in any event within ten (10) days thereafter; and

(iii) continued medical coverage under Griffon's medical and health plans until the earlier of December 31 of the second calendar year following the year of termination of Wetmore's employment or Wetmore's commencement of employment with another employer, at the same cost as is paid by similarly situated continuing employees.

(h) Vesting of Equity Upon Certain Terminations.

(i) If, during the Employment Term, Griffon terminates Wetmore's employment without Cause or Wetmore terminates his employment for Good Reason, in either such case, the Restricted Stock Grant shall vest in full as of the date of termination.

(ii) If, during the Employment Term, Griffon terminates Wetmore's employment due to his disability, a portion of the Restricted Stock Grant shall vest in a percentage equal to the number of days worked by Wetmore from the grant date until the date of termination over 1,460.

(i) Specified Employee. Notwithstanding any other provision of this Agreement, if (i) Wetmore is to receive payments or benefits under Section 9 by reason of his separation from service (as such term is defined in Section 409A of the Code) other than as a result of his death, (ii) Wetmore is a "specified employee" within the meaning of Code Section 409A for the period in which the payment or benefits would otherwise commence, and/or (iii) such payment or benefit would otherwise subject Wetmore to any tax, interest or penalty imposed under Section 409A of the Code (or any regulation promulgated thereunder) if the payment or benefit would commence within six months of a termination of Wetmore's employment, then such payment or benefit required under Section 9 shall not commence until the first day which is at least six months and one day after the termination of Wetmore's employment. Each severance installment contemplated under this Section 9 shall be treated as a separate payment in a series of separate payments under Treasury Regulation Section 1.409A-2(b)(2)(iii). Such payments or benefits, together with simple interest calculated at LIBOR as of the date of such separation from service, which would otherwise have been required to be made over such six month period, shall be paid to Wetmore in one lump sum payment or otherwise provided to Wetmore as soon as administratively feasible after the first day which is at least six months after the termination of Wetmore's employment. Thereafter, the payments and benefits shall continue, if applicable, for the relevant period set forth above. For purposes of this Agreement, all references to "termination of employment" and other similar language shall be deemed to refer to Wetmore's "separation from service" as defined in Treasury Regulation Section 1.409A-1(h), including, without limitation, the default presumptions thereof.

(j) Miscellaneous. For the avoidance of doubt, if applicable, Wetmore shall only be entitled to receive the payments and benefits provided under Section 9(f) or 9(g), which ever is applicable, but not under both such sections.

10. NO DUTY TO MITIGATE.

In the event of a termination of employment under Sections 9(c), 9(f) or 9(g), Wetmore shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payment hereunder be subject to offset in the event Wetmore does receive compensation for any reason from any other source.

11. PARACHUTES.

Upon a Change in Control during the Employment Term, notwithstanding any other provisions of this Agreement to the contrary, in the event that any payments or benefits received or to be received by Wetmore in connection with his employment with Griffon (or termination thereof) would subject Wetmore to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), and if the net-after tax amount (taking into account all applicable taxes payable by Wetmore, including any Excise Tax) that Wetmore would receive with respect to such payments or benefits does not exceed the net-after tax amount Wetmore would receive if the amount of such payment and benefits were reduced to the maximum amount which could otherwise be payable to Wetmore without the imposition of the Excise Tax, then, to the extent necessary to eliminate the imposition of the Excise Tax, (a) such cash payments and benefits shall first be reduced (if necessary, to zero) and (b) all other non-cash payments and benefits shall next be reduced.

12. CONFIDENTIAL INFORMATION.

Wetmore acknowledges that during his employment by Griffon he will be in close contact with many confidential affairs of Griffon or of any of its affiliates, including, without limitation, trade secrets, other private or secret information including secrets and information relating to corporate strategy, business development plans, product designs, intellectual property, business contacts, names and addresses of actual and potential customers and/or suppliers and their requirements, terms of business with such customers and potential customer and/or suppliers, annual budgets, management accounts, other financial information, and other business affairs, methods and other information not readily available to the public (collectively, "Confidential Information"). Notwithstanding the foregoing, Confidential Information does not include any information which (a) is or becomes publicly known or available other than as a result of wrongful disclosure by Wetmore, (b) becomes available to Wetmore on a non-confidential basis from a source which, to his knowledge, is not prohibited from disclosing such

Confidential Information to him, or (c) is generally known in the industry in which Griffon or its Affiliates operate and pertains to activities or business not specific to Griffon or its Affiliates. Wetmore agrees to use all reasonable efforts to protect Griffon's Confidential Information and will keep secret all such Confidential Information and will not intentionally disclose such Confidential Information to anyone outside of Griffon except (x) as required in the performance of his duties hereunder; (y) as required by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power; or (z) with Griffon's prior written consent. Additionally, Wetmore will deliver promptly to Griffon upon any termination of employment, all agreements, memoranda, notes, records, reports and other documents (and all copies thereof) relating to Griffon's business and all other property of Griffon, which he may then possess or have under your control other than publicly available documents. Wetmore understands and agrees that the rights and obligations set forth in this Section 12 shall extend beyond the Employment Term.

13. OTHER RESTRICTIVE COVENANTS.

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

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

(c) Non-Compete. Wetmore expressly covenants and agrees that during the Non-Solicit Period, he will not directly or indirectly, own, manage, operate, join, control, receive compensation or benefits from, or participate in the ownership, management, operation, or control of, or be employed or be otherwise connected in any manner with, any business which directly or indirectly competes in any material manner with any of the businesses of Griffon or any of its Affiliates, as conducted or planned by Griffon or any Affiliate during Wetmore's employment with Griffon.

(d) Non-Disparagement. Wetmore agrees that, during his employment by Griffon and thereafter, he will not defame, disparage or publicly criticize Griffon and/or its Affiliates and/or their management to any person or entity. Subsequent to Wetmore's termination of employment for any reason, he will not speak in a negative or disparaging manner about Griffon (and/or its Affiliates, management and/or its business), to the media, whether electronic, print or otherwise, without the prior written approval of Griffon. Nothing herein, however, will prohibit Wetmore from making truthful statements to the extent legally compelled or otherwise required by applicable laws or governmental regulations or judicial or regulatory proceedings.

(e) Survival. Wetmore understands and agrees that the rights and obligations set forth in this Section 13 shall extend beyond the Employment Term.

14. REMEDIES/SANCTIONS.

Wetmore acknowledges that the services he is to render under this Agreement are of a unique and special nature, the loss of which cannot reasonably or adequately be compensated for in monetary damages, and that irreparable injury and damage may result to Griffon in the event of any breach of this Agreement or default by Wetmore. Because of the unique nature of the Confidential Information and the importance of the prohibitions against competition and solicitation, Wetmore further acknowledges and agrees that Griffon will suffer irreparable harm if he fails to comply with his obligations under Section 12 above and/or Section 13 above and that monetary damages would be inadequate to compensate Griffon for any such breach. Accordingly, Wetmore agrees that, in addition to any other remedies available to either Party at law, in equity or otherwise, Griffon will be entitled to seek injunctive relief or specific performance to enforce the terms, or prevent or remedy the violation, of any provisions of this Agreement.

15. WITHHOLDING TAXES.

Wetmore will be solely responsible for any applicable federal, state, local or other taxes, resulting from any taxable income paid to him hereunder or otherwise by Griffon, including without limitation any taxes imposed under Section 409A or Section 4999 of the Code. Notwithstanding the foregoing, Griffon will be entitled to withhold from any payments made to Wetmore hereunder, and to report to appropriate federal, state and local taxing authorities, all amounts required to be withheld or reported.

16. ASSIGNABILITY; BINDING NATURE.

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, heirs (in the case of Wetmore) and assigns. No rights or obligations of the Parties under this Agreement may be assigned without the written consent of both Parties, except by will or the laws of descent and distribution.

17. REPRESENTATIONS.

Wetmore represents and warrants to Griffon that his execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other Agreement to which he is a party or by which he is otherwise bound. Wetmore further represents and warrants that he is not currently subject to any covenants against competition or similar covenants or any court order that could preclude or otherwise affect the performance of his duties and obligations hereunder.

18. ENTIRE AGREEMENT.

Except to the extent otherwise provided herein, this Agreement contains the entire understanding and agreement between the Parties concerning the subject matter hereof and supersedes any prior agreements, whether written or oral, between the Parties concerning the subject matter hereof. Unless otherwise expressly determined by the Board or the Committee in its sole discretion after the Commencement Date, payments and benefits provided under this Agreement are in lieu of any payments or other benefits under any severance program or policy of Griffon to which Wetmore would otherwise be entitled.

19. AMENDMENT OR WAIVER.

No provision in this Agreement may be amended unless such amendment is agreed to in writing and signed by both Wetmore and an authorized officer of Griffon. No waiver by either Party of any breach by the other Party of any condition or provision contained in this Agreement to be performed by such other Party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by the Party to be charged with the waiver. No delay by either Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

20. SEVERABILITY.

In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

21. SURVIVAL.

The respective rights and obligations of the Parties hereunder shall survive the termination of this Agreement, the termination of the Employment Term and the termination of Wetmore’s employment with Griffon for any reason, to the extent necessary to the intended provision of such rights and the intended performance of such obligations.

22. GOVERNING LAW/JURISDICTION.

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

23. NO CONFLICTS.

Wetmore represents that (a) his employment hereunder and performance of his duties hereunder will not conflict with or result in the breach by him of any agreement to which he is a party or by which he may be bound; (b) his employment with Griffon will not violate any non-solicitation or other similar covenant or agreement by which he is bound; and (c) in connection with his employment with Griffon, he will not use any confidential or proprietary information he may have obtained in connection with his employment with any prior employer.

24. ARBITRATION; COSTS OF DISPUTES.

If any contest or dispute arising with respect to the terms of employment under this Agreement, such contest or dispute shall be submitted to binding arbitration for resolution in New York, New York, in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association then in effect; provided, however, that Griffon may bring an action to specifically enforce any confidentiality, non-compete, non-interference, non-disparagement or non-solicitation covenant. Judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction. The costs of commencing such arbitration will be borne equally by Wetmore and Griffon. Notwithstanding the foregoing of this Section 24, each of the Parties agrees that, prior to submitting a dispute under this Agreement to arbitration, the Parties agree to submit, for a period of 60 days, to non-binding voluntary mediation before a jointly selected neutral third party mediator under the auspices of JAMS, New York, NY, Resolutions Center or such other dispute resolution firm as is mutually agreed upon by the Parties, pursuant to the procedures of JAMS International Mediation Rules, or the procedures of such other dispute resolution firm, in each such case to the extent not inconsistent herewith, and conducted in the State of New York (however, such mediation or obligation to mediate shall not apply to, or suspend or otherwise delay, any action of Griffon to specifically enforce any confidentiality, non-compete, non-interference, non-disparagement or non-solicitation covenant).

25. INDEMNIFICATION.

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

26. NOTICES.

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

If to Griffon or the Board:

Griffon Corporation
100 Jericho Quadrangle
Jericho, NY 11753-2794
Attention: Ronald J. Kramer
FAX: (516) 938-5644

With a copy to:

Stephen W. Skonieczny, Esq.
Dechert LLP
1095 Avenue of the Americas
New York, NY 10036

If to Wetmore:

Mr. Douglas J. Wetmore
39 Knollwood Dr.
Livingston, NJ 07039

With a copy to:

Thomas A. Hickey, Esq.
Eaton & Van Winkle LLP
3 Park Avenue, 16th Floor
New York, NY 10016

27. HEADINGS.

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

28. COUNTERPARTS.

This Agreement may be executed in counterparts, each of which when so executed and delivered shall be an original, but all such counterparts together shall constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth above.

GRIFFON CORPORATION

By: /s/ Patrick L. Alesia
CFO

EXECUTIVE

By: /s/ Douglas J. Wetmore
Douglas J. Wetmore

EXHIBIT A

General Release

IN CONSIDERATION OF good and valuable consideration, the receipt of which is hereby acknowledged, and in consideration of the terms and conditions contained in the Employment Agreement, dated as of August , 2009, (the "Agreement") by and between Douglas J. Wetmore (the "Executive") and Griffon Corporation (the "Company"), the Executive on behalf of himself and his heirs, executors, administrators, and assigns, releases and discharges the Company and its past present and future subsidiaries, divisions, affiliates and parents, and their respective current and former officers, directors, employees, agents, and/or owners, and their respective successors, and assigns and any other person or entity claimed to be jointly or severally liable with the Company or any of the aforementioned persons or entities (the "Released Parties") from any and all manner of actions and causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, charges, claims, and demands whatsoever ("Losses") which the Executive and his heirs, executors, administrators, and assigns have, had, or may hereafter have, against the Released Parties or any of them arising out of or by reason of any cause, matter, or thing whatsoever from the beginning of the world to the date hereof, relating to the Executive's employment by the Company and the cessation thereof, and any and all matters arising under any federal, state, or local statute, rule, or regulation, or principle of contract law or common law relating to the Executive's employment by the Company and the cessation thereof, including but not limited to, the Family and Medical Leave Act of 1993, as amended, 29 U.S.C. §§ 2601 et seq., Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §§ 2000 et seq., the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. §§ 621 et seq. (the "ADEA"), the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. §§ 12101 et seq., the Worker Adjustment and Retraining Notification Act of 1988, as amended, 29 U.S.C. §§2101 et seq., the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§ 1001 et seq., the New York State and New York City Human Rights Laws, the New York Labor Laws, and any other equivalent or similar federal, state, or local statute; provided, however, that the Executive does not release or discharge the Released Parties from (i) any rights to any payments, benefits or reimbursements due to the Executive under the Agreement; or (ii) any rights to any vested benefits due to the Executive under any employee benefit plans sponsored or maintained by the Company. It is understood that nothing in this general release is to be construed as an admission on behalf of the Released Parties of any wrongdoing with respect to the Executive, any such wrongdoing being expressly denied.

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

The Executive further represents and warrants that he has not filed, and will not initiate, or cause to be initiated on his behalf any complaint, charge, claim, or proceeding against any of the Released Parties before any federal, state, or local agency, court, or other body relating to any claims barred or released in this General Release thereof, and will not voluntarily participate in such a proceeding. However, nothing in this General Release shall preclude or prevent the Executive from filing a claim, which challenges the validity of this General Release solely with respect to the Executive's waiver of any Losses arising under the ADEA. The Executive shall not accept any relief obtained on his behalf by any government agency, private party, class, or otherwise with respect to any claims covered by this General Release.

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

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

____
Douglas J. Wetmore

Dated: _______________________

Exhibit 31.1

CERTIFICATION

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

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

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

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

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

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

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

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

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's 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: August 7, 2009

/s/ Ronald J. Kramer

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

Exhibit 31.2

CERTIFICATION

I, Patrick L. Alesia, Chief Financial Officer of Griffon Corporation, certify that:

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

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

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

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

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

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

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

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's 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: August 7, 2009

/s/ Patrick L. Alesia

Patrick L. Alesia
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

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

I, Ronald J. Kramer, Chief Executive Officer of Griffon Corporation, hereby certify that the Form 10-Q of Griffon Corporation for the period ended June 30, 2009 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Griffon Corporation.

/s/ Ronald J. Kramer
Name: Ronald J. Kramer
Date: August 7, 2009

I, Patrick L. Alesia, Chief Financial Officer of Griffon Corporation, hereby certify that the Form 10-Q of Griffon Corporation for the period ended June 30, 2009 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/ Patrick L. Alesia
Name: Patrick L. Alesia
Date: August 7, 2009

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.