

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

Form 8-K

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

Date of Report (Date of earliest event reported): May 9, 2019

GRIFFON CORPORATION
(Exact name of registrant as specified in its charter)

Commission File Number: 1-06620

Delaware
(State or other jurisdiction
of incorporation)

11-1893410
(IRS Employer
Identification No.)

712 Fifth Avenue, 18th Floor
New York, New York 10019
(Address of principal executive offices, including zip code)

(212) 957-5000
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure

On May 9, 2019, Griffon Corporation (the “Company”) issued a press release announcing the commencement of an offering through a private placement, subject to market and other conditions, of \$500 million in aggregate principal amount of senior notes due 2027 (the “Offering”). A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Certain Information

Attached as Exhibit 99.2 hereto are selected portions of information from an offering memorandum that the Company expects to disclose to investors in connection with the private placement. There can be no assurance that the placement will be completed as described in the offering memorandum or at all.

The information in Exhibit 99.2 is being furnished pursuant to Item 7.01 and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act.

Item 8.01. Other Events

On May 9, 2019, the Company issued a press release announcing that it has (i) commenced a cash tender offer (the “Tender Offer”) for up to \$500 million aggregate principal amount of 5.25% Senior Notes due 2022 (CUSIP No. 398433 AH5) (the “2022 Notes”) and (ii) issued a conditional notice of redemption to redeem up to \$500 million aggregate principal amount of 2022 Notes if and to the extent that less than \$500 million of the 2022 Notes are repurchased pursuant to the Tender Offer (the “Redemption”). Both the Tender Offer and Redemption are subject to certain conditions, including that the Company has completed the Offering on terms satisfactory to it and that the gross proceeds of the Offering are at least \$500 million. A copy of the press release is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

- 99.1 [Press Release, dated May 9, 2019, regarding the Offering.](#)
- 99.2 [Selected portions of information from an offering memorandum that the Company expects to disclose to investors in connection with its private placement.](#)
- 99.3 [Press Release, dated May 9, 2019, regarding the Tender Offer.](#)

SIGNATURES

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

GRIFFON CORPORATION

Date: May 9, 2019

By: /s/ Seth L. Kaplan

Seth L. Kaplan

Senior Vice President, General Counsel and Secretary



Griffon Corporation Announces Senior Notes Offering

NEW YORK, NEW YORK – May 9, 2019 – Griffon Corporation (NYSE: GFF) (“Griffon”) today announced that it intends to commence an offering through a private placement, subject to market and other conditions, of \$500 million in aggregate principal amount of senior notes due 2027 (the “Notes”). The Notes will be senior unsecured obligations of Griffon and will be guaranteed by certain of its domestic subsidiaries.

Griffon intends to use the proceeds from the offering, together with cash on hand, to (i) repurchase up to \$500 million of its 5.25% senior notes due 2022 (the “2022 Notes”) in a tender offer, (ii) pay certain related fees and expenses, including any applicable tender premiums, redemption premiums and accrued interest on the 2022 Notes, and (iii) redeem up to \$500 million of its 2022 Notes to the extent that less than \$500 million of such 2022 Notes are repurchased pursuant to the tender offer.

The Notes and related guarantees are being offered in a private placement, solely to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), or outside the United States to persons other than “U.S. persons” in compliance with Regulation S under the Securities Act. The Notes and related guarantees have not been registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

This notice does not constitute an offer to sell the Notes nor will any such offer be made, or a solicitation for an offer to purchase the Notes or any other securities, in each case in any jurisdiction in which such offer or solicitation would be unlawful. Any offer of the Notes will be made only by means of a private offering memorandum. This notice does not constitute an offer to purchase or redeem any of the 2022 Notes. This press release is being issued pursuant to and in accordance with Rule 135c under the Securities Act.

Forward-Looking Statements

This communication contains forward-looking statements that may state Griffon’s or its management’s intentions, beliefs, expectations or predictions for the future. Such forward-looking statements are subject to certain risks, uncertainties and assumptions, and typically can be identified by the use of words such as “intend,” “will,” “expect,” “estimate,” “anticipate,” “forecast,” “plan,” “believe” and similar terms. Although Griffon believes that its expectations are reasonable, it can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated above include, among others, risks and uncertainties related to the capital markets generally, whether Griffon will consummate the offering of the Notes, the anticipated use of proceeds, and other factors detailed in filings made by Griffon with the Securities and Exchange Commission. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Griffon does not undertake to update any of these statements in light of new information or future events.

Company Contact:

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Chief Financial Officer
Griffon Corporation
(212) 957-5000

Investor Relations Contact:

Michael Callahan
Senior Vice President
ICR Inc.
(203) 682-8311

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Statements included herein contain certain “forward-looking statements” within the meaning of the Securities Act, the Exchange Act, and the Private Securities Litigation Reform Act of 1995. Such statements relate to, among other things, income (loss), earnings, cash flows, revenue, changes in operations, operating improvements, industries in which we operate and the United States and global economies. Statements included herein that are not historical are hereby identified as “forward-looking statements” and may be indicated by words or phrases such as “anticipates,” “supports,” “plans,” “projects,” “expects,” “believes,” “should,” “would,” “could,” “hope,” “forecast,” “management is of the opinion,” “may,” “will,” “estimates,” “intends,” “explores,” “opportunities,” the negative of these expressions, use of the future tense and similar words or phrases. Such forward-looking statements are subject to inherent risks and uncertainties that could cause actual results to differ materially from those expressed in any forward-looking statements. These risks and uncertainties include, but are not limited to, those described in the “Risk Factors” section herein. These factors should not be construed as exhaustive and should be read with the other cautionary statements included herein. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained herein. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained herein, those results of operations, financial condition and liquidity or developments may not be indicative of results or developments in subsequent periods.

Among the factors that may cause actual results and expectations to differ from anticipated results and expectations expressed in such forward-looking statements are the following:

- our substantial indebtedness;
- current economic conditions and uncertainties in the housing, credit and capital markets;
- our ability to achieve expected savings from cost control, restructuring, integration and disposal initiatives;
- the ability to identify and successfully consummate and integrate value-adding acquisition opportunities;
- increasing competition and pricing pressures in the markets served by our operating companies;
- the ability of our operating companies to expand into new geographic and product markets, and to anticipate and meet customer demands for new products and product enhancements and innovations;
- reduced military spending by the government on projects for which our Telephonics Corporation (“Telephonics”) supplies products, including as a result of defense budget cuts or other government actions;
- the ability of the federal government to fund and conduct its operations;
- increases in the cost of raw materials such as resin, wood and steel, and of components or purchased finished goods; as well as any potential impact on costs or availability resulting from tariffs;
- changes in customer demand or loss of a material customer at one of our operating companies;
- the potential impact of seasonal variations and uncertain weather patterns on certain of our businesses;

- political events that could impact the worldwide economy;
- a downgrade in our credit ratings;
- changes in international economic conditions including interest rate and currency exchange fluctuations;
- the reliance by certain of our businesses on particular third party suppliers and manufacturers to meet customer demands;
- the relative mix of products and services offered by our businesses, which impacts margins and operating efficiencies;
- short-term capacity constraints or prolonged excess capacity;
- unforeseen developments in contingencies, such as litigation, regulatory and environmental matters;
- unfavorable results of government agency contract audits of Telephonics;
- possible cyber or other security threats to our infrastructure;
- our ability to adequately protect and maintain the validity of patent and other intellectual property rights;
- the cyclical nature of the businesses of certain of our operating companies;
- possible terrorist threats and actions, and the possible outbreak of war or other military conflict, and their impact on the global economy;
- the impact of recent and future legislative and regulatory changes, including, without limitation, the Tax Cuts and Jobs Act (the "TCJA").

Readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements speak only as of the date made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

MARKET AND INDUSTRY DATA

Statements included herein contain statistical data that we obtained from industry publications. These publications generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. Although we believe that the publications are reliable, we do not represent that we have done a complete search for other industry data. In addition, neither we nor the Initial Purchasers has independently verified market industry data provided by third parties, and neither we nor the Initial Purchasers take any further responsibility for this data. Market position used herein is based on our management's knowledge of the industry and the good faith estimates made by our management. Data regarding the industries in which we compete and our market position and market share within these industries are inherently imprecise and are subject to significant business, economic and competitive uncertainties beyond our control, but we believe that they generally indicate size, position and market share within these industries. Our own estimates have been based on information obtained from our trade and business organizations, our customers and vendors and other contacts in the markets in which we operate. While we believe our management's estimates with respect to our industry are reliable, our estimates have not been verified by any independent sources, and neither we nor the Initial Purchasers can assure you that they are accurate.

SUMMARY

The following is a brief summary of our business and the proposed offering of notes, but it is not complete and does not contain all of the information that you should consider before making your investment decision. Unless otherwise indicated or the context otherwise requires, references to (i) "Griffon" refer to solely to Griffon Corporation, not its subsidiaries; and (ii) "we," "our," "the Company" and "us" refer to Griffon Corporation and its subsidiaries on a consolidated basis.

Our Company

We own and operate, and seek to acquire, businesses in multiple industries and geographic markets. Our objective is to maintain leading positions in the markets we serve by providing innovative, branded products with superior quality and industry-leading service. We place emphasis on our iconic and well-respected brands, which helps to differentiate us and our offerings from our competitors and strengthens our relationship with our customers and those who ultimately use our products.

Through operating a diverse portfolio of businesses, we expect to reduce variability caused by external factors such as market cyclicalities, seasonality, and weather. We achieve diversity by providing various product offerings and brands through multiple sales and distribution channels, and conducting business across multiple countries which we consider our home markets.

Griffon oversees the operations of its subsidiaries, allocates resources among them and manages their capital structures. Griffon provides direction and assistance to its subsidiaries in connection with acquisition and growth opportunities as well as in connection with divestitures. As long-term investors, having substantial experience in a variety of industries, our intent is to continue the growth and strengthening of our existing businesses, and to diversify further through investments in our businesses and through acquisitions.

We currently conduct our operations through two reportable segments: Home & Building Products ("HBP"), and Defense Electronics.

For the twelve months ended March 31, 2019, assuming CornellCookson had been included in our results for the full period, we would have had Pro Forma Revenue of \$2.2 billion and Pro Forma Segment Adjusted EBITDA (as defined below) of \$236 million.

Griffon Corporation Business Overview

Home & Building Products

Defense Electronics



+



+



Description

Leading U.S. manufacturer and a global provider of branded consumer and professional tools, landscaping products, and outdoor lifestyle solutions. In 2018, we acquired ClosetMaid, a leader in wood and wire closet organization, general living storage and wire garage storage products for homeowners and professionals.

Leading U.S. manufacturer and marketer of residential and commercial garage doors and sells to professional dealers and some of the largest home center retail chains in North America. In 2018, we acquired CornellCookson, a leading U.S. manufacturer and marketer of rolling steel door and grille products designed for commercial, industrial, institutional, and retail use.

Leading provider of highly sophisticated intelligence, surveillance and communication solutions for defense, aerospace and commercial customers.

Pro Forma Revenue for the trailing twelve months ended March 31, 2019*

\$982.9 million
46%

\$851.7 million
39%

\$323.6 million
15%

% of total Griffon revenue

Pro Forma Segment Adjusted EBITDA TTM 3/31/19*

\$198.1 million

\$37.6 million

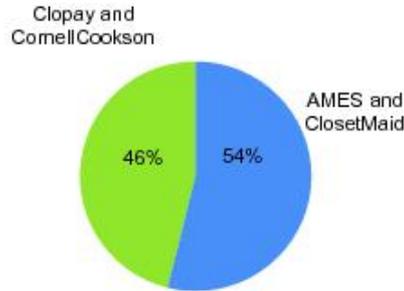
Griffon Corporation Business Overview

Home & Building Products

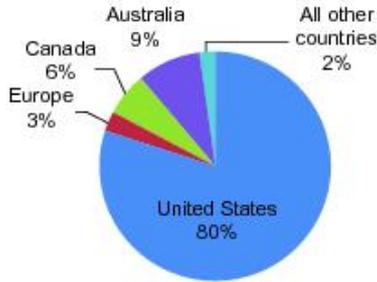
Defense Electronics



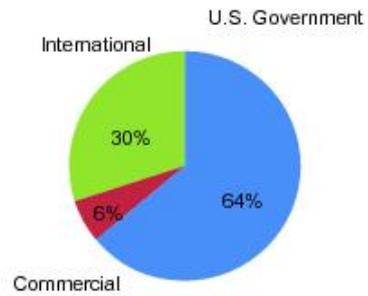
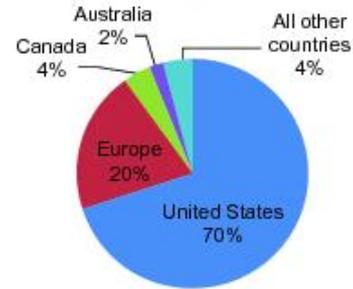
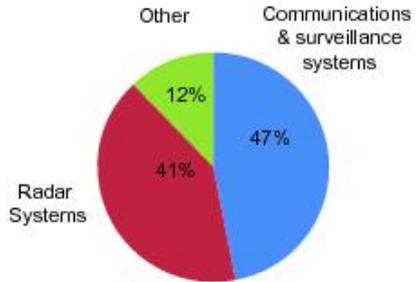
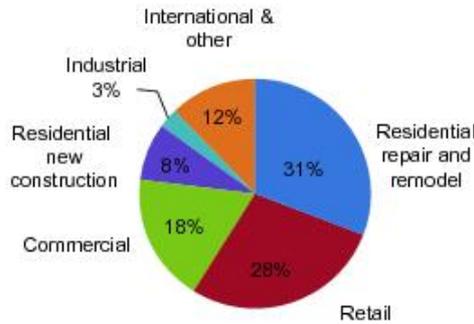
Pro Forma Revenue by Company/Product TTM 3/31/19*



Pro Forma Revenue by Geography TTM 3/31/19*



Pro Forma Revenue by End Markets TTM 3/31/19*



* Trailing twelve months ("TTM") Pro Forma Revenue and Pro Forma Segment Adjusted EBITDA as of March 31, 2019 are calculated pro forma for the CornellCookson acquisition. Griffon evaluates performance and allocates resources based on each segment's operating results before interest income and expense, income taxes, depreciation and amortization, unallocated amounts (mainly corporate overhead), restructuring charges, loss on debt extinguishment and acquisition related expenses, as well as other items that may affect comparability, as applicable ("Segment Adjusted EBITDA"). The financial results for CornellCookson used to derive the pro forma revenue and Segment Adjusted EBITDA for the twelve months ended March 31, 2019 were compiled in the same manner. For a reconciliation of the non-GAAP financial measures presented herein to the most comparable GAAP measures, see "Reconciliation of Non-GAAP Financial Measures" below.

HOME & BUILDING PRODUCTS

Over the past five years, our ability to cultivate relationships and to team with strategic partners has enabled us to source and execute ten acquisitions, creating a broad portfolio of brands covering a large spectrum of home and building products. Our highly respected and recognized brands hold leading market positions in the United States, Canada, Australasia and the United Kingdom, and our most recent acquisitions of ClosetMaid and CornellCookson create opportunities to realize enhanced sales and profitability across our HBP segment.

AMES

AMES was founded in Massachusetts in 1774, and has the distinction of being one of the oldest companies in continuous operations in the United States. Over its long life, AMES has grown organically and through the acquisition of other leading and historic tool businesses such as True Temper, Union, and Garant. Today, AMES is the leading manufacturer of long-handled tools and landscaping products for homeowners and professionals in the United States, and also provides these products in key global markets including Canada, Australia, New Zealand, the United Kingdom, and Ireland. With the addition of ClosetMaid, AMES is also the leading provider of wood and wire closet organization, general living storage, and wire garage storage products in the United States.

Since being acquired by Griffon in 2010, AMES has benefited from strategic acquisitions that have expanded its product portfolio and geographic presence. The ClosetMaid, Southern Patio, and Harper Brush Works acquisitions added to AMES' product categories in North America to include storage and organization, decorative landscaping, and cleaning products. The acquisitions of Northcote, Cyclone, Hills, and Tuscan Path in Australia established AMES as a leading supplier of tools and landscaping categories in the Australian market. As a result of the acquisitions of Kelkay and La Hacienda, the United Kingdom and Ireland has become a new key market for AMES products.

AMES' brands are among the most recognized across its primary product categories in North America, Australia and the United Kingdom. Its brand portfolio for long-handled tools and landscaping product includes AMES®, True Temper®, Garant®, Harper®, UnionTools®, Westmix®, Cyclone®, Southern Patio®, Northcote Pottery®, Nylex®, Hills®, Kelkay®, Tuscan Path®, La Hacienda®, Kelso®, and Dynamic Design®. Contractor-oriented tool brands include Razor-Back® Professional Tools and Jackson® Professional Tools. AMES' closet organization, general living storage, and garage storage products are sold primarily under the ClosetMaid® brand.

This strong portfolio of brands enables AMES to build and maintain long-standing relationships with leading retailers and distributors. In addition, given the breadth of its brand portfolio and product category depth, AMES is able to offer specific, differentiated branding strategies for key retail customers. These strategies have focused on enhancement of brand value, with the goal of de-commoditizing AMES products through the introduction of identity and functionality elements that will make each top brand unique, attractive and visually recognizable by the consumer. The visual brand transformation of the AMES® and Razor-Back® brands was completed in 2015, and the True Temper® line roll-out was completed in 2016. In addition to the brands listed, AMES also sells private label branded products, further differentiating AMES in its customer offerings.

AMES sells products throughout North America, Australia, New Zealand and Europe through (1) home centers, such as The Home Depot, Inc. ("Home Depot"), Lowe's Companies Inc. ("Lowe's"), Rona Inc., Bunnings Warehouse ("Bunnings") and Woodies (with the average length of the relationship with these customers being approximately 30 years); (2) mass market, specialty, and hardware retailers including Wal-Mart Stores Inc. ("Walmart"), Target Corporation ("Target"), Canadian Tire Corporation, Limited ("Canadian Tire"), Costco Wholesale Corporation ("Costco"), Ace, Do-It-Best and True Value Company; (3) industrial

distributors, such as W.W. Grainger, Inc. and ORS Nasco, and (4) homebuilders, such as D.R. Horton, KB Home, Lennar and NVR, Inc.

Clopay Building Products

Founded in 1964 and acquired by us in 1986, Clopay Building Products Company, Inc., or CBP, has grown organically and through acquisitions to become the leading manufacturer and marketer of residential sectional garage doors, and among the largest manufacturers of commercial sectional doors, rolling steel doors, and grille products, in the United States. CBP also manufactures a complete line of entry door systems uniquely designed to complement its popular residential garage door styles. The majority of CBP's sales come from home remodeling and renovation projects, with the balance from new residential housing construction and commercial building markets. Sales into the home remodeling market are driven by the aging of the housing stock, existing home sales activity, and the trends of improving both home appearance and energy efficiency.

On June 4, 2018, CBP acquired CornellCookson, a leading U.S. manufacturer and marketer of rolling steel door and grille products designed for commercial, industrial, institutional and retail use, for \$180 million, excluding certain post-closing adjustments. After taking into account estimated tax benefits resulting from the transaction, the effective purchase price was \$170 million, subject to certain adjustments. CornellCookson was founded in 1828 as Cornell Iron Works and, in 2008, purchased the Cookson Company, which was founded in 1938, to form CornellCookson. The acquisition of CornellCookson expands CBP's existing footprint in the commercial door market and strengthens relationships with professional dealers and installers. CBP had previously partnered with CornellCookson on customer solutions for over eight years. Consolidating the companies allows CBP to broaden its existing portfolio of brands, products and customers to serve the commercial market more efficiently with multiple types of doors, and creates additional opportunity to expand our position in adjacent markets. Similar distribution and product composition between the businesses also allows for potential cost savings opportunities across distribution networks and through commodity purchasing.

CBP brings over 50 years of experience and innovation to the residential and sectional garage door industry, sold under market-leading brands including Clopay®, America's Favorite Garage Doors®, Holmes Garage Door Company® and IDEAL Door®, as well as the newly acquired Cornell® and Cookson® commercial door brands.

CBP distributes its products through a wide range of distribution channels, including a national network of 51 distribution centers. Additionally, products are sold to over 2,500 independent professional installing dealers and to major home center retail chains including Home Depot and Menards.

CBP maintains strong relationships with its installing dealers and believes it is the largest supplier of residential garage doors to the retail and professional installing channels in North America and the largest supplier of rolling steel door products in North America. CBP is currently the exclusive supplier of residential garage doors throughout North America to Home Depot and Menards.

DEFENSE ELECTRONICS

Telephonics Corporation

Telephonics, founded in 1933, is recognized globally as a leading provider of highly sophisticated intelligence, surveillance and communications solutions that are deployed across a wide range of land, sea and air applications. Telephonics designs, develops, manufactures and provides logistical support and lifecycle sustainment services to defense, aerospace and commercial customers worldwide. In 2018, approximately 62% of the

segment's sales were to the U.S. Government and agencies thereof, as a prime or subcontractor, 32% to international customers and 6% to U.S. commercial customers.

Telephonics is organized into five primary business lines: Radar, Surveillance, Communications, Systems Engineering and Analysis (SEG), and Telephonics Large Scale Integration (TLSI).

- *Radar*: Telephonics provides a wide range of high-performing, lightweight and cost-effective maritime surveillance and weather avoidance radar systems for fixed- and rotary-wing aircraft, Unmanned Aerial Vehicles (UAVs) and shipboard platforms to the U.S. Government and numerous international defense agencies.
- *Surveillance*: Telephonics is a global leader in Identification Friend or Foe (IFF), Monopulse Secondary Surveillance Radars (MSSR) and Air Traffic Control (ATC) systems enabling military and civilian air traffic controllers to effectively identify aircraft and vehicles as friendly.
- *Communications*: Telephonics' advanced wired and wireless communication systems provide the digital backbone for defense and civil platforms worldwide, including fixed- and rotary-wing aircraft, lighter-than-air aircraft and ground control shelters.
- *Systems Engineering and Analysis*: SEG provides sophisticated, highly technical engineering and analytic support primarily to U.S. Government customers.
- *Telephonics Large Scale Integration*: TLSI has designed nearly 400 mixed-signal custom Application Specific Integrated Circuits (ASICs) for customers in the automotive, industrial, defense/avionics and smart energy markets.

To meet the unique challenges of operating in an increasingly complex industry that is faced with continued economic and budgetary pressure on U.S. defense procurement, Telephonics has adapted its core surveillance and communications products, typically used by the U.S. government and its agencies, to meet the needs of international customers in both defense and commercial markets. Telephonics' two largest product lines include maritime surveillance radar and aircraft intercommunication management systems and as Telephonics continues to concentrate on adjacent markets to grow these product lines both domestically and internationally, the company remains focused on delivering high-quality products and services that protect military personnel and civilian interests world-wide.

Based on long-established relationships supported by existing contractual arrangements, Telephonics is a first-tier supplier to prime contractors in the defense industry such as Lockheed Martin Corporation ("Lockheed Martin", which includes Sikorsky Aircraft), The Boeing Company ("Boeing"), Northrop Grumman Corporation ("Northrop Grumman"), Oshkosh Corporation ("Oshkosh"), Airbus Military, Airbus Helicopters, Leonardo (Agusta Westland) Helicopters, and SAAB, (with the average length of the relationship with these customers being greater than 20 years), and is a prime contractor to the U.S. Department of Defense and FAA. The significance of each of these customers to Telephonics' revenue fluctuates on an annual basis, based on the timing and funding of the Original Equipment Manufacturers ("OEM") contract award, and the technological scope of the work required. Key products include maritime radars, identification friend or foe systems, mobile surveillance and communication systems. The significant contraction and consolidation in the U.S. and international defense industry provides opportunities for established first-tier suppliers to capitalize on existing relationships with major prime contractors and to play a larger role in defense systems development and procurement for the foreseeable future.

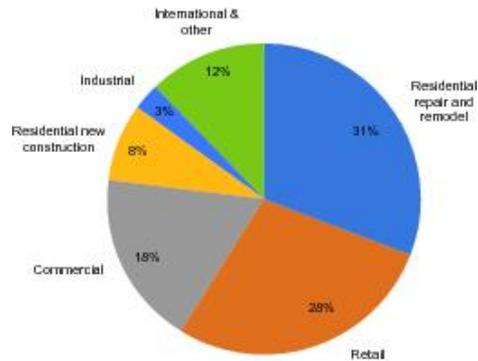
Our Industries

We operate in two industries: Home & Building products and Aerospace and Defense.

Home & Building Products Industry Overview

HBP is a provider of products to a diverse set of end markets that are subject to varying demand factors. We estimate that approximately one-third of HBP sales are driven by the demand for repair and remodeling (R&R) of existing residential homes. Product sales in this market are primarily sectional garage doors and wood and wire home storage and organization products. Another approximately one-third of sales are sold at retail as general consumer purchases of goods such as tools, décor, and storage furniture. Commercial construction demand, mostly for rolling steel doors and grilles and sectional doors, drives roughly 20% of sales. Residential new construction accounts for less than 10% of HBP sales, driven by sectional garage doors and home storage and organization products. The remaining sales, approximately 15% of the total, are generated from demand in the industrial channel and other markets, including markets outside of North America.

Revenue by End-Markets



Projected growth in R&R expenditures. According to the Leading Indicator of Remodeling Activity estimate issued by the Harvard University Joint Center for Housing Studies, the four-quarter moving average of homeowner improvement expenditures is expected to be \$345 billion in the second quarter of 2019 and is expected to grow at or above 5% through the fourth quarter of 2019, then growing at a slower rate starting in early 2020.

Aging of the Housing Stock. The Harvard University Joint Center for Housing Studies has indicated that low levels of new construction in recent years have pushed up the median age of owner occupied homes to nearly 40 years. There are currently over 74.4 million existing homeowners that will require regular investment to offset normal wear and keep these properties in working condition. The median estimated age of an owner-occupied home increased from 23 years in 1985 to 40 years in 2017, according to a 2017 American Housing Survey conducted by the U.S. Census Bureau. We believe the aging housing stock will continue to drive demand for residential repair and remodeling projects.

Projected growth within existing home sales. Also known as resales, existing home sales represent the bulk of single-family housing transactions each year and are, therefore, one of the most important drivers. According to the National Association of Realtors (NAR) existing home sales were 5.34 million in 2018, down 3.1% from 2017. The 2018 existing home sales were 26% below the peak sales levels seen in 2005, and were very near the average annual sales level of 5.3 million seen from 2000 through 2018. NAR expects existing home sales to increase to 5.56 million by 2020, a 3.7% increase over 2018 levels.

Housing Starts. Average industry forecasts from leading associations (National Association of Homebuilders, National Association of Realtors, Mortgage Bankers Association and Fannie Mae) suggests total housing starts will grow from 1.25 million in 2018 to 1.34 million in 2020, representing a 3.6% compounded annual growth rate.

Energy efficiency. Interest in sustainable remodeling projects is increasing due to growing environmental awareness and concerns over high energy costs. We believe that consumers of environmental products will gravitate towards those building projects that offer environmental and, in turn, energy efficiency benefits.

Non-residential construction. The non-residential building products market contracted significantly during the economic downturn, but, as the economy continues to recover, this end market is expected to benefit from accompanying improvements in consumer confidence, increased consumer disposable income and greater access to financing. According to the American Institute of Architects, or AIA, the Architecture Billings Index, or ABI, has indicated increasing demand for design services for 11 out of the last 12 months reported as of March 2019.

Other market considerations. Because AMES serves multiple categories of end-users ranging from individual consumers and households to industrial companies, and operates through retail and well as industrial distribution channels, it is uniquely positioned to benefit from improving conditions of consumers and their spending levels, as well as the improving conditions of industrial businesses. Additionally, a growing senior population is expected to boost spending within selected residential building products categories, particularly lawn and garden retail sales. With a large portion of the baby boomer population approaching retirement, the number of individuals with excess free time to spend on activities like home gardening is on the rise. Aging baby boomers are the fastest growing segment of the U.S. population and are driving a significant portion of the growth in the lawn and garden market. In addition, homeowners are increasingly looking at their gardens as a place of tranquility. We also believe U.S. consumers are interested in using the garden to increase their self-sufficiency and reduce grocery bills. Finally, rooftop, vertical and glasshouse gardens are expected to become part of the residential garden, particularly due to urbanization.

Aerospace and Defense Industry Overview

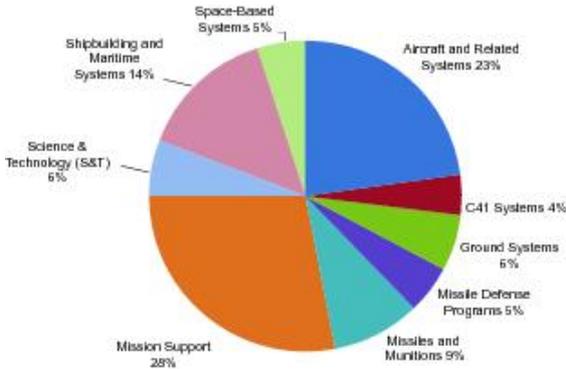
The defense environment has been significantly altered over the last few years through a fundamental shift in focus from a traditional “threat-based” model to one that emphasizes a broad range of capabilities needed to respond to all contingencies, with the overarching goal of full-spectrum dominance to defeat any adversary or control of any situation across the full range of military operations. This change has manifested itself through increased focus and budget allocations to develop capabilities in C4ISR (command, control, communications, computers and intelligence, surveillance and reconnaissance), unmanned systems and networked information technologies. The DoD’s emphasis on systems interoperability, advances in intelligence gathering, and the provision of real-time relevant data to battle commanders, often referred to as the common operating picture, have increased the electronic content of nearly all major military procurement and research programs.

Tightening military budgets and the emergence of information-based, network-centric warfare have led militaries around the world to become increasingly reliant on information and communication technologies. These technologies provide critical advantages in battlefield, support and logistics operations. In particular, by enhancing situational awareness (knowledge of the location and strength of friendly and unfriendly forces during battle), militaries can significantly increase the likelihood of success during a conflict. We therefore believe that, in spite of the uncertainty regarding U.S. defense spending, there is significant opportunity for growth in the international defense market for information technologies and defense electronics, which Telephonics is well positioned to benefit from.

The U.S. defense budget for government fiscal year (GFY) 2020 is set at \$718 billion with the President's defense budget request including major growth to most mission areas. This represents a \$33 billion, or 4.9%, increase over the prior year defense budget of \$685 billion. Budgets through GFY 2024 increase with a compound annual growth rate ("CAGR") of approximately 1% over the GFY 2020 baseline budget level.

Internationally, demand is growing due to major system capability upgrades in existing systems and re-capitalization of aging assets. We anticipate global defense spending to grow with a CAGR of about 3.5% over the 2016-2026 period. The U.S. is the largest exporter of defense equipment in the world, and is expected to remain so for the foreseeable future, with significant increases in defense budgets expected in countries that have historically imported defense products from the U.S. such as Saudi Arabia, UAE, Turkey, Taiwan, Australia, India, South Korea and Japan, among others.

FY 2020 DoD Budget Request



Source: FY 2020 United States Department of Defense Budget Request

Competitive Strengths

We believe our competitive strengths include:

Leading market positions across diverse product segments

We believe that we have established leading positions across many of our HBP categories. Based on revenue, we are the leading U.S. manufacturer and global provider of long-handled tools and landscaping products for homeowners and professionals; the leading North American manufacturer and distributor of wood and wire home storage and organization products; the leading North American manufacturer and marketer of residential garage doors, and the leading North American manufacturer and marketer of rolling steel doors and grille products designed for commercial, industrial and institutional retail use. We achieved this success by developing a broad offering of high quality products and providing superior service to our customers. Our broad product line offering gives us a competitive advantage over other HBP suppliers by enabling us to provide our customers, which include home-centers and other mass merchandisers, with a differentiated value proposition to meet their own customers' needs.

Telephonics is a first-tier supplier to prime contractors in the defense industry such as Lockheed Martin, Boeing, Northrop Grumman, Oshkosh, Airbus Military, Airbus Helicopters, Leonardo (Agusta Westland) Helicopters, and SAAB, (with the average length of the relationship with these customers being greater than 20 years), and is a prime contractor to the U.S. Department of Defense and FAA.

Our market leadership across our subsidiaries is driven by a reputation for product innovation, high quality, strong customer service, breadth of product portfolio, strong brands and ability to compete effectively in all relevant channels.

Portfolio of highly recognized, strong Home & Building Products brands

We manage a broad portfolio of over twenty widely recognized and respected brands covering a large spectrum of home and building products with strategic positions in the U.S., Canada, Australasia and the United Kingdom. Our brands have long histories with strong established relationships that provide momentum and a solid foundation for growth.

Our leading brands, such as Clopay®, CornellCookson, AMES®, True Temper®, and ClosetMaid®, are well recognized in their respective industries. Each of our division benefits from a broader portfolio of brands, notably:

AMES®, True Temper®, Harper®, UnionTools®, Garant®, Cyclone® and Kelso®, as well as contractor-oriented brands including Razor-Back®, Jackson®, Westmix® and Darby®.

ClosetMaid®, MasterSuite®, Suite Symphony®, Impressions®, ExpressShelf®; SpaceCreations® for ClosetMaid's wood products; and Maximum Load®, SuperSlide® and ShelfTrack® for ClosetMaid's wire solutions.

Clopay®, America's Favorite Garage Doors®, Holmes Garage Door Company®, IDEAL Door® and the newly acquired Cornell® and Cookson® commercial door brands for the Clopay division.

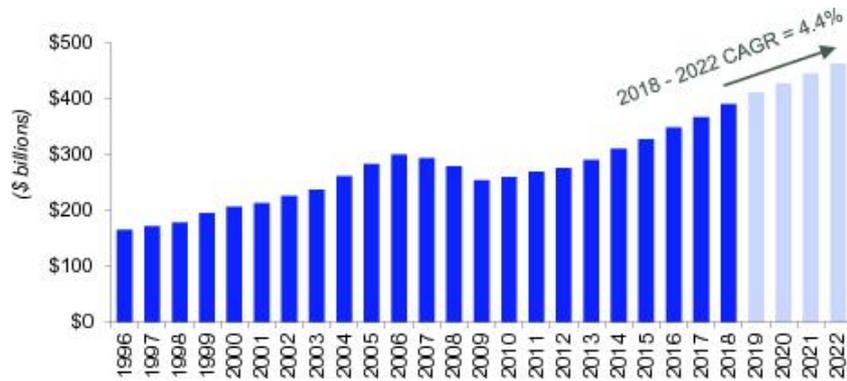
This broad portfolio of brands enables us to offer specific, differentiated branding strategies for key customers. Our extensive product line breadth, industry-leading brands associated with premium quality products and global platform enable us to build and maintain long-standing relationships with leading retailers and distributors.

Attractive end-market outlook across our businesses

Our business segments participate in two distinct industries—building products and aerospace and defense—each with unique attributes and market drivers.

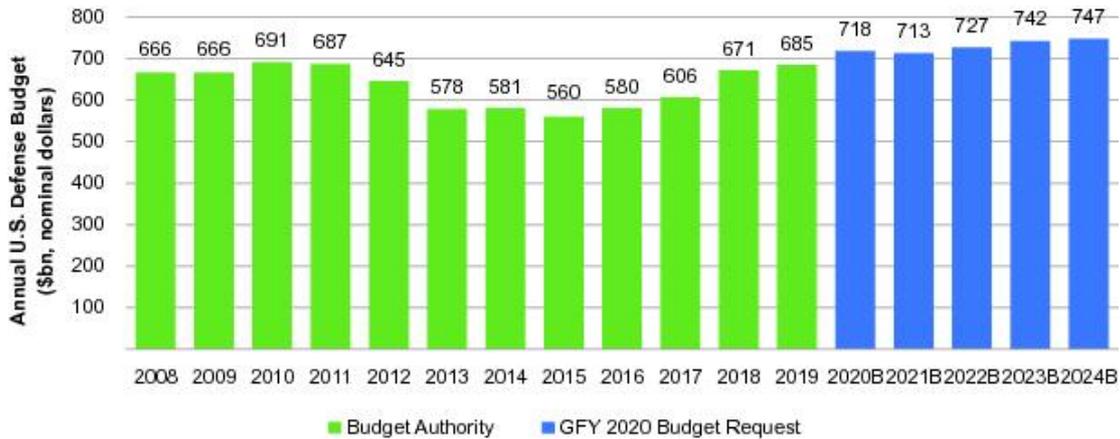
Comprising over 80% of our revenue, the HBP segment will lead our overall business in the near-term as the housing market continues to recover from its historic bottom. The Leading Indicator of Remodeling Activity estimate issued by the Harvard University Joint Center for Housing Studies calls for the four-quarter moving average of homeowner improvement expenditures to be \$345 billion in the second quarter of 2019 and is expected to grow at or above 5% through the fourth quarter of 2019, then growing at a slower rate in 2020. We believe we will benefit from our exposure to the more resilient R&R market which, according to The Home Improvement Research Institute, is forecast to experience a 4.4% compounded annual growth rate from 2018 to 2022E.

Demand for Home Improvements and Repairs in the U.S.



The remaining 20% of our revenue comes from the Defense Electronics industry through our subsidiary, Telephonics, which has historically been a consistent performer driven by our long-standing relationship with the U.S. government. The DoD budget is increasing from its low point of a few years ago and, as a result, we believe the defense electronics industry currently has a positive near term outlook. The annual budget of the DoD (which, together with its subcontractors, is our main customer in this segment, representing over 60% of our revenue in our Telephonics business division), is expected to increase by 4.9% from 2019 to 2020. Contract backlog at March 31, 2019 increased to \$378.3 million from \$344.9 million at September 30, 2018, with 73% expected to be fulfilled in the next twelve months. This funded backlog represents unfilled firm orders for our products for which customer funding has been authorized and provides us with visibility into the segment's performance. We see significant opportunities from an expansion of the U.S. Navy fleet; international opportunities, particularly in the Middle East and Asia; and growing border and perimeter security markets, both in the U.S. and abroad. We are positioned to benefit from the expected increase in defense spending in the next few years.

Defense Spending Outlook



Stable and diversified customer base with long-standing relationships

In our HBP segment, we have a multi-channel distribution network that serves both the home repair and remodeling end markets, as well as the new construction end market,

through our broad customer base of specialty and wholesale distributors, retail home centers, remodeling dealers and builders.

We have developed long-standing relationships with a large, blue chip and expansive customer base. We notably serve many of the industry's leading companies, including Home Depot, Lowe's, Menards, Walmart, Costco, Rona, Bunnings, Woodies, Ace, True Value Company, Grainger, ORS Nasco and Canadian Tire, with the average length of relationship with these customers being greater than 20 years. In many cases, we have grown along with these customers, often maintaining sales offices adjacent to the customer to ensure efficient product placement and timely service.

We work closely with numerous mass merchants, clubs, regional retailers, co-ops and approximately 2,500 independent installing dealers. We are especially proud to be the exclusive supplier of residential garage doors for Home Depot and Menards. CBP distributes its garage doors directly to its customers from its manufacturing facilities and through its distribution centers located throughout the U.S. and Canada. ClosetMaid's large customer base is diversified among various industries and includes key retail customers such as Home Depot, Target, Lowe's and Walmart and key building customers such as D.R. Horton, KB Home, Lennar and NVR.

The success of our Telephonics segment has been driven by our strategic nexus with the U.S. government and its agencies and subcontractors, which represents over 60% of our segment's revenues and which we have served for over 30 years. Additionally, we have been a major supplier of information and communications technologies to many of the world's most prestigious aerospace and defense firms, including Lockheed Martin, Boeing, Northrop Grumman, Oshkosh, Airbus, Leonardo (Agusta Westland), and SAAB.

Throughout our history, we have earned a leading position with our customers by leveraging our innovative products, customer service and scale to successfully meet our partners' product and logistical goals. We understand the strategic importance of these relationships and are highly focused on building these relationships into the future.

Track record of integrating and improving acquired businesses

Over the past five years, our ability to cultivate relationships and team with strategic partners has enabled us to source and execute ten acquisitions, creating a broad portfolio of brands covering a large spectrum of home and building products. We acquire businesses that have durable competitive strengths within their respective markets at sensible prices that have the potential for attractive long-term returns.

Our acquisition of ClosetMaid, which was subsequently integrated with our AMES business, has been immediately accretive to cash flow and earnings. We expect to leverage our distribution, manufacturing and dealer network to create cross-selling opportunities and take advantage of available cost savings opportunities across our commodity purchasing and back office operations.

The acquisition of CornellCookson expands our footprint in the commercial channel and strengthens our relationships with professional dealers and installers. CBP had previously partnered with CornellCookson on customer solutions. This consolidation of these companies allows us to broaden our existing portfolio of brands, products and customers to serve the market more efficiently with multiple types of rolling steel and sectional product offerings, and create additional exposure to adjacent markets. We believe that the similar distribution and product composition of these brands will allow us to realize savings in warehousing, distribution, manufacturing, and sourcing.

We view our ability to identify, execute and integrate acquisitions as one of our core strengths and expect that the proposed offering of notes will improve our financial position and flexibility, enabling us to more effectively service our customers.

Strategic actions driving margin and free cash flow improvement

From 2014 through 2017, we implemented a series of strategic actions within the HBP segment, resulting in the improvement of the Segment Adjusted EBITDA margin of HBP by 350 basis points, from 7.9% to 11.4%.

From January 2013 through the first quarter of 2015, we improved manufacturing and distribution efficiency within AMES by closing certain U.S. manufacturing facilities and consolidating operations into our Camp Hill and Carlisle locations. In addition, we implemented a more consistent product visual brand language to reinforce our brand identity and reduce product stock keeping units, or SKUs, and further streamlined our product offerings. We estimate that these initiatives by AMES resulted in annual cash savings exceeding \$10.0 million.

In Australia, we consolidated the acquisitions of Cyclone and Northcote Pottery with our AMES business in Australia, which were initially located at 15 legacy distribution sites, into 6 sites, and we integrated their operations under a unified management organization. The subsequent Australian acquisitions of Nylex, Hills and Tuscan Path have been integrated into these current sites.

Beginning in October 2015, CBP invested in a 250,000 square foot expansion of its state-of-the-art Troy, Ohio manufacturing facility to address increased customer demand, particularly for the newer and more innovative garage door products. This allowed HBP to better address customer demand for products yielding improved mix.

In February 2018, we completed the sale of our Clopay Plastics segment to Berry Global Group, Inc. for \$465.0 million. In addition to providing liquidity for subsequent acquisitions that were strategic to our HBP segment, this divestiture reduced our capital expenditure requirements as a percentage of 2017 sales, from 3.3% for Griffon, including Clopay Plastics, to 2.4% for Griffon, excluding Clopay Plastics, resulting in stronger free cash flow conversion. We expect stable cash flow generation from our operations to continue.

Strong and highly experienced management team

Our management team has decades of diverse industry experience with focused competencies in operational excellence, product development and innovation, customer and channel management and growth strategy, both organically and through acquisitions. We have a highly experienced management team with a successful track record of profitable growth and demonstrated leadership in cyclical markets, including an ability to reduce costs, improve operational efficiencies and successfully introduce new products. Griffon's senior management team has an average of 30 years of professional experience and an average of 10 years with Griffon. Our recent acquisitions of ClosetMaid and CornellCookson, as well as the strategic repositioning of our portfolio through the divestiture of our Clopay Plastics business, are strong evidence of our ability to transform and enhance our business. Our management holds, and will continue to hold, a significant equity interest in our company reflecting their confidence in, and ongoing commitment to, the future growth and success of our businesses.

Business Strategy

Pursue profitable, multi-faceted organic sales growth

We seek to deliver profitable organic revenue growth through several strategic initiatives, including product innovation, brand and marketing investment, channel management, and cross geography product introduction. These strategic initiatives will drive our sales mix to include more value-added, higher margin products.

Product innovation

We will continue to invest capital to develop new products and enhance the functionality of our existing products. In response to evolving customer requirements, we routinely update our core products and technologies and coordinate with customers at the earliest stages of new program and product development. Our product and technological developments are accomplished both through internally-funded R&D projects, as well as through strategic partnerships with customers to better serve customized demand. Our success in AMES is driven by our ability to continuously innovate high quality tools that meet customer requirements in timely order. In CBP, we continually improve our garage and rolling steel door offering through development efforts focused on characteristics such as strength, design and energy efficiency. Recent key new products include higher end foam and insulated garage doors. ClosetMaid continually improves existing products as well as develops new products to satisfy consumer needs, expand revenue opportunities, maintain or extend competitive advantages, increase market share and reduce production costs.

In order for Telephonics to continually offer affordable solutions that provide relevant and required features, it works closely with prime customers and U.S. Government customers and stakeholders. These relationships help to identify and confirm there is future market demand for products by investing in R&D providing desired product enhancements and new capabilities. Telephonics works closely with its prime contractor and U.S. Government customers to identify new and enhanced capabilities and products that will satisfy anticipated future market demand, and directs its innovation efforts accordingly.

Telephonics leverages its engineering and scientific capabilities to exceed customers' minimum specifications, providing them with greater performance, flexibility and value. Over the past 3 years, Telephonics has invested over \$15.0 million in Defense Electronics R&D initiatives per annum, representing approximately 4% of the segment's revenue.

Brand and marketing investment

We are making meaningful investments in marketing initiatives designed to enhance the positioning of our portfolio of brands. Our HBP segment maintains a strong promotional presence, in both traditional and digital media. We believe these branding initiatives are key marketing tools for expanding our customer base, leveraging our distribution network and increasing our market share.

Channel management

We are implementing initiatives and investing in tools and technology to enhance our relationships with key customers through our multi-channel distribution platform. The goal of these new initiatives is to make it easier for our customer to source from our brands, and support their ability to sell our products in the marketplace. As one example, CBP customers utilize a proprietary residential door web application, the MyDoor® mobile enabled app, that guides consumers through an easy to use visualization and pricing program, allowing them to select the optimal door for their home. For CBP's commercial products, Clopay's Commercial Door Quoter (CDQO) and CornellCookson's WebGen systems are available to assist professional dealers through streamlining their quoting and submittal process for greater productivity and backroom efficiency improvement.

Cross geography product introduction

We will continue to leverage our existing global relationships and market-share leading positions to target new multinational and regional customers. We will also continue to work closely with external research firms and other organizations to identify and capitalize on emerging consumer and professional end-user trends. In addition, we plan to leverage our extensive distribution network to market our existing products more broadly and to

aggressively rollout our new, technologically enhanced product offerings. We have been successful in expanding our customer base in international markets and will continue to use our incumbent status on major platforms to bolster our international presence.

Continuous improvement and cost savings initiatives

We are highly focused on cost reductions and margin improvement. In addition to our existing programs, we will continue to implement new initiatives and operating strategies at the corporate and segment levels to further enhance our performance. Initiatives are developed and tracked at the segment level with corporate guidance.

Our recent actions have already helped us to improve our Segment Adjusted EBITDA margins. From 2014 through 2017, we implemented a series of strategic actions within the HBP segment, resulting in the improvement of the Segment Adjusted EBITDA margin of HBP by 350 basis points, from 7.9% to 11.4%. We believe that our focus on operational excellence will result in the continued expansion of our profit margins. We note that we are in the early stages of integration of our ClosetMaid and CornellCookson acquisitions, and expect continued margin improvement in those businesses as our cost savings initiatives are implemented.

Over the long-term, we plan to continue to optimize our manufacturing and distribution networks in existing and select new geographic markets. Where appropriate, we will continue to pursue joint ventures and other agreements to leverage the operating experience, technical expertise and local market knowledge of our strategic partners.

Continue to supplement organic sales growth with strategic acquisitions

Making strategic acquisitions is an important part of our growth plan. The Home and Building Products sector includes product categories where competition is highly-fragmented, and therefore offers significant acquisition opportunities. AMES has completed several bolt-on acquisitions in the past several years, including the acquisitions of Nylex, Hills, La Hacienda, Kelkay, Tuscan Path and Harper Brush Works. These acquisitions broaden AMES' global outdoor living and lawn and garden business, strengthen AMES' industry leading position in Australia and support AMES' UK expansion strategy. Nylex and Hills are highly recognized brands in Australia and further supplement AMES iconic brands. We also completed larger transactions, with the acquisition of ClosetMaid for \$165 million, net of post-closing adjustments and estimated tax benefits, in October 2017, and we closed on the acquisition of CornellCookson for \$170 million, net of estimated tax benefits, on June 4, 2018. As global economic conditions improve, we will continue to seek out, evaluate and, where appropriate, acquire additional businesses in the HBP and Defense Electronics markets that can benefit from our global distribution channels and offer potentially attractive returns on capital.

We have historically funded our acquisitions and other growth initiatives with cash on hand, through free cash flow generated from our business, as well as through external financing sources. Where we have utilized debt financing, we believe we have financed such growth appropriately.

Summary of Transactions

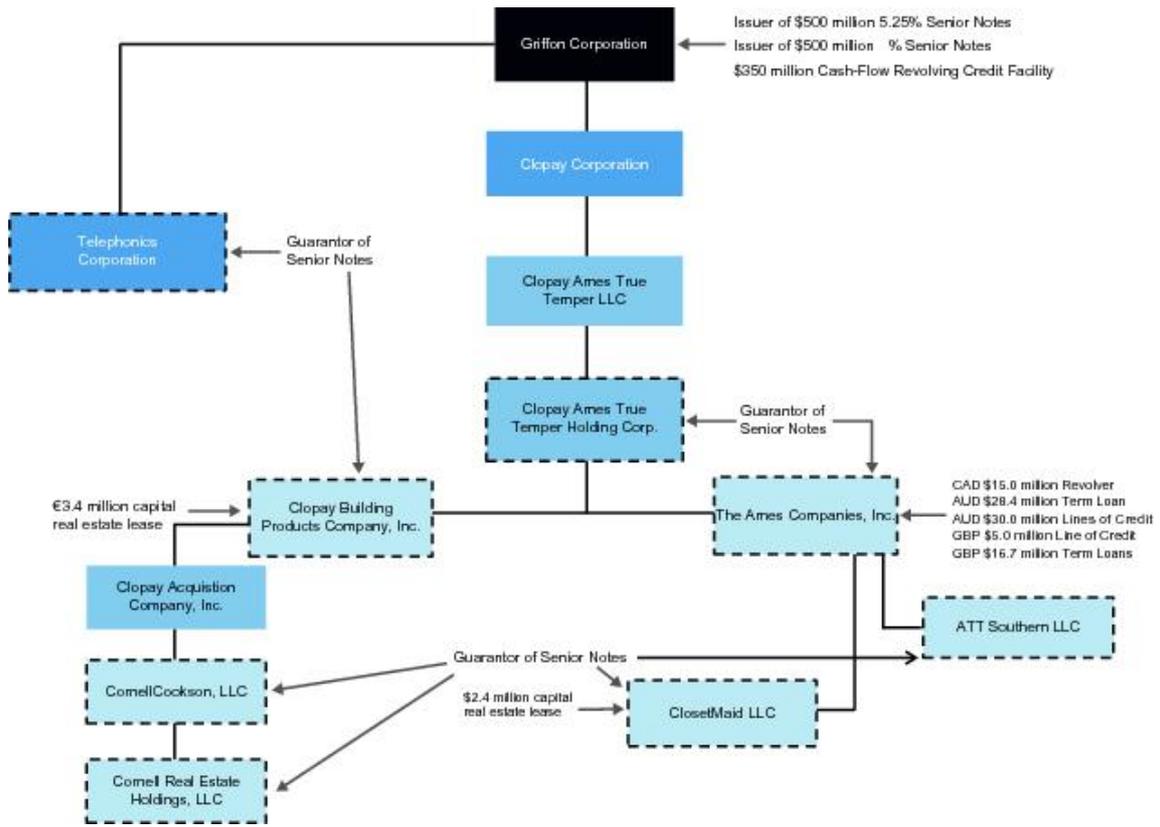
We intend to use the net proceeds of the proposed offering of notes to (i) repurchase up to \$500 million of our 2022 Notes in the tender offer, (ii) pay certain related fees and expenses, including any applicable tender premiums, redemption premiums and accrued interest on the 2022 Notes, and (iii) redeem up to \$500 million of our 2022 Notes to the extent that less than \$500 million of such 2022 Notes are repurchased pursuant to the tender offer.

On May 9, 2019, we commenced a tender offer for up to \$500 million of our 2022 Notes. Under the terms of the tender offer, the total consideration for tendered notes equals \$1,013.13 for every \$1,000 principal amount of 2022 Notes tendered prior to 5:00 p.m. on May 22, 2019. Holders who tender their 2022 Notes prior to the expiration date, which is 11:59 p.m. on June 6, 2019, will receive the tender offer consideration of \$993.13 per \$1,000 principal amount of 2022 Notes tendered. This exhibit is not an offer to purchase, or the solicitation of an offer to sell, the 2022 Notes. The tender offer is made only by and pursuant to the terms of the Offer to Purchase of Griffon, dated May 9, 2019, and the related Letter of Transmittal and Consent, as the same may be amended or supplemented. The tender offer is subject to the satisfaction or waiver of various conditions, including the issuance of the Notes offered hereby and other customary conditions. We may amend, extend or terminate the tender offer, and we may purchase or offer to purchase the 2022 Notes through open market purchases, privately negotiated transactions, exchange offers, redemptions or otherwise. We currently intend to redeem up to \$500 million of our 2022 Notes to the extent that less than \$500 million have been tendered and repurchased in the tender offer. This exhibit does not constitute a notice of redemption.

We refer to the offering of the Notes, together with the tender offer and repurchase or redemption of \$500 million of our outstanding 2022 Notes collectively as the "Transactions."

Pro Forma Organizational Chart

The following chart summarizes our organizational structure and our principal indebtedness immediately after giving effect to the proposed offering of notes and the application of the net proceeds of the offering as described under "Use of Proceeds." This chart is provided for illustrative purposes only and does not show all of our or our subsidiaries' obligations.



Corporate Information

We were incorporated in New York in 1959 and were reincorporated in Delaware in 1970. We changed our name to Griffon Corporation in 1995. Our principal executive offices are located at 712 Fifth Avenue, New York, New York 10019, and our telephone number is (212) 957-5000. Our website is located at <http://www.griffon.com>.

Reconciliation of Non-GAAP Financial Measures

The following table reconciles our calculations of Pro Forma Segment Adjusted EBITDA to income before taxes from continuing operations for the twelve months ended March 31, 2019 after giving effect to the acquisition of CornellCookson on a pro forma basis.

	Proforma Twelve Months Ended 3/31/19
	(numbers in thousands)
Revenue	
Home & Building Products	\$ 1,834,568
Telephonics	323,615
Total	\$ 2,158,183
Segment adjusted EBITDA:	
Home & Building Products	\$ 198,143
Telephonics	37,588
Total Segment adjusted EBITDA	235,731
Net interest (expense) income	(64,821)
Segment depreciation and amortization	(59,587)
Unallocated amounts	(47,579)
Acquisition costs	(3,598)
Special dividend ESOP charges	(3,220)
Secondary equity offering costs	(1,205)
Income before taxes from continuing operations	\$ 55,721

USE OF PROCEEDS

We intend to use the net proceeds of the proposed offering of notes, together with cash on hand, to (i) repurchase up to \$500 million of our 2022 Notes in the tender offer, (ii) pay certain related fees and expenses, including any applicable tender premiums, redemption premiums and accrued interest on the 2022 Notes, and (iii) redeem up to \$500 million of our 2022 Notes to the extent that less than \$500 million of such 2022 Notes are repurchased pursuant to the tender offer.

Certain of the Initial Purchasers or their affiliates may hold a portion the 2022 Notes and, as such, may receive a portion of the proceeds of the proposed offering of notes.

The following table sets forth the estimated sources and uses of funds (assuming the offering of the Notes closed on March 31, 2019):

(Dollars in millions)

Sources of Funds:

Notes	\$	500.0
Cash on hand	\$	17.0
Total Sources	\$	517.0

Uses of Funds:

Repurchase of 2022 Notes	\$	500.0
Estimated fees and expenses	\$	17.0
Total Uses	\$	517.0

CAPITALIZATION

The following table sets forth our cash and capitalization as of March 31, 2019:

- on an actual basis; and
- on a pro forma basis to give effect to the Transactions and the use of the net proceeds therefrom.

	<u>Actual</u>	<u>As Adjusted⁽¹⁾</u>
(Dollars in thousands)		
Cash and Cash Equivalents	\$ 58.0	\$ 41.0
Debt:		
Revolving Credit Facility ⁽²⁾	157.9	157.9
Existing Notes Due 2022	1,000	500
Notes Offered Hereby ⁽³⁾	—	500
Other Debt ⁽⁴⁾	71.1	71.1
Total Debt	\$ 1,229	\$ 1,229
Total Equity	474.3	457.3
Total Capitalization	\$ 1,703.3	\$ 1,686.3

⁽¹⁾ As Adjusted excludes the impact of accrued interest and assumes that \$500.0 million principal amount of outstanding 2022 Notes will be tendered and repurchased in the tender offer.

⁽²⁾ As of March 31, 2019, we had \$157.9 million outstanding under our revolving credit facility. As of March 31, 2019, we had \$176.0 million of availability under the revolving credit facility (net of \$157.9 million in outstanding borrowings and \$16.1 million in outstanding standby letters of credit).

⁽³⁾ Represents the aggregate principal amount of the Notes and assumes the Notes will be issued at par.

⁽⁴⁾ Amount consists of outstanding amounts under our capital leases, foreign lines of credit and term loans and other long-term debt.

SELECTED HISTORICAL FINANCIAL DATA

The following table presents selected consolidated financial data. The selected consolidated financial data for the six months ended March 31, 2018 and 2019 were derived from our unaudited consolidated financial statements, which are incorporated herein by reference. The unaudited financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of our management, include all normal recurring adjustments necessary for a fair presentation of the information set forth herein. The consolidated financial data for the fiscal years ended September 30, 2014 and 2015 were derived from our audited consolidated financial statements that are not included herein. The consolidated financial data for the fiscal years ended September 30, 2016, 2017 and 2018 have been derived from our audited consolidated financial statements, which are incorporated herein by reference. The summary unaudited financial data for the twelve months ended March 31, 2019 has been derived by adding our operating results and cash flow for our fiscal year ended September 30, 2018 and for the six months ended March 31, 2019 and deducting such financial data for the six months ended March 31, 2018. Historical results are not necessarily indicative of the results to be expected in the future. In addition, our results for the six months ended March 31, 2019 are not necessarily indicative of results expected for the full year ending September 30, 2019.

	For the Years Ended September 30,					Six Months Ended March 31,		Twelve Months Ended March 31,
	2014 ⁽¹⁾	2015 ⁽²⁾	2016 ⁽³⁾	2017 ⁽⁴⁾	2018 ⁽⁵⁾	2018	2019	2019
Operating Results Data:								
Revenue	\$ 1,398,448	\$ 1,483,291	\$ 1,477,035	\$ 1,524,997	\$ 1,977,918	\$ 915,863	\$ 1,060,155	\$ 2,122,210
Cost of goods and services	<u>1,022,029</u>	<u>1,090,944</u>	<u>1,076,342</u>	<u>1,116,881</u>	<u>1,448,358</u>	<u>673,705</u>	<u>779,605</u>	<u>1,554,258</u>
Gross profit	376,419	392,347	400,693	408,116	529,560	242,158	280,550	567,952
Selling, general administrative expenses	305,794	325,435	318,353	339,089	433,110	211,117	225,537	447,530
Restructuring charges	6,136	—	—	—	—	—	—	—
Income from operations	64,489	66,912	82,340	69,027	96,450	31,041	55,013	120,422
Other income (expense)								
Interest expense	(47,636)	(47,776)	(49,943)	(51,513)	(65,568)	(33,645)	(34,046)	(65,969)
Interest income	319	261	66	64	1,697	959	410	1,148
Loss from extinguishment of debt	(38,890)	—	—	—	—	—	—	—
Other, net	761	(331)	(250)	(880)	1,231	2,760	2,272	743
Total other income (expense)	<u>(85,446)</u>	<u>(47,846)</u>	<u>(50,127)</u>	<u>(52,329)</u>	<u>(62,640)</u>	<u>(29,926)</u>	<u>(31,364)</u>	<u>(64,078)</u>
Income (loss) before income taxes	(20,957)	19,066	32,213	16,698	33,810	1,115	23,649	56,344
Provision (benefit) for income taxes	<u>(10,151)</u>	<u>6,772</u>	<u>12,432</u>	<u>(1,085)</u>	<u>555</u>	<u>(23,667)</u>	<u>8,406</u>	<u>32,628</u>
Income (loss) from continuing operations	(10,806)	12,294	19,781	17,783	33,255	24,782	15,243	23,716
Discontinued operations								
Income (loss) from operations of discontinued businesses	21,604	34,570	20,952	22,276	119,981	124,842	(11,000)	(15,861)
Provision for income taxes	<u>(10,975)</u>	<u>(12,575)</u>	<u>10,723</u>	<u>25,147</u>	<u>27,558</u>	<u>28,355</u>	<u>(3,354)</u>	<u>(4,151)</u>
Income (loss) from discontinued operations	10,629	21,995	10,229	(2,871)	92,423	96,487	(7,646)	(11,710)
Net income (loss)	<u>\$ (177)</u>	<u>\$ 34,289</u>	<u>\$ 30,010</u>	<u>\$ 14,912</u>	<u>\$ 125,678</u>	<u>\$ 121,269</u>	<u>\$ 7,597</u>	<u>\$ 12,006</u>

	At September 30,					At March 31,		At March 31,
	2014	2015	2016	2017	2018	2018	2019	2019
Balance Sheet Data:								
Cash and equivalents	\$ 92,405	\$ 52,001	\$ 72,553	\$ 47,681	\$ 69,758	\$ 236,456	\$ 57,979	\$ 57,979
Property, plant and equipment, net	370,565	379,972	236,905	232,135	342,492	291,516	332,852	332,852
Total assets	1,808,826	1,712,813	1,782,096	1,873,541	2,084,890	2,081,300	2,143,908	2,143,908
Total debt, net	795,881	811,787	910,878	979,158	1,121,082	1,091,378	1,217,002	1,217,002
Total liabilities	1,276,799	1,282,288	1,371,149	1,474,733	1,610,499	1,607,282	1,669,624	1,669,624
Total shareholders' equity	532,027	430,525	410,947	398,808	474,391	474,018	474,284	474,284

	For the Years Ended September 30,					Six Months Ended		Twelve	
	2014	2015	2016	2017	2018	2018	2019	Months	
								Ended	
								March	
								31,	
								2019	
Other Financial Data:									
Capital expenditures		77,094	46,308	59,276	34,937	50,138	21,628	17,418	45,928
Depreciation and amortization		67,396	45,834	46,342	47,878	55,803	26,271	30,577	60,109

⁽¹⁾ 2014 includes 6,136 of restructuring charges (\$3,804, net of tax), \$3,161 of acquisition costs (\$1,960, net of tax), \$38,890 loss on debt extinguishment (\$24,964, net of tax) and discrete tax benefits, net, of \$4,179.

⁽²⁾ 2015 includes discrete tax benefits, net of \$219.

⁽³⁾ 2016 includes discrete tax benefits, net, of \$857.

⁽⁴⁾ 2017 includes \$9,617 of acquisition related costs (\$6,145, net of tax), \$5,137 of contract settlement charges (\$3,300, net of tax) and discrete tax benefits, net, of \$8,274.

⁽⁵⁾ 2018 includes \$7,597 of acquisition related costs (\$5,047, net of tax), special dividend ESOP charges of \$3,220 (\$2,125, net of tax), \$1,205 of secondary equity offering costs (\$795, net of tax), a cost of life insurance benefit of \$2,614 (\$248, net of tax) and discrete and certain other tax benefits, net, of \$9,384.



Griffon Corporation Announces Tender Offer

NEW YORK, NEW YORK – May 9, 2019 – Griffon Corporation (NYSE: GFF) (“Griffon”) announced today that it has commenced a cash tender offer (the “Tender Offer”) for up to \$500 million aggregate principal amount (the “Tender Cap”) of 5.25% Senior Notes due 2022 (CUSIP No. 398433 AH5) (the “Notes”). The Tender Offer is described in the Offer to Purchase dated May 9, 2019 (the “Offer to Purchase”). The Tender Offer will expire at 11:59 p.m., New York City time, on June 6, 2019 unless extended (the “Expiration Date”). Griffon expects to fund the Tender Offer with proceeds from a new senior notes offering (the “Notes Offering”) and cash on hand.

Holders who validly tender (and do not validly withdraw) their Notes prior to the early tender deadline of 5:00 p.m., New York City time, on May 22, 2019, unless extended by Griffon in its sole discretion (the “Early Tender Deadline”), shall receive, subject to the Tender Cap, \$1,013.13 per \$1,000 principal amount of Notes (which amount includes an early tender consent payment of \$20.00 per \$1,000 principal amount of Notes), plus any accrued and unpaid interest on the Notes up to, but not including, the payment date for such Notes.

Holders who validly tender (and do not validly withdraw) their Notes after the Early Tender Deadline, but on or prior to the Expiration Date, shall receive, subject to the Tender Cap, \$993.13 per \$1,000 principal amount of Notes, plus any accrued and unpaid interest on the Notes up to, but not including, the payment date for such Notes. Holders of Notes tendered after the Early Tender Deadline will not receive an early tender payment.

Except in certain circumstances, Notes tendered may not be withdrawn after the Early Tender Deadline.

The Tender Offer is subject to a number of conditions that are set forth in the Offer to Purchase, including, without limitation, the receipt by Griffon of not less than \$500 million in gross proceeds from the Notes Offering (the “Financing Condition”). There can be no assurance that the Notes Offering will be consummated or that any other condition to the Tender Offer will be satisfied. Griffon reserves the right to waive any of the conditions to the Tender Offer including, but not limited to, the Financing Condition.

The complete terms and conditions of the Tender Offer are set forth in the Offer to Purchase and related Letter of Transmittal that are being sent to holders of the Notes.

Griffon also issued a conditional notice of redemption to redeem up to \$500 million aggregate principal amount of Notes only if and to the extent that (a) less than \$500 million of the Notes are repurchased pursuant to the Tender Offer, and (b) Griffon has completed the Notes Offering on terms satisfactory to Griffon and the gross proceeds of the Notes Offering are at least \$500 million.

Griffon has engaged Deutsche Bank Securities Inc. as Dealer Manager for the Tender Offer. Persons with questions regarding the Tender Offer should contact Deutsche Bank Securities Inc. at (212) 250-7527 (Collect) or (855) 287-1922 (Toll Free). Requests for copies of the Offer to Purchase or other tender offer materials may be directed to D.F. King & Company, Inc., the Tender Agent and Information Agent, at (212) 269-5550 (Banks and Brokers) or (800) 330-5136 (All others).

This press release does not constitute an offer to purchase the Notes. The Offer is made solely pursuant to the Offer to Purchase. The Tender Offer is not being made to holders of Notes in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction. Holders are urged to read the Offer to Purchase and related documents carefully before making any decision with respect to the Tender Offer. Holders of Notes must make their own decisions as to whether to tender their Notes. None of Griffon, the Dealer Manager or the Tender Agent and Information Agent makes any recommendations as to

whether holders should tender their Notes pursuant to the Tender Offer, and no one has been authorized to make such a recommendation.

This press release does not constitute an offer to sell notes pursuant to the Notes Offering, nor a solicitation for an offer to purchase notes pursuant to the Notes Offering. Any offer of notes pursuant to the Notes Offering will be made only by means of a private offering memorandum.

Griffon expressly reserves the right, subject to applicable law, to terminate the Tender Offer.

About Griffon Corporation

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

Griffon currently conducts its operations through two reportable segments:

- Home & Building Products segment consists of two companies, The AMES Companies, Inc. (“AMES”) and Clopay Building Products Company, Inc. (“CBP”):
 - AMES, founded in 1774, is the leading North American manufacturer and a global provider of branded consumer and professional tools, landscaping products, and outdoor lifestyle solutions. In 2018, we acquired ClosetMaid, a leader in wood and wire closet organization, general living storage and wire garage storage products for homeowners and professionals.
 - CBP, since 1964, is a leading manufacturer and marketer of residential and commercial garage doors and sells to professional dealers and some of the largest home center retail chains in North America. In 2018, we acquired CornellCookson, a leading U.S. manufacturer and marketer of rolling steel door and grille products designed for commercial, industrial, institutional, and retail use.
- Defense Electronics segment consists of Telephonics Corporation, founded in 1933, a globally recognized leading provider of highly sophisticated intelligence, surveillance and communications solutions for defense, aerospace and commercial customers.

For more information on Griffon and its operating subsidiaries, please see the Company’s website at www.griffon.com.

Forward-Looking Statements

This communication contains forward-looking statements that may state Griffon’s or its management’s intentions, beliefs, expectations or predictions for the future. Such forward-looking statements are subject to certain risks, uncertainties and assumptions, and typically can be identified by the use of words such as “intend,” “will,” “expect,” “estimate,” “anticipate,” “forecast,” “plan,” “believe” and similar terms. Although Griffon believes that its expectations are reasonable, it can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated above include, among others, risks and uncertainties related to the capital markets generally, the amount of participation in the Tender Offer, whether Griffon will be able to complete the Tender Offer and whether Griffon will consummate the Notes Offering, and other factors detailed in filings made by Griffon with the Securities and Exchange Commission. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Griffon does not undertake to update any of these statements in light of new information or future events

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