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, 2015

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

For the transition period from to

Commission File Number: 1-06620

GRIFFON CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	**11-1893410**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
712 Fifth Ave, 18th Floor, New York, New York	**10019**
(Address of principal executive offices)	(Zip Code)

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

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

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

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

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

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

The number of shares of common stock outstanding at **June 30, 2015** was 49,837,104.

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) June 30, 2015	September 30, 2014
CURRENT ASSETS		
Cash and equivalents	$ 45,955	$ 92,405
Accounts receivable, net of allowances of $6,411 and $7,336	240,189	258,436
Contract costs and recognized income not yet billed, net of progress payments of $16,834 and $16,985	104,011	109,930
Inventories, net	318,193	290,135
Prepaid and other current assets	46,747	62,569
Assets of discontinued operations	1,625	1,624
Total Current Assets	756,720	815,099
PROPERTY, PLANT AND EQUIPMENT, net	366,364	370,565
GOODWILL	362,745	375,294
INTANGIBLE ASSETS, net	219,653	233,623
OTHER ASSETS	14,139	13,302
ASSETS OF DISCONTINUED OPERATIONS	2,131	2,126
Total Assets	$ 1,721,752	$ 1,810,009
CURRENT LIABILITIES		
Notes payable and current portion of long-term debt	$ 11,771	$ 7,886
Accounts payable	175,569	218,703
Accrued liabilities	99,029	104,740
Liabilities of discontinued operations	2,392	3,282
Total Current Liabilities	288,761	334,611
LONG-TERM DEBT, net	828,699	791,301
OTHER LIABILITIES	138,800	148,240
LIABILITIES OF DISCONTINUED OPERATIONS	3,244	3,830
Total Liabilities	1,259,504	1,277,982
COMMITMENTS AND CONTINGENCIES - See Note 19		
SHAREHOLDERS' EQUITY		
Total Shareholders' Equity	462,248	532,027
Total Liabilities and Shareholders' Equity	$ 1,721,752	$ 1,810,009

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

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 COMPENSATION	Total
Balance at September 30, 2014	78,484	$ 19,621	$ 506,090	$ 427,913	25,335	$(354,216)	$ (30,064)	$ (37,317)	$ 532,027
Net income	—	—	—	23,486	—	—	—	—	23,486
Dividend	—	—	—	(5,807)	—	—	—	—	(5,807)
Tax effect from exercise/vesting of equity awards, net	—	—	345	—	—	—	—	—	345
Amortization of deferred compensation	—	—	—	—	—	—	—	2,088	2,088
Common stock issued	56	14	357	—	—	—	—	—	371
Common stock acquired	—	—	—	—	3,917	(58,218)	—	—	(58,218)
Common stock issued for equity awards, net	549	137	(296)	—	—	—	—	—	(159)
ESOP allocation of common stock	—	—	651	—	—	—	—	—	651
Stock-based compensation	—	—	8,303	—	—	—	—	—	8,303
Other comprehensive loss, net of tax	—	—	—	—	—	—	(40,839)	—	(40,839)
Balance at June 30, 2015	79,089	$ 19,772	$ 515,450	$ 445,592	29,252	$(412,434)	$ (70,903)	$ (35,229)	$ 462,248

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

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2015	2014	2015	2014
Revenue	$ 511,694	$ 505,039	$ 1,513,874	$ 1,466,184
Cost of goods and services	388,205	386,732	1,158,021	1,132,387
Gross profit	123,489	118,307	355,853	333,797
Selling, general and administrative expenses	95,575	96,135	283,037	273,437
Restructuring and other related charges	—	358	—	1,892
Total operating expenses	95,575	96,493	283,037	275,329
Income from operations	27,914	21,814	72,816	58,468
Other income (expense)				
Interest expense	(12,169)	(11,661)	(35,935)	(37,184)
Interest income	19	120	291	181
Loss from debt extinguishment, net	—	—	—	(38,890)
Other, net	929	2,621	(279)	4,310
Total other expense, net	(11,221)	(8,920)	(35,923)	(71,583)
Income (loss) before taxes	16,693	12,894	36,893	(13,115)
Provision (benefit) for income taxes	5,800	(1,570)	13,407	(4,990)
Net income (loss)	$ 10,893	$ 14,464	$ 23,486	$ (8,125)
Basic income (loss) per common share	$ 0.25	$ 0.30	$ 0.52	$ (0.16)
Weighted-average shares outstanding	44,025	48,370	45,228	50,038
Diluted income (loss) per common share	$ 0.23	$ 0.29	$ 0.50	$ (0.16)
Weighted-average shares outstanding	46,980	49,836	47,285	50,038
Dividends paid per common share	$ 0.04	$ 0.03	$ 0.12	$ 0.09
Net income (loss)	$ 10,893	$ 14,464	$ 23,486	$ (8,125)
Other comprehensive income (loss), net of taxes:				
Foreign currency translation adjustments	4,801	2,809	(41,083)	896
Pension and other post retirement plans	353	317	1,059	1,732
Gain on cash flow hedge	209	—	55	—
Change in available-for-sale securities	—	—	(870)	—
Total other comprehensive income (loss), net of taxes	5,363	3,126	(40,839)	2,628
Comprehensive income (loss), net	$ 16,256	$ 17,590	$ (17,353)	$ (5,497)

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, 2015	Nine Months Ended June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 23,486	$ (8,125)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	51,901	50,027
Stock-based compensation	8,303	8,133
Asset impairment charges - restructuring	—	191
Provision for losses on accounts receivable	121	420
Amortization of debt discounts and issuance costs	4,894	4,789
Loss from debt extinguishment, net	—	38,890
Deferred income taxes	1,111	(314)
(Gain) loss on sale/disposal of assets and investments	(317)	78
Change in assets and liabilities, net of assets and liabilities acquired:		
Decrease in accounts receivable and contract costs and recognized income not yet billed	14,977	7,443
Increase in inventories	(36,483)	(33,195)
Increase in prepaid and other assets	(596)	(3,439)
Decrease in accounts payable, accrued liabilities and income taxes payable	(39,864)	(15,754)
Other changes, net	2,053	712
Net cash provided by operating activities	29,586	49,856
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(55,365)	(54,859)
Acquired businesses, net of cash acquired	(2,225)	(62,306)
Proceeds from sale of assets	275	491
Investment sales (purchases)	8,891	(8,402)
Net cash used in investing activities	(48,424)	(125,076)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	371	584
Dividends paid	(5,807)	(4,841)
Purchase of shares for treasury	(58,218)	(72,518)
Proceeds from long-term debt	121,523	682,913
Payments of long-term debt	(80,495)	(602,134)
Change in short-term borrowings	(81)	3,138
Financing costs	(592)	(10,928)
Purchase of ESOP shares	—	(10,000)
Tax benefit from exercise/vesting of equity awards, net	345	273
Other, net	206	194
Net cash used in financing activities	(22,748)	(13,319)
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Net cash used in operating activities	(830)	(1,018)
Net cash used in discontinued operations	(830)	(1,018)
Effect of exchange rate changes on cash and equivalents	(4,034)	(1,136)
NET DECREASE IN CASH AND EQUIVALENTS	(46,450)	(90,693)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	92,405	178,130
CASH AND EQUIVALENTS AT END OF PERIOD	$ 45,955	$ 87,437

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
(US dollars and non US currencies in thousands, except per share data)

(Unaudited)

(Unless otherwise indicated, references to years or year-end refer to Griffon's fiscal period ending September 30)

NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

About Griffon Corporation

Griffon Corporation (the "Company" or "Griffon") is a diversified management and holding company that conducts business through wholly-owned subsidiaries. Griffon oversees the operations of its subsidiaries, allocates resources among them and manages their capital structures. Griffon provides direction and assistance to its subsidiaries in connection with acquisition and growth opportunities as well as in connection with divestitures. 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 three reportable segments:

- Home & Building Products ("HBP") consists of two companies, The AMES Companies, Inc. ("AMES") and Clopay Building Products Company, Inc. ("CBP"):

  - AMES is a global provider of non-powered landscaping products for homeowners and professionals.

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

- Telephonics Corporation ("Telephonics") designs, develops and manufactures high-technology integrated information, communication and sensor system solutions for military and commercial markets worldwide.

- Clopay Plastic Products Company, Inc. ("Plastics") is an international leader in the development and production of embossed, laminated and printed specialty plastic films used in a variety of hygienic, health-care and industrial applications.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these financial statements do not include all the information and footnotes required by U.S. GAAP for complete financial statements. As such, they should be read with reference to Griffon's Annual Report on Form 10-K for the year ended September 30, 2014, which provides a more complete explanation of Griffon's accounting policies, financial position, operating results, business properties and other matters. In the opinion of management, these financial statements reflect all adjustments considered necessary for a fair statement of interim results. Griffon's HBP operations are seasonal; for this and other reasons, the financial results of the Company for any interim period are not necessarily indicative of the results for the full year.

The condensed consolidated balance sheet information at September 30, 2014 was derived from the audited financial statements included in Griffon's Annual Report on Form 10-K for the year ended September 30, 2014.

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

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

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

NOTE 2 – FAIR VALUE MEASUREMENTS

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

Applicable accounting guidance establishes a fair value hierarchy requiring the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. The accounting guidance establishes three levels of inputs that may be used to measure fair value, as follows:

- Level 1 inputs are measured and recorded at fair value based upon quoted prices in active markets for identical assets.
- Level 2 inputs include inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of assets or liabilities.
- Level 3 inputs are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The fair values of Griffon's 2022 senior notes and 2017, 4% convertible notes approximated $591,000 and $122,250, respectively, on June 30, 2015. Fair values were based upon quoted market prices (level 1 inputs).

Insurance contracts with values of $3,285 at June 30, 2015, are measured and recorded at fair value based upon quoted prices in active markets for similar assets (level 2 inputs) and are included in Prepaid and other current assets on the Consolidated Balance Sheets.

Items Measured at Fair Value on a Recurring Basis

At June 30, 2015, trading securities, measured at fair value based on quoted prices in active markets for similar assets (level 2 inputs), with a fair value of $1,231 ($1,000 cost basis) were included in Prepaid and other current assets on the Consolidated Balance Sheets. During the second quarter, the Company settled all outstanding available-for-sale securities with proceeds totaling $8,891 and recognized a gain of $489 in Other income, and accordingly, a gain of $870, net of tax, on available-for-sale securities was reclassified out of Accumulated other comprehensive income (loss) ("AOCI"). Realized and unrealized gains and losses on trading securities, and realized gains and losses on available-for-sale securities are included in Other income in the Consolidated Statements of Operations and Comprehensive Income (Loss).

In the normal course of business, Griffon's operations are exposed to the effect of changes in foreign currency exchange rates. To manage these risks, Griffon may enter into various derivative contracts such as foreign currency exchange contracts, including forwards and options. During 2015, Griffon entered into several such contracts in order to lock into a foreign currency rate for planned settlements of trade and inter-company liabilities payable in US dollars. Griffon had $12,851 of Australian dollar contracts at a weighted average rate of $1.31. At inception, these hedges were all deemed effective as cash flow hedges with gains and losses related to changes in fair value deferred and recorded in Other comprehensive income (loss) and Prepaid and other current assets, or Accrued liabilities, until settlement. Upon settlement, gains and losses are recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss) in Cost of goods and services ("COGS"). AOCI included deferred gains of $439

($307, net of tax) at June 30, 2015 and gains of $281 and $520 were recorded in COGS during the quarter and nine months ended June 30, 2015, respectively, for all settled contracts. All contracts expire in 7 to 153 days.

At June 30, 2015, Griffon had $1,698 of Canadian dollar contracts at a weighted average rate of $1.25. The contracts, which protect Canada operations from currency fluctuations for U.S. dollar based purchases, do not qualify for hedge accounting. As of June 30, 2015, a fair value gain of $159 was recorded to Other income for the outstanding contracts, based on similar contract values (level 2 inputs). All contracts expire in 48 to 108 days. Gains of $78 and $164 were recorded in Other Income during the quarter and nine months ended June 30, 2015, respectively, for all settled contracts.

NOTE 3 – ACQUISITIONS

On April 16, 2015, AMES acquired the assets of an operational wood mill in Champion, PA from the Babcock Lumber Company for $2,225. The purchase price was preliminarily allocated to property, plant and equipment. The wood mill secures wood supplies, lowers overall production costs and mitigates risk associated with manufacturing handles for wheelbarrows and long-handled tools.

On May 21, 2014, AMES acquired the Australian Garden and Tools business of Illinois Tool Works, Inc. (“Cyclone”) for approximately $40,000. Cyclone, which was integrated with AMES, offers a full range of quality garden and hand tool products sold under various leading brand names including Cyclone®, Nylex® and Trojan®, designed to meet the requirements of both the Do-it-Yourself and professional trade segments. Selling, General and Administrative ("SG&A") expenses included $1,600 and $763 of related acquisition costs recorded in the third and fourth quarters of 2014, respectively.

On December 31, 2013, AMES acquired Northcote Pottery (“Northcote”), founded in 1897 and a leading brand in the Australian outdoor planter and decor market, for approximately $22,000. Northcote, which was integrated with AMES, complements Southern Patio, acquired in 2011, and, with Cyclone, adds to AMES’ existing lawn and garden operations in Australia. First quarter 2014 SG&A expenses included $798 of related acquisition costs.

The accounts of the acquired companies, after adjustment to reflect fair market values (level 3 inputs), have been included in the consolidated financial statements from the date of acquisition; in each instance, acquired inventory was not significant.

The following table summarizes the fair values of the Cyclone and Northcote assets and liabilities as of the date of acquisition:

	Cyclone	Northcote	Total
Current Assets, net of cash acquired	$ 21,116	$ 7,398	$ 28,514
PP&E	488	1,385	1,873
Goodwill	14,770	11,254	26,024
Amortizable intangible assets	11,608	6,098	17,706
Indefinite life intangible assets	3,548	3,121	6,669
Total assets acquired	51,530	29,256	80,786
Total liabilities assumed	(12,005)	(7,475)	(19,480)
Net assets acquired	$ 39,525	$ 21,781	$ 61,306

Amounts assigned to major intangible assets, none of which are tax deductible, for Cyclone and Northcote are as follows:

	Cyclone	Northcote	Total	Amortization Period (Years)
Goodwill	$ 14,770	$ 11,254	26,024	N/A
Tradenames	3,548	3,121	6,669	Indefinite
Customer relationships	11,608	6,098	17,706	25
	$ 29,926	$ 20,473	50,399	

NOTE 4 – INVENTORIES

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

The following table details the components of inventory:

	At June 30, 2015	At September 30, 2014
Raw materials and supplies	$ 78,225	$ 75,560
Work in process	79,029	67,866
Finished goods	160,939	146,709
Total	$ 318,193	$ 290,135

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

The following table details the components of property, plant and equipment, net:

	At June 30, 2015	At September 30, 2014
Land, building and building improvements	$ 123,874	$ 127,714
Machinery and equipment	736,021	720,417
Leasehold improvements	46,487	42,852
	906,382	890,983
Accumulated depreciation and amortization	(540,018)	(520,418)
Total	$ 366,364	$ 370,565

Depreciation and amortization expense for property, plant and equipment was $15,541 and $14,766 for the quarters ended June 30, 2015 and 2014, respectively, and $46,100 and $44,163 for the nine months ended June 30, 2015 and 2014, respectively. Depreciation included in SG&A expenses was $3,257 and $2,507 for the quarters ended June 30, 2015 and 2014, respectively, and $9,688 and $7,743 for the nine months ended June 30, 2015 and 2014. Remaining components of depreciation, attributable to manufacturing operations, are included in Cost of goods and services.

No event or indicator of impairment occurred during the nine months ended June 30, 2015, which would require additional impairment testing of property, plant and equipment.

NOTE 6 – GOODWILL AND OTHER INTANGIBLES

The following table provides changes in the carrying value of goodwill by segment during the nine months ended June 30, 2015:

	At September 30, 2014	Other adjustments including currency translations	At June 30, 2015
Home & Building Products	$ 291,844	$ (3,303)	$ 288,541
Telephonics	18,545	—	18,545
Plastics	64,905	(9,246)	55,659
Total	$ 375,294	$ (12,549)	$ 362,745

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

	At June 30, 2015		Average Life (Years)	At September 30, 2014	
	Gross Carrying Amount	**Accumulated Amortization**		**Gross Carrying Amount**	**Accumulated Amortization**
Customer relationships	$ 171,959	$ 38,676	25	$ 180,282	$ 35,280
Unpatented technology	6,144	3,435	13	6,500	3,313
Total amortizable intangible assets	178,103	42,111		186,782	38,593
Trademarks	83,661	—		85,434	—
Total intangible assets	$ 261,764	$ 42,111		$ 272,216	$ 38,593

Amortization expense for intangible assets was $1,907 and $2,028 for the quarters ended June 30, 2015 and 2014, respectively and $5,801 and $5,864 for the nine months ended June 30, 2015 and 2014, respectively.

No event or indicator of impairment occurred during the nine months ended June 30, 2015, which would require impairment testing of long-lived intangible assets including goodwill.

NOTE 7 – INCOME TAXES

In both the quarter and nine months ended June 30, 2015, the Company reported pretax income compared to pretax income in the prior year quarter and a pretax loss in the prior year nine-month period. The Company recognized tax provisions of 34.7% and 36.3% for the quarter and nine months ended June 30, 2015, respectively, compared to benefits of 12.2% and 38.0%, respectively, in the comparable prior year periods.

The current quarter and nine months ended June 30, 2015 included a $250 discrete benefit and $244 discrete provision, respectively. The comparable prior year periods included benefits of $1,860 and $1,540, respectively. In both years, the discrete items arose primarily from the filing of returns, conclusion of tax audits in various jurisdictions and the impact of enacted tax law changes. Excluding discrete items, and for the prior year also excluding the impact from debt extinguishment, the effective tax rates for the quarter and nine months ended June 30, 2015 were 36.3% and 35.7%, respectively, compared to 36.6% and 36.7%, respectively, in the comparable prior year periods.

NOTE 8 – LONG-TERM DEBT

		At June 30, 2015					At September 30, 2014				
		Outstanding Balance	Original Issuer Discount	Capitalized Fees & Expenses	Balance Sheet	Coupon Interest Rate (1)	Outstanding Balance	Original Issuer Discount	Capitalized Fees & Expenses	Balance Sheet	Coupon Interest Rate (1)
Senior notes due 2022	(a)	$ 600,000	$ —	$ (8,587)	$591,413	5.25%	$ 600,000	$ —	$ (9,553)	$590,447	5.25%
Revolver due 2020	(b)	65,000	—	(2,162)	62,838	n/a	25,000	—	(2,009)	22,991	n/a
Convert. debt due 2017	(c)	100,000	(6,628)	(702)	92,670	4.00%	100,000	(9,584)	(1,034)	89,382	4.00%
Real estate mortgages	(d)	15,744	—	(468)	15,276	n/a	16,388	—	(576)	15,812	n/a
ESOP Loans	(e)	37,295	—	(239)	37,056	n/a	38,946	—	(262)	38,684	n/a
Capital lease - real estate	(f)	7,785	—	(162)	7,623	5.00%	8,551	—	(181)	8,370	5.00%
Non U.S. lines of credit	(g)	7,116	—	(8)	7,108	n/a	3,306	—	—	3,306	n/a
Non U.S. term loans	(h)	24,879	—	(96)	24,783	n/a	28,470	—	(161)	28,309	n/a
Other long term debt	(i)	1,703	—	—	1,703	n/a	1,910	—	(24)	1,886	n/a
Totals		859,522	(6,628)	(12,424)	840,470		822,571	(9,584)	(13,800)	799,187	
less: Current portion		(11,771)	—	—	(11,771)		(7,886)	—	—	(7,886)	
Long-term debt		$ 847,751	$ (6,628)	$(12,424)	$828,699		$ 814,685	$(9,584)	$(13,800)	$791,301	

		Three Months Ended June 30, 2015					Three Months Ended June 30, 2014				
		Effective Interest Rate (1)	Cash Interest	Amort. Debt Discount	Amort. Debt Issuance Costs & Other Fees	Total Interest Expense	Effective Interest Rate (1)	Cash Interest	Amort. Debt Discount	Amort. Debt Issuance Costs & Other Fees	Total Interest Expense
Senior notes due 2022	(a)	5.5%	7,875	—	323	8,198	5.5%	7,875	—	310	8,185
Revolver due 2020	(b)	n/a	761	—	116	877	n/a	309	—	144	453
Convert. debt due 2017	(c)	9.2%	1,000	1,004	111	2,115	9.1%	1,000	921	112	2,033
Real estate mortgages	(d)	3.8%	117	—	36	153	3.8%	124	—	35	159
ESOP Loans	(e)	2.9%	255	—	17	272	2.9%	192	—	25	217
Capital lease - real estate	(f)	5.3%	100	—	6	106	5.3%	112	—	5	117
Non U.S. lines of credit	(g)	n/a	195	—	—	195	n/a	307	—	27	334
Non U.S. term loans	(h)	n/a	324	—	14	338	n/a	273	—	13	286
Other long term debt	(i)	n/a	12	—	1	13	n/a	6	—	9	15
Capitalized interest			(98)	—	—	(98)		(138)	—	—	(138)
Totals			$ 10,541	$ 1,004	$ 624	$ 12,169		$ 10,060	$ 921	$ 680	$ 11,661

(1) not applicable = n/a

		Nine Months Ended June 30, 2015					Nine Months Ended June 30, 2014				
		Effective Interest Rate (1)	Cash Interest	Amort. Debt Discount	Amort. Debt Issuance Costs & Other Fees	Total Interest Expense	Effective Interest Rate (1)	Cash Interest	Amort. Debt Discount	Amort. Debt Issuance Costs & Other Fees	Total Interest Expense
Senior notes due 2018	(a)	n/a	$ —	$ —	$ —	$ —	7.4%	$ 15,930	$ —	$ 667	$ 16,597
Senior notes due 2022	(a)	5.5%	23,625	—	967	24,592	5.5%	10,675	—	421	11,096
Revolver due 2020	(b)	n/a	1,758	—	407	2,165	n/a	782	—	422	1,204
Convert. debt due 2017	(c)	9.1%	3,000	2,956	332	6,288	9.1%	3,000	2,713	333	6,046
Real estate mortgages	(d)	3.9%	357	—	108	465	4.0%	376	—	108	484
ESOP Loans	(e)	2.9%	769	—	52	821	3.2%	524	—	32	556
Capital lease - real estate	(f)	5.3%	308	—	19	327	5.4%	345	—	19	364
Non U.S. lines of credit	(g)	n/a	445	—	—	445	n/a	724	—	27	751
Non U.S. term loans	(h)	n/a	1,049	—	44	1,093	n/a	426	—	17	443
Other long term debt	(i)	n/a	65	—	9	74	n/a	17	—	30	47
Capitalized interest			(335)	—	—	(335)		(404)	—	—	(404)
Totals			$ 31,041	$ 2,956	$ 1,938	$ 35,935		$ 32,395	$ 2,713	$ 2,076	$ 37,184

(a) On February 27, 2014, in an unregistered offering through a private placement under Rule 144A, Griffon issued, at par, $600,000 of 5.25% Senior Notes due 2022 (“Senior Notes”); interest is payable semi-annually on March 1 and September 1. Proceeds from the Senior Notes were used to redeem $550,000 of 7.125% senior notes due 2018, to pay a call and tender offer premium of $31,530 and to make interest payments of $16,716, with the balance used to pay a portion of the related transaction fees and expenses. In connection with the issuance of the Senior Notes, all obligations under the $550,000 of 7.125% senior notes due 2018 were discharged.

The Senior Notes are senior unsecured obligations of Griffon guaranteed by certain domestic subsidiaries, and subject to certain covenants, limitations and restrictions. On June 18, 2014, Griffon exchanged all of the Senior Notes for substantially identical Senior Notes registered under the Securities Act of 1933 via an exchange offer. The fair value of the Senior Notes approximated $591,000 on June 30, 2015 based upon quoted market prices (level 1 inputs).

In connection with these transactions, Griffon capitalized $10,313 of underwriting fees and other expenses incurred related to the issuance and exchange of the Senior Notes, which will amortize over the term of such notes. Griffon recognized a loss on the early extinguishment of debt on the 7.125% senior notes aggregating $38,890, comprised of the $31,530 tender offer premium, the write-off of $6,574 of remaining deferred financing fees and $786 of prepaid interest on defeased notes.

(b)On March 13, 2015, Griffon amended its Revolving Credit Facility (the “Credit Agreement”) to increase the credit facility from $225,000 to $250,000, extend its maturity date from March 28, 2019 to March 13, 2020 and modify certain other provisions of the facility. The facility includes a letter of credit sub-facility with a limit of $50,000 (decreased from $60,000), and a multi-currency sub-facility of $50,000. The Credit Agreement provides for same day borrowings of base rate loans in lieu of a swing line sub-facility. Borrowings under the Credit Agreement may be repaid and re-borrowed at any time, subject to final maturity of the facility, or the occurrence or event of default under the Credit Agreement. Interest is payable on borrowings at either a LIBOR or base rate benchmark rate, in each case without a floor, plus an applicable margin, which adjusts based on financial performance. Current margins are 1.25% for base rate loans and 2.25% for LIBOR loans. The Credit Agreement has certain financial maintenance tests including a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio, as well as customary affirmative and negative covenants, and events of default. The negative covenants place limits on Griffon's ability to, among other things, incur indebtedness, incur liens, and make restricted payments and investments. Borrowings under the Credit Agreement are guaranteed by Griffon’s material domestic subsidiaries and are secured, on a first priority basis, by substantially all domestic assets of the Company and the guarantors, and a pledge of not greater than 65% of the equity interest in each of Griffon’s material, first-tier foreign subsidiaries (except that a lien on the assets of Griffon's material domestic subsidiaries securing a limited amount of the debt under the credit agreement relating to Griffon's Employee Stock Ownership Plan ("ESOP") ranks pari passu with the lien granted on such assets under the Credit Agreement; see footnote (e) below). At June 30, 2015, outstanding borrowings and standby letters of credit were $65,000 and $17,200, respectively, under the Credit Agreement; $167,800 was available for borrowing at that date.

(c)On December 21, 2009, Griffon issued $100,000 principal of 4% convertible subordinated notes due 2017 (the “2017 Notes”). The current conversion rate of the 2017 Notes is 69.3811 shares of Griffon’s common stock per $1 principal amount of notes, corresponding to a conversion price of $14.41 per share. When a cash dividend is declared that would result in an adjustment to the conversion ratio of less than 1%, any adjustment to the conversion ratio is deferred until the first to occur of (i) actual conversion; (ii) the 42nd trading day prior to maturity of the notes; and (iii) such time as the cumulative adjustment equals or exceeds 1%. As of June 30, 2015, aggregate dividends since the last conversion price adjustment of $0.04 per share would have resulted in an adjustment to the conversion ratio of approximately 0.25%. At both June 30, 2015 and 2014, the 2017 Notes had a capital in excess of par component, net of tax, of $15,720. The fair value of the 2017 Notes approximated $122,250 on June 30, 2015 based upon quoted market prices (level 1 inputs).

(d)On October 21, 2013, Griffon refinanced two real estate mortgages to secure loans totaling $17,175. The loans mature in October 2018, are collateralized by the related properties and are guaranteed by Griffon. The loans bear interest at a rate of LIBOR plus 2.75%.

(e)In December 2013, Griffon’s ESOP entered into an agreement that refinanced the two existing ESOP loans into one new Term Loan in the amount of $21,098 (the "Agreement"). The Agreement also provided for a Line Note with $10,000 available to purchase shares of Griffon common stock in the open market. In July 2014, Griffon's ESOP entered into an amendment to the existing Agreement which provided an additional $10,000 Line Note available to purchase shares in the open market. During 2014, the Line Notes were combined with the Term Loan to form one new Term Loan. The Term Loan bears interest at LIBOR plus 2.38% or the lender’s prime rate, at Griffon’s option. The Term Loan requires quarterly principal payments of $551, with a balloon payment of approximately $30,137 due at maturity on December 31, 2018. During 2014, 1,591,117 shares of Griffon common stock, for a total of $20,000 or $12.57 per share, were purchased with proceeds from the Line Notes. The Term Loan is secured by shares purchased with the proceeds of the loan and with a lien on a specific amount of Griffon assets (which lien ranks pari passu with the lien granted on such assets under the Credit Agreement) and is guaranteed by Griffon.

(f)In October 2006, CBP entered into a capital lease totaling $14,290 for real estate in Troy, Ohio. The lease matures in 2022, bears interest at a fixed rate of 5.0%, is secured by a mortgage on the real estate and is guaranteed by Griffon.

(g) In November 2010, Clopay Europe GmbH ("Clopay Europe") entered into a €10,000 revolving credit facility and a €20,000 term loan. The term loan was paid off in December 2013 and the revolver had no borrowings outstanding at June 30, 2015. The revolving facility matures in November 2015 and is renewable upon mutual agreement with the bank. The revolving credit facility accrues interest at EURIBOR plus 2.20% per annum (2.20% at June 30, 2015). Clopay Europe is required to maintain a certain minimum equity to assets ratio and keep leverage below a certain level, defined as the ratio of total debt to EBITDA.

Clopay do Brazil maintains lines of credit of $4,125. Interest on borrowings accrues at a rate of Brazilian CDI plus 6.0% (19.64% at June 30, 2015). At June 30, 2015 there was $2,769 borrowed under the lines. Clopay Plastic Products Company, Inc. guarantees the loan and lines.

In November 2012, Garant G.P. ("Garant") entered into a CAD $15,000 revolving credit facility. The facility accrues interest at LIBOR (USD) or the Bankers Acceptance Rate (CDN) plus 1.3% per annum (1.58% LIBOR USD and 2.22% Bankers Acceptance Rate CDN as of June 30, 2015). The revolving facility matures in November 2015. Garant is required to maintain a certain minimum equity. At June 30, 2015, there was $4,347 (CAD $5,355) borrowed under the revolving credit facility with $7,829 (CAD $9,645) available.

(h)In December 2013 and May 2014, Northcote Holdings Pty Ltd entered into two unsecured term loans in the outstanding amounts of AUD $12,500 and AUD $20,000, respectively. The AUD $12,500 term loan requires quarterly interest payments with principal due upon maturity in December 2016. The AUD $20,000 term loan requires quarterly principal payments of AUD $625 beginning in August 2015, with a balloon payment due upon maturity in May 2017. The loans accrue interest at Bank Bill Swap Bid Rate "BBSY" plus 2.8% per annum (4.96% at June 30, 2015 for each loan). As of June 30, 2015, Northcote had an outstanding combined balance of $24,783 on the term loans, net of deferred costs.

Subsidiaries of Northcote Holdings Pty Ltd also maintain two lines of credit of AUD $3,000 and AUD $5,000 which accrue interest at BBSY plus 2.25% per annum (4.41% at June 30, 2015) and 2.50% per annum (4.66% at June 30, 2015), respectively. At June 30, 2015, there were no outstanding borrowings under the lines. Griffon guarantees the term loans and the AUD $3,000 line of credit; the assets of a subsidiary of Northcote Holdings Pty Ltd secures the AUD $5,000 line of credit.

(i)Other long-term debt primarily consists of capital leases.

At June 30, 2015, Griffon and its subsidiaries were in compliance with the terms and covenants of all credit and loan agreements.

NOTE 9 — SHAREHOLDERS' EQUITY

During 2015, the Company paid a quarterly cash dividend of $0.04 per share in each quarter, totaling $0.12 per share for the nine months ended June 30, 2015. During 2014, the Company paid quarterly cash dividends of $0.03 per share, totaling $0.12 per share for the year. Dividends paid on allocated shares in the ESOP were used to pay down the ESOP loan and recorded as a reduction in expense. A dividend payable was established for the holders of restricted shares; such dividends will be released upon vesting of the underlying restricted shares.

On July 30, 2015, the Board of Directors declared a quarterly cash dividend of $0.04 per share, payable on September 23, 2015 to shareholders of record as of the close of business on August 20, 2015.

Compensation expense for restricted stock is recognized ratably over the required service period based on the fair value of the grant, calculated as the number of shares granted multiplied by the stock price on the date of grant and, for performance shares, the likelihood of achieving the performance criteria. Compensation cost related to stock-based awards with graded vesting, generally over a period of three to four years, is recognized using the straight-line attribution method and recorded within SG&A expenses.

In February 2011, shareholders approved the Griffon Corporation 2011 Equity Incentive Plan ("Incentive Plan") under which awards of performance shares, performance units, stock options, stock appreciation rights, restricted shares, deferred shares and other stock-based awards may be granted. On January 30, 2014, shareholders approved an amendment and restatement of the Incentive Plan, which, among other things, added 1,200,000 shares to the Incentive Plan. Options granted under the Incentive Plan may be either “incentive stock options” or nonqualified stock options, generally expire ten years after the date of grant and are granted at an exercise price of not less than 100% of the fair market value at the date of grant. The maximum number of shares of common stock available for award under the Incentive Plan is 4,200,000 (600,000 of which may be issued as incentive stock options), plus any shares underlying awards outstanding on the effective date of the Incentive Plan under the 2006 Incentive Plan that are subsequently canceled or forfeited. As of June 30, 2015, 401,185 shares were available for grant.

All grants outstanding under the Griffon Corporation 2001 Stock Option Plan, 2006 Equity Incentive Plan and Outside Director Stock Award Plan will continue under their terms; no additional awards will be granted under such plans.

During the first quarter of 2015, Griffon granted 462,032 restricted stock awards with vesting periods of three years, 458,016 of which are also subject to certain performance conditions, with a total fair value of $5,775, or a weighted average fair value of $12.50 per share. During the second quarter of 2015, Griffon granted 201,399 restricted stock awards with vesting periods of three years, 146,699 of which are also subject to certain performance conditions, with a total fair value of $2,805, or a weighted average fair value of $13.93 per share. During the third quarter of 2015, Griffon granted 14,060 restricted stock awards with vesting periods of three years and a total fair value of $230, or weighted average fair value of $16.38 per share.

For the quarters ended June 30, 2015 and 2014, stock based compensation expense totaled $2,931 and $3,137, respectively. For the nine months ended June 30, 2015 and 2014, stock based compensation expense totaled $8,303 and $8,133, respectively.

During the quarter and nine months ended June 30, 2015, 761 shares, with a market value of $12 or $16.32 per share, and 76,786 shares, with a market value of $1,092 or $14.22 per share, respectively, were withheld to settle employee taxes due to the vesting of restricted stock, and were added to treasury.

In May 2014, Griffon’s Board of Directors authorized the repurchase of up to $50,000 of Griffon’s outstanding common stock; on March 20, 2015, an additional $50,000 was authorized. Under both programs, the Company may purchase shares in the open market, including pursuant to a 10b5-1 plan, or in privately negotiated transactions. During the quarter ended June 30, 2015, Griffon purchased 1,234,214 shares of common stock under both the May 2014 and March 2015 programs, for a total of $20,628 or $16.71 per share. During the nine months ended June 30, 2015, Griffon purchased 3,840,455 shares of common stock under both the May 2014 and March 2015 programs, for a total of $57,126 or $14.87 per share. As of June 30, 2015, $31,734 remains under the March 2015 Board authorization. On July 30, 2015, Griffon's Board of Directors authorized the repurchase of an additional $50,000 of Griffon's outstanding common stock. During the fourth quarter, through and including July 29, 2015, the Company purchased 630,185 shares for a total of $10,109. Accordingly, Griffon now has $21,625 available under the March 2015 authorization and a total of $71,625 available for the purchase of its shares of common stock inclusive of the July 30, 2015 authorization.

From August 2011 to June 30, 2015, Griffon repurchased 10,835,317 shares of common stock, for a total of $129,323 or $11.94 per share, under Board authorized repurchase programs.

In addition to repurchases under Board authorized programs, on December 10, 2013, Griffon repurchased 4,444,444 shares of its common stock for $50,000 from GS Direct, L.L.C. (“GS Direct”), an affiliate of The Goldman Sachs Group, Inc. The repurchase was effected in a private transaction at a per share price of $11.25, an approximate 9.2% discount to the stock’s closing price on November 12, 2013, the day before announcement of the transaction. After closing the transaction, GS Direct continued to hold approximately 5.56 million shares (approximately 10% of the shares outstanding at such time) of Griffon’s common stock. Subject to certain exceptions, if GS Direct intends to sell its remaining shares of Griffon common stock at any time prior to December 31, 2015, it will first negotiate in good faith to sell such shares to the Company.

NOTE 10 – EARNINGS PER SHARE (EPS)

Basic EPS (and diluted EPS in periods when a loss exists) was calculated by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted EPS was calculated by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding plus additional common shares that could be issued in connection with stock based compensation and upon the settlement of the 2017 Convertible notes. In the nine months ended June 30, 2015 and in the prior year periods, the 2017 Notes were anti-dilutive due to the conversion price being greater than the weighted-average stock price during the periods presented.

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2015	2014	2015	2014
Weighted average shares outstanding - basic	44,025	48,370	45,228	50,038
Incremental shares from stock based compensation	2,056	1,466	1,929	—
Convertible debt due 2017	899	—	128	—
Weighted average shares outstanding - diluted	46,980	49,836	47,285	50,038
Anti-dilutive options excluded from diluted EPS computation	480	643	514	643
Anti-dilutive restricted stock excluded from diluted EPS computation	—	—	—	1,609

Griffon has the intent and ability to settle the principal amount of the 2017 Notes in cash, and as such, the potential issuance of shares related to the principal amount of the 2017 Notes does not affect diluted shares.

NOTE 11 – BUSINESS SEGMENTS

Griffon’s reportable segments are as follows:

- HBP is a leading manufacturer and marketer of residential, commercial and industrial garage doors to professional dealers and major home center retail chains, as well as a global provider of non-powered landscaping products for homeowners and professionals.
- Telephonics develops, designs and manufactures high-technology integrated information, communication and sensor system solutions for military and commercial markets worldwide.
- Plastics is an international leader in the development and production of embossed, laminated and printed specialty plastic films used in a variety of hygienic, health-care and industrial applications.

Information on Griffon’s reportable segments is as follows:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
REVENUE	**2015**	**2014**	**2015**	**2014**
Home & Building Products:				
AMES	$ 140,614	$ 132,179	$ 432,816	$ 389,492
CBP	131,577	121,814	374,690	334,494
Home & Building Products	272,191	253,993	807,506	723,986
Telephonics	115,340	102,446	304,685	302,656
Plastics	124,163	148,600	401,683	439,542
Total consolidated net sales	$ 511,694	$ 505,039	$ 1,513,874	$ 1,466,184

The following table reconciles segment operating profit to income before taxes:

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
INCOME (LOSS) BEFORE TAXES	**2015**		**2014**		**2015**		**2014**	
Segment operating profit:								
Home & Building Products	$	16,268	$	9,747	$	41,288	$	27,958
Telephonics		13,284		13,134		29,915		34,463
Plastics		8,299		8,075		26,186		23,252
Total segment operating profit		37,851		30,956		97,389		85,673
Net interest expense		(12,150)		(11,541)		(35,644)		(37,003)
Unallocated amounts		(9,008)		(6,521)		(24,852)		(22,895)
Loss from debt extinguishment, net		—		—		—		(38,890)
Income before taxes	$	16,693	$	12,894	$	36,893	$	(13,115)

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, acquisition-related expenses and gains (losses) from debt extinguishment, as applicable ("Segment adjusted EBITDA"). Griffon believes this information is useful to investors for the same reason.

The following table provides a reconciliation of Segment adjusted EBITDA to Income (loss) before taxes:

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2015		**2014**		**2015**		**2014**	
Segment adjusted EBITDA:								
Home & Building Products	$	25,386	$	19,596	$	67,186	$	55,787
Telephonics		15,712		15,087		37,360		40,018
Plastics		14,084		14,922		44,399		43,881
Total Segment adjusted EBITDA		55,182		49,605		148,945		139,686
Net interest expense		(12,150)		(11,541)		(35,644)		(37,003)
Segment depreciation and amortization		(17,331)		(16,691)		(51,556)		(49,723)
Unallocated amounts		(9,008)		(6,521)		(24,852)		(22,895)
Loss from debt extinguishment, net		—		—		—		(38,890)
Restructuring charges		—		(358)		—		(1,892)
Acquisition costs		—		(1,600)		—		(2,398)
Income (loss) before taxes	$	16,693	$	12,894	$	36,893	$	(13,115)

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

DEPRECIATION and AMORTIZATION	For the Three Months Ended June 30, 2015	For the Three Months Ended June 30, 2014	For the Nine Months Ended June 30, 2015	For the Nine Months Ended June 30, 2014
Segment:				
Home & Building Products	$ 9,118	$ 7,891	$ 25,898	$ 23,539
Telephonics	2,428	1,953	7,445	5,555
Plastics	5,785	6,847	18,213	20,629
Total segment depreciation and amortization	17,331	16,691	51,556	49,723
Corporate	117	104	345	304
Total consolidated depreciation and amortization	$ 17,448	$ 16,795	$ 51,901	$ 50,027

CAPITAL EXPENDITURES	For the Three Months Ended June 30, 2015	For the Three Months Ended June 30, 2014	For the Nine Months Ended June 30, 2015	For the Nine Months Ended June 30, 2014
Segment:				
Home & Building Products	$ 8,644	$ 8,194	$ 30,019	$ 23,384
Telephonics	1,644	6,082	3,952	14,969
Plastics	4,820	5,063	19,985	15,213
Total segment	15,108	19,339	53,956	53,566
Corporate	544	675	1,409	1,293
Total consolidated capital expenditures	$ 15,652	$ 20,014	$ 55,365	$ 54,859

ASSETS	At June 30, 2015	At September 30, 2014
Segment assets:		
Home & Building Products	$ 1,062,188	$ 1,033,453
Telephonics	296,937	319,327
Plastics	348,743	389,464
Total segment assets	1,707,868	1,742,244
Corporate	10,128	64,015
Total continuing assets	1,717,996	1,806,259
Assets of discontinued operations	3,756	3,750
Consolidated total	$ 1,721,752	$ 1,810,009

NOTE 12 – DEFINED BENEFIT PENSION EXPENSE

Defined benefit pension expense (income) was as follows:

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Nine Months Ended June 30, 2015	Nine Months Ended June 30, 2014
Service cost	$ —	$ —	$ —	$ 90
Interest cost	2,207	2,416	6,621	7,415
Expected return on plan assets	(2,932)	(2,820)	(8,796)	(8,590)
Amortization:				
Prior service cost	4	4	12	11
Recognized actuarial loss	541	485	1,623	1,463
Net periodic expense (income)	$ (180)	$ 85	$ (540)	$ 389

NOTE 13 – RECENT ACCOUNTING PRONOUNCEMENTS

In July 2013, the FASB issued new accounting guidance requiring an unrecognized tax benefit to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss or tax credit carryforward, except for instances when the carryforward is not available to settle any additional income taxes and an entity does not intend to use the deferred tax benefit for these purposes. In these circumstances, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This standard was effective for fiscal years beginning after December 15, 2013, and accordingly, the Company adopted this guidance effective October 1, 2014. Adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

In April 2014, the FASB issued guidance changing the requirements for reporting discontinued operations where a disposal of a component of an entity or group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when either classified as held for sale, or disposed of by sale or otherwise disposed. The amendment also requires enhanced disclosures about the discontinued operation and disclosure information for other significant dispositions. This guidance is effective for the Company beginning in 2015. The Company's adoption of this standard did not have an impact on its consolidated financial statements.

In May 2014, the FASB issued guidance on revenue from contracts with customers. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved, in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. This guidance permits the use of either the retrospective or cumulative effect transition method and is effective for the Company beginning in 2019; early adoption is permitted beginning in 2018. We have not yet selected a transition method and are currently evaluating the impact of the guidance on the Company's financial condition, results of operations and related disclosures.

In August 2014, the FASB issued guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and related footnote disclosures. Management will be required to evaluate, at each reporting period, whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. This guidance is effective prospectively for annual and interim reporting periods beginning in 2017; implementation of this guidance is not expected to have a material effect on the Company’s financial condition or results of operations.

In April 2015, the FASB issued guidance on simplifying the presentation of debt issuance costs. This guidance requires debt issuance costs on the balance sheet to be presented as a direct deduction from the carrying amount of a related debt liability, similar to debt discounts. The Company early adopted this guidance in March 2015 and applied it retrospectively for all periods presented in the financial statements. Adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

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

NOTE 14 – DISCONTINUED OPERATIONS

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

	At June 30, 2015	At September 30, 2014
Assets of discontinued operations:		
Prepaid and other current assets	$ 1,625	$ 1,624
Other long-term assets	2,131	2,126
Total assets of discontinued operations	$ 3,756	$ 3,750
Liabilities of discontinued operations:		
Accrued liabilities, current	$ 2,392	$ 3,282
Other long-term liabilities	3,244	3,830
Total liabilities of discontinued operations	$ 5,636	$ 7,112

There was no Installation Services revenue or income for the nine months ended June 30, 2015 or 2014.

NOTE 15 – RESTRUCTURING AND OTHER RELATED CHARGES

In September 2014, Telephonics recognized $4,244 in restructuring costs in connection with the closure of its Swedish facility and restructuring of operations, a voluntary early retirement plan and a reduction in force aimed at improving efficiency by combining functions and responsibilities, resulting in the elimination of 80 positions.

In January 2013, AMES undertook to close certain of its U.S. manufacturing facilities and consolidate affected operations primarily into its Camp Hill and Carlisle, PA locations. These actions, completed at the end of the 2015 first quarter, improved manufacturing and distribution efficiencies, allow for in-sourcing of certain production previously performed by third party suppliers, and improved material flow and absorption of fixed costs. AMES incurred pre-tax restructuring and related exit costs approximating $7,941, comprised of cash charges of $4,016 and non-cash, asset-related charges of $3,925; the cash charges included $2,622 for one-time termination benefits and other personnel-related costs and $1,394 for facility exit costs and had $19,964 of capital expenditures.

HBP recognized $358 and $1,892 in restructuring and other related exit costs in the quarter and nine months ended June 30, 2014, respectively; such charges primarily related to one-time termination benefits, facility and other personnel costs, and asset impairment charges related to the AMES plant consolidation initiatives. There were no restructuring charges in the current year.

A summary of the restructuring and other related charges included in the line item "Restructuring and other related charges" in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) were recognized as follows:

	Workforce Reduction	Facilities & Exit Costs	Other Related Costs	Total
Amounts incurred in:				
Quarter ended December 31, 2013	$ 638	$ 95	$ 109	$ 842
Quarter ended March 31, 2014	495	137	60	692
Quarter ended June 30, 2014	$ 289	$ 47	$ 22	$ 358
Nine Months Ended June 30, 2014	$ 1,422	$ 279	$ 191	$ 1,892

The activity in the restructuring accrual recorded in accrued liabilities consisted of the following:

	Workforce Reduction
Accrued liability at September 30, 2014	$ 5,228
Payments	(4,396)
Accrued liability at June 30, 2015	$ 832

NOTE 16 – OTHER EXPENSE

For the quarters ended June 30, 2015 and 2014, Other income (expense) included $722 and $365, respectively, of net currency exchange gains (losses) in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries as well as $(36) and $1,437, respectively, of net investment income.

For the nine months ended June 30, 2015 and 2014, Other income (expense) included $(803) and $1,044, respectively, of net currency exchange gains (losses) in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries as well as $527 and $1,563, respectively, of net investment income.

NOTE 17 – WARRANTY LIABILITY

Telephonics offers warranties against product defects for periods generally ranging from one to two years, depending on the specific product and terms of the customer purchase agreement. Typical warranties require Telephonics to repair or replace the defective products during the warranty period at no cost to the customer. At the time revenue is recognized, Griffon records a liability for warranty costs, estimated based on historical experience, and periodically assesses its warranty obligations and adjusts the liability as necessary. AMES offers an express limited warranty for a period of ninety days on all products from the date of original purchase unless otherwise stated on the product or packaging.

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2015	2014	2015	2014
Balance, beginning of period	$ 5,674	$ 7,111	$ 4,934	$ 6,649
Warranties issued and changes in estimated pre-existing warranties	1,057	576	3,848	2,677
Actual warranty costs incurred	(1,803)	(1,199)	(3,854)	(2,838)
Balance, end of period	$ 4,928	$ 6,488	$ 4,928	$ 6,488

NOTE 18 – OTHER COMPREHENSIVE INCOME (LOSS)

The amounts recognized in other comprehensive income (loss) were as follows:

	Three Months Ended June 30, 2015			Three Months Ended June 30, 2014		
	Pre-tax	Tax	Net of tax	Pre-tax	Tax	Net of tax
Foreign currency translation adjustments	$ 4,801	$ —	$ 4,801	$ 2,809	$ —	$ 2,809
Pension and other defined benefit plans	545	(192)	353	491	(174)	317
Gain on cash flow hedge	278	(69)	209	—	—	—
Total other comprehensive income (loss)	$ 5,624	$ (261)	$ 5,363	$ 3,300	$ (174)	$ 3,126

	Nine Months Ended June 30, 2015			Nine Months Ended June 30, 2014		
	Pre-tax	Tax	Net of tax	Pre-tax	Tax	Net of tax
Foreign currency translation adjustments	$ (41,083)	$ —	$ (41,083)	$ 896	$ —	$ 896
Pension and other defined benefit plans	1,635	(576)	1,059	2,682	(950)	1,732
Gain on cash flow hedge	74	(19)	55	—	—	—
Available-for-sale securities	(1,370)	500	(870)	—	—	—
Total other comprehensive income (loss)	$ (40,744)	$ (95)	$ (40,839)	$ 3,578	$ (950)	$ 2,628

The components of Accumulated other comprehensive income (loss) are as follows:

	June 30, 2015	September 30, 2014
Foreign currency translation adjustments	$ (44,903)	$ (3,820)
Pension and other defined benefit plans	(26,307)	(27,366)
Gain on cash flow hedge	307	252
Available-for-sale securities	—	870
	$ (70,903)	$ (30,064)

Total comprehensive income (loss) were as follows:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2015	2014	2015	2014
Net income (loss)	$ 10,893	$ 14,464	$ 23,486	$ (8,125)
Other comprehensive income (loss), net of taxes	5,363	3,126	(40,839)	2,628
Comprehensive loss	$ 16,256	$ 17,590	$ (17,353)	$ (5,497)

Amounts reclassified from accumulated other comprehensive income (loss) to income (loss) were as follows:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
Gain (Loss)	2015	2014	2015	2014
Pension amortization	$ (545)	$ (491)	$ (1,635)	$ (2,682)
Cash flow hedges	100	—	520	—
Available-for-sale securities	—	—	1,370	—
Total gain (loss)	(445)	(491)	255	(2,682)
Tax benefit (expense)	162	174	(80)	950
Total	$ (283)	$ (317)	$ 175	$ (1,732)

NOTE 19 — COMMITMENTS AND CONTINGENCIES

Legal and environmental

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

Subsequently, Griffon was advised by the DEC that random sampling at the Peekskill Site and in a creek near the Peekskill Site indicated concentrations of solvents and other chemicals common to Lightron's prior plating operations. ISC then entered into a consent order with the DEC in 1996 (the "Consent Order") to perform a remedial investigation and prepare a feasibility study. After completing the initial remedial investigation pursuant to the Consent Order, ISC was required by the DEC, and did accordingly conduct over the next several years, supplemental remedial investigations, including soil vapor investigations, under the Consent Order.

In April 2009, the DEC advised ISC's representatives that both the DEC and the New York State Department of Health had reviewed and accepted an August 2007 Remedial Investigation Report and an Additional Data Collection Summary Report dated January 30, 2009. With the acceptance of these reports, ISC completed the remedial investigation required under the Consent Order and was authorized, accordingly, by the DEC to conduct the Feasibility Study required by the Consent Order. Pursuant to the requirements of the Consent Order and its obligations thereunder, ISC, without acknowledging any responsibility to perform any remediation at the Site, submitted to the DEC in August 2009, a draft feasibility study which recommended for the soil, groundwater and sediment medias, remediation alternatives having a current net capital cost value, in the aggregate, of approximately $5,000. In February 2011, DEC advised ISC it has accepted and approved the feasibility study. Accordingly, ISC has no further obligations under the consent order.

Upon acceptance of the feasibility study, DEC issued a Proposed Remedial Action Plan ("PRAP") that sets forth the proposed remedy for the site. The PRAP accepted the recommendation contained in the feasibility study for remediation of the soil and groundwater medias, but selected a different remediation alternative for the sediment medium. The approximate cost and the current net capital cost value of the remedy proposed by DEC in the PRAP is approximately $10,000. After receiving public comments on the PRAP, the DEC issued a Record of Decision ("ROD") that set forth the specific remedies selected and responded to public comments. The remedies selected by the DEC in the ROD are the same remedies as those set forth in the PRAP.

It is now expected that DEC will enter into negotiations with potentially responsible parties to request they undertake performance of the remedies selected in the ROD, and if such parties do not agree to implement such remedies, then the State may use State Superfund money to remediate the Peekskill site and seek recovery of costs from such parties. Griffon does not acknowledge any responsibility to perform any remediation at the Peekskill Site.

Improper Advertisement Claim involving Union Tools® Products. Since December 2004, a customer of AMES has been named in various litigation matters relating to certain Union Tools products. The plaintiffs in those litigation matters have asserted causes of action against the customer of AMES for improper advertisement to end consumers. The allegations suggest that advertisements led the consumers to believe that Union Tools' hand tools were wholly manufactured within boundaries of the United States. The complaints assert various causes of action against the customer of AMES under federal and state law, including common law fraud. At some point, likely once the litigation against the customer of AMES ends, the customer may seek indemnity (including recovery of its legal fees and costs) against AMES for an unspecified amount. Presently, AMES cannot estimate the amount of loss, if any, if the customer were to seek legal recourse against AMES.

Union Fork and Hoe, Frankfort, NY site. The former Union Fork and Hoe property in Frankfort NY was acquired by Ames in 2006 as part of a larger acquisition, and has historic site contamination involving chlorinated solvents, petroleum hydrocarbons and metals. AMES has entered into an Order on Consent with the New York State Department of Environmental Conservation. While the Order is without admission or finding of liability or acknowledgment that there has been a release of hazardous substances at the site, AMES is required to perform a remedial investigation of certain portions of the property and to recommend a remediation option. At the conclusion of the remediation phase to the satisfaction of the DEC, the DEC will issue a Certificate of Completion. AMES has performed significant investigative and remedial activities in the last few years under work plans approved by the DEC, and the DEC recently approved the final remedial investigation report. AMES is now required to submit a Feasibility Study investigating four remedial options, and expects to do so by August 31, 2015. The DEC is expected to issue a Record of Decision approving the selection of a remedial alternative by March 31, 2016. Implementation of the selected remedial alternative is expected to occur in 2016 to 2017. AMES has a number of defenses to liability in this matter, including its rights under a Consent Judgment entered into between the DEC and a predecessor of AMES relating to the site.

<u>U.S. Government investigations and claims</u>

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

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

General legal

Griffon is subject to various laws and regulations relating to the protection of the environment and is a party to legal proceedings arising in the ordinary course of business. Management believes, based on facts presently known to it, that the resolution of the matters above and such other matters will not have a material adverse effect on Griffon’s consolidated financial position, results of operations or cash flows.

NOTE 20 — CONSOLIDATING GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

Griffon's Senior Notes are fully and unconditionally guaranteed, jointly and severally, on a senior secured basis by the domestic assets of Clopay Building Products Company, Inc., Clopay Plastic Products Company, Inc., Telephonics Corporation, The AMES Companies, Inc., ATT Southern, Inc. and Clopay Ames True Temper Holding Corp., all of which are indirectly 100% owned by Griffon. In accordance with Rule 3-10 of Regulation S-X promulgated under the Securities Act of 1933, presented below are condensed consolidating financial information as of June 30, 2015 and September 30, 2014 and for the three and nine months ended June 30, 2015 and 2014. The financial information may not necessarily be indicative of the results of operations or financial position of the guarantor companies or non-guarantor companies had they operated as independent entities. The guarantor companies and the non-guarantor companies include the consolidated financial results of their wholly-owned subsidiaries accounted for under the equity method.

The indenture relating to the Senior Notes (the "Indenture") contains terms providing that, under certain limited circumstances, a guarantor will be released from its obligations to guarantee the Senior Notes. These circumstances include (i) a sale of at least a majority of the stock, or all or substantially all the assets, of the subsidiary guarantor as permitted by the Indenture; (ii) a public equity offering of a subsidiary guarantor that qualifies as a "Minority Business" as defined in the Indenture (generally, a business the EBITDA of which constitutes less than 50% of the segment adjusted EBITDA of the Company for the most recently ended four fiscal quarters), and that meets certain other specified conditions as set forth in the Indenture; (iii) the designation of a guarantor as an "unrestricted subsidiary" as defined in the Indenture, in compliance with the terms of the Indenture; (iv) Griffon exercising its right to defease the Senior Notes, or to otherwise discharge its obligations under the Indenture, in each case in accordance with the terms of the Indenture; and (v) upon obtaining the requisite consent of the holders of the Senior Notes.

CONDENSED CONSOLIDATING BALANCE SHEETS

At June 30, 2015

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CURRENT ASSETS					
Cash and equivalents	$ 4,736	$ 12,893	$ 28,326	$ —	$ 45,955
Accounts receivable, net of allowances	—	214,674	62,298	(36,783)	240,189
Contract costs and recognized income not yet billed, net of progress payments	—	103,860	151	—	104,011
Inventories, net	—	255,192	63,001	—	318,193
Prepaid and other current assets	11,960	24,806	12,616	(2,635)	46,747
Assets of discontinued operations	—	—	1,625	—	1,625
Total Current Assets	16,696	611,425	168,017	(39,418)	756,720
PROPERTY, PLANT AND EQUIPMENT, net	1,142	274,343	90,879	—	366,364
GOODWILL	—	284,875	77,870	—	362,745
INTANGIBLE ASSETS, net	93	153,432	66,128	—	219,653
INTERCOMPANY RECEIVABLE	587,567	981,607	226,066	(1,795,240)	—
EQUITY INVESTMENTS IN SUBSIDIARIES	757,858	644,539	1,757,687	(3,160,084)	—
OTHER ASSETS	41,319	50,321	9,948	(87,449)	14,139
ASSETS OF DISCONTINUED OPERATIONS	—	—	2,131	—	2,131
Total Assets	$ 1,404,675	$ 3,000,542	$ 2,398,726	$ (5,082,191)	$ 1,721,752
CURRENT LIABILITIES					
Notes payable and current portion of long-term debt	$ 2,203	$ 1,176	$ 8,392	$ —	$ 11,771
Accounts payable and accrued liabilities	33,668	196,298	68,430	(23,798)	274,598
Liabilities of discontinued operations	—		2,392	—	2,392
Total Current Liabilities	35,871	197,474	79,214	(23,798)	288,761
LONG-TERM DEBT, net	781,774	6,745	40,180	—	828,699
INTERCOMPANY PAYABLES	60,428	944,302	742,973	(1,747,703)	—
OTHER LIABILITIES	59,213	155,397	26,185	(101,995)	138,800
LIABILITIES OF DISCONTINUED OPERATIONS	—	—	3,244	—	3,244
Total Liabilities	937,286	1,303,918	891,796	(1,873,496)	1,259,504
SHAREHOLDERS' EQUITY	467,389	1,696,624	1,506,930	(3,208,695)	462,248
Total Liabilities and Shareholders' Equity	$ 1,404,675	$ 3,000,542	$ 2,398,726	$ (5,082,191)	$ 1,721,752

CONDENSED CONSOLIDATING BALANCE SHEETS
At September 30, 2014

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CURRENT ASSETS					
Cash and equivalents	$ 6,813	$ 31,522	$ 54,070	$ —	$ 92,405
Accounts receivable, net of allowances	—	213,922	77,218	(32,704)	258,436
Contract costs and recognized income not yet billed, net of progress payments	—	109,804	126	—	109,930
Inventories, net	—	219,326	70,537	272	290,135
Prepaid and other current assets	4,366	26,319	17,101	14,783	62,569
Assets of discontinued operations	—	—	1,624	—	1,624
Total Current Assets	11,179	600,893	220,676	(17,649)	815,099
PROPERTY, PLANT AND EQUIPMENT, net	1,327	270,519	98,643	76	370,565
GOODWILL	—	284,875	90,419	—	375,294
INTANGIBLE ASSETS, net	—	156,772	76,851	—	233,623
INTERCOMPANY RECEIVABLE	540,080	892,433	213,733	(1,646,246)	—
EQUITY INVESTMENTS IN SUBSIDIARIES	780,600	662,403	1,782,406	(3,225,409)	—
OTHER ASSETS	27,880	53,896	6,739	(75,213)	13,302
ASSETS OF DISCONTINUED OPERATIONS	—	—	2,126	—	2,126
Total Assets	$ 1,361,066	$ 2,921,791	$ 2,491,593	$ (4,964,441)	$ 1,810,009
CURRENT LIABILITIES					
Notes payable and current portion of long-term debt	$ 2,202	$ 1,144	$ 4,540	$ —	$ 7,886
Accounts payable and accrued liabilities	25,703	227,419	91,132	(20,811)	323,443
Liabilities of discontinued operations	—	—	3,282	—	3,282
Total Current Liabilities	27,905	228,563	98,954	(20,811)	334,611
LONG-TERM DEBT, net	738,360	7,806	45,135	—	791,301
INTERCOMPANY PAYABLES	21,573	815,094	762,192	(1,598,859)	—
OTHER LIABILITIES	41,201	151,674	26,949	(71,584)	148,240
LIABILITIES OF DISCONTINUED OPERATIONS	—	—	3,830	—	3,830
Total Liabilities	829,039	1,203,137	937,060	(1,691,254)	1,277,982
SHAREHOLDERS' EQUITY	532,027	1,718,654	1,554,533	(3,273,187)	532,027
Total Liabilities and Shareholders' Equity	$ 1,361,066	$ 2,921,791	$ 2,491,593	$ (4,964,441)	$ 1,810,009

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended June 30, 2015

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 416,433	$ 110,204	$ (14,943)	$ 511,694
Cost of goods and services	—	310,578	85,841	(8,214)	388,205
Gross profit	—	105,855	24,363	(6,729)	123,489
Selling, general and administrative expenses	5,978	73,190	24,286	(7,879)	95,575
Total operating expenses	5,978	73,190	24,286	(7,879)	95,575
Income (loss) from operations	(5,978)	32,665	77	1,150	27,914
Other income (expense)					
Interest income (expense), net	(2,402)	(7,770)	(1,978)	—	(12,150)
Other, net	(26)	2,075	30	(1,150)	929
Total other income (expense)	(2,428)	(5,695)	(1,948)	(1,150)	(11,221)
Income (loss) before taxes	(8,406)	26,970	(1,871)	—	16,693
Provision (benefit) for income taxes	(3,194)	9,726	(732)	—	5,800
Income (loss) before equity in net income of subsidiaries	(5,212)	17,244	(1,139)	—	10,893
Equity in net income (loss) of subsidiaries	16,105	(1,206)	17,244	(32,143)	—
Net income (loss)	$ 10,893	$ 16,038	$ 16,105	$ (32,143)	$ 10,893
Net Income (loss)	$ 10,893	$ 16,038	$ 16,105	$ (32,143)	$ 10,893
Other comprehensive income (loss), net of taxes	5,363	2,077	3,258	(5,335)	5,363
Comprehensive income (loss)	$ 16,256	$ 18,115	$ 19,363	$ (37,478)	$ 16,256

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended June 30, 2014

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 392,361	$ 126,343	$ (13,665)	$ 505,039
Cost of goods and services	—	295,148	103,938	(12,354)	386,732
Gross profit	—	97,213	22,405	(1,311)	118,307
Selling, general and administrative expenses	7,034	71,110	19,617	(1,626)	96,135
Restructuring and other related charges	—	349	9	—	358
Total operating expenses	7,034	71,459	19,626	(1,626)	96,493
Income (loss) from operations	(7,034)	25,754	2,779	315	21,814
Other income (expense)					
Interest income (expense), net	(1,750)	(7,367)	(2,424)	—	(11,541)
Loss from debt extinguishment, net	—	—	—	—	—
Other, net	1,436	2,497	(997)	(315)	2,621
Total other income (expense)	(314)	(4,870)	(3,421)	(315)	(8,920)
Income (loss) before taxes	(7,348)	20,884	(642)	—	12,894
Provision (benefit) for income taxes	(9,322)	7,322	430	—	(1,570)
Income (loss) before equity in net income of subsidiaries	1,974	13,562	(1,072)	—	14,464
Equity in net income (loss) of subsidiaries	12,490	(1,161)	13,562	(24,891)	—
Net income (loss)	$ 14,464	$ 12,401	$ 12,490	$ (24,891)	$ 14,464
Net Income (loss)	$ 14,464	$ 12,401	$ 12,490	$ (24,891)	$ 14,464
Other comprehensive income (loss), net of taxes	3,126	(592)	3,547	(2,955)	3,126
Comprehensive income (loss)	$ 17,590	$ 11,809	$ 16,037	$ (27,846)	$ 17,590

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Nine Months Ended June 30, 2015

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 1,194,589	$ 362,291	$ (43,006)	$ 1,513,874
Cost of goods and services	—	906,573	285,435	(33,987)	1,158,021
Gross profit	—	288,016	76,856	(9,019)	355,853
Selling, general and administrative expenses	16,799	214,717	61,734	(10,213)	283,037
Total operating expenses	16,799	214,717	61,734	(10,213)	283,037
Income (loss) from operations	(16,799)	73,299	15,122	1,194	72,816
Other income (expense)					
Interest income (expense), net	(6,530)	(22,895)	(6,219)	—	(35,644)
Other, net	541	4,985	(4,611)	(1,194)	(279)
Total other income (expense)	(5,989)	(17,910)	(10,830)	(1,194)	(35,923)
Income (loss) before taxes	(22,788)	55,389	4,292	—	36,893
Provision (benefit) for income taxes	(8,659)	20,525	1,541	—	13,407
Income (loss) before equity in net income of subsidiaries	(14,129)	34,864	2,751	—	23,486
Equity in net income (loss) of subsidiaries	37,615	4,095	34,864	(76,574)	—
Net income (loss)	$ 23,486	$ 38,959	$ 37,615	$ (76,574)	$ 23,486
Net Income (loss)	$ 23,486	$ 38,959	$ 37,615	$ (76,574)	$ 23,486
Other comprehensive income (loss), net of taxes	(40,839)	(14,578)	(25,962)	40,540	(40,839)
Comprehensive income (loss)	$ (17,353)	$ 24,381	$ 11,653	$ (36,034)	$ (17,353)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Nine Months Ended June 30, 2014

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 1,133,510	$ 375,877	$ (43,203)	$ 1,466,184
Cost of goods and services	—	860,322	310,887	(38,822)	1,132,387
Gross profit	—	273,188	64,990	(4,381)	333,797
Selling, general and administrative expenses	20,525	207,725	50,025	(4,838)	273,437
Restructuring and other related charges	—	1,841	51	—	1,892
Total operating expenses	20,525	209,566	50,076	(4,838)	275,329
Income (loss) from operations	(20,525)	63,622	14,914	457	58,468
Other income (expense)					
Interest income (expense), net	(8,240)	(21,946)	(6,817)	—	(37,003)
Loss from debt extinguishment, net	(38,890)	—	—	—	(38,890)
Other, net	1,563	5,569	(2,365)	(457)	4,310
Total other income (expense)	(45,567)	(16,377)	(9,182)	(457)	(71,583)
Income (loss) before taxes	(66,092)	47,245	5,732	—	(13,115)
Provision (benefit) for income taxes	(24,901)	19,014	897	—	(4,990)
Income (loss) before equity in net income of subsidiaries	(41,191)	28,231	4,835	—	(8,125)
Equity in net income (loss) of subsidiaries	33,066	4,587	28,231	(65,884)	—
Net income (loss)	$ (8,125)	$ 32,818	$ 33,066	$ (65,884)	$ (8,125)
Net Income (loss)	$ (8,125)	$ 32,818	$ 33,066	$ (65,884)	$ (8,125)
Other comprehensive income (loss), net of taxes	2,628	1,277	840	(2,117)	2,628
Comprehensive income (loss)	$ (5,497)	$ 34,095	$ 33,906	$ (68,001)	$ (5,497)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Nine Months Ended June 30, 2015

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$ 23,486	$ 38,959	$ 37,615	$ (76,574)	$ 23,486
Net cash provided by (used in) operating activities:	4,582	16,063	8,941	—	29,586
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment	(203)	(40,918)	(14,244)	—	(55,365)
Acquired businesses, net of cash acquired	—	(2,225)	—	—	(2,225)
Intercompany distributions	10,000	(10,000)	—	—	—
Proceeds from sale of investments	8,891	—		—	8,891
Proceeds from sale of assets	—	90	185	—	275
Net cash provided by (used in) investing activities	18,688	(53,053)	(14,059)	—	(48,424)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issuance of common stock	371	—	—	—	371
Purchase of shares for treasury	(58,218)	—	—	—	(58,218)
Proceeds from long-term debt	112,000	116	9,407	—	121,523
Payments of long-term debt	(73,652)	(1,009)	(5,834)	—	(80,495)
Change in short-term borrowings	—	—	(81)	—	(81)
Financing costs	(592)	—	—	—	(592)
Tax benefit from exercise/vesting of equity awards, net	345	—	—	—	345
Dividends paid	(5,807)	—	—	—	(5,807)
Other, net	206	19,254	(19,254)	—	206
Net cash provided by (used in) financing activities	(25,347)	18,361	(15,762)	—	(22,748)
CASH FLOWS FROM DISCONTINUED OPERATIONS:					
Net cash used in discontinued operations	—	—	(830)	—	(830)
Effect of exchange rate changes on cash and equivalents	—	—	(4,034)	—	(4,034)
NET DECREASE IN CASH AND EQUIVALENTS	(2,077)	(18,629)	(25,744)	—	(46,450)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	6,813	31,522	54,070	—	92,405
CASH AND EQUIVALENTS AT END OF PERIOD	$ 4,736	$ 12,893	$ 28,326	$ —	$ 45,955

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Nine Months Ended June 30, 2014

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$ (8,125)	$ 32,818	$ 33,066	$ (65,884)	$ (8,125)
Net cash provided by (used in) operating activities:	(10,966)	(8,300)	69,122	—	49,856
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment	(672)	(45,749)	(8,438)	—	(54,859)
Acquired businesses, net of cash acquired	—	(1,000)	(61,306)	—	(62,306)
Intercompany distributions	10,000	(10,000)	—	—	—
Investment purchases	(8,402)	—	—	—	(8,402)
Proceeds from sale of assets	—	298	193	—	491
Net cash provided by (used in) investing activities	926	(56,451)	(69,551)	—	(125,076)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issuance of common stock	584	—	—	—	584
Purchase of shares for treasury	(72,518)	—	—	—	(72,518)
Proceeds from long-term debt	649,568	(253)	33,598	—	682,913
Payments of long-term debt	(597,613)	(708)	(3,813)	—	(602,134)
Change in short-term borrowings	—	—	3,138	—	3,138
Financing costs	(10,393)	—	(535)	—	(10,928)
Purchase of ESOP shares	(10,000)	—	—	—	(10,000)
Tax benefit from exercise/vesting of equity awards, net	273	—	—	—	273
Dividends paid	(9,841)	5,000	—	—	(4,841)
Other, net	194	54,869	(54,869)	—	194
Net cash provided by (used in) financing activities	(49,746)	58,908	(22,481)	—	(13,319)
CASH FLOWS FROM DISCONTINUED OPERATIONS:					
Net cash used in discontinued operations	—	—	(1,018)	—	(1,018)
Effect of exchange rate changes on cash and equivalents	—	—	(1,136)	—	(1,136)
NET DECREASE IN CASH AND EQUIVALENTS	(59,786)	(5,843)	(25,064)	—	(90,693)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	68,994	25,343	83,793	—	178,130
CASH AND EQUIVALENTS AT END OF PERIOD	$ 9,208	$ 19,500	$ 58,729	$ —	$ 87,437

(Unless otherwise indicated, US dollars and non US currencies are in thousands, except per share data)

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

BUSINESS OVERVIEW

Griffon Corporation (the “Company” or “Griffon”) is a diversified management and holding company conducting 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 three reportable segments:

- Home & Building Products ("HBP") consists of two companies, The AMES Companies, Inc. (“AMES”) and Clopay Building Products Company, Inc. (“CBP”):

  - AMES is a global provider of non-powered landscaping products for homeowners and professionals.

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

- Telephonics Corporation ("Telephonics") designs, develops and manufactures high-technology integrated information, communication and sensor system solutions for military and commercial markets worldwide.

- Clopay Plastic Products Company, Inc. ("Plastics") is an international leader in the development and production of embossed, laminated and printed specialty plastic films used in a variety of hygienic, health-care and industrial applications.

As a result of the decline in the U.S. housing market and the subsequent global financial crisis, Griffon has been undergoing a strategic transformation. In May 2008, we announced the divestiture of our Installation Services business, which was consummated by September 2008. In September 2008, Griffon strengthened its balance sheet by raising $248,600 in equity through a common stock rights offering and a related investment by GS Direct L.L.C., an affiliate of The Goldman Sachs Group, Inc. ("GS Direct"). Since that time, Griffon has continued to refine and enhance the strategic direction and operating performance of its companies, while strengthening its balance sheet. During this period, Griffon has grown revenue and earnings through organic growth, cost containment and acquisitions, while returning capital to its shareholders through dividends and stock buybacks.

We are focused on acquiring, owning and operating businesses in a variety of industries. We are long-term investors that have substantial experience in a variety of industries. Our intent is to continue the growth of our existing segments and to diversify further through investments and acquisitions.

On September 30, 2010, Griffon purchased AMES for $542,000 in cash. Subsequently, Griffon acquired three businesses complementary to AMES: the pots and planters business of Southern Sales & Marketing ("Southern Patio"), Northcote Pottery™ ("Northcote") and the Australian Garden and Tools division of Illinois Tool Works, Inc. ("Cyclone").

On October 17, 2011, AMES acquired Southern Patio for approximately $23,000. Southern Patio is a leading designer, manufacturer and marketer of landscape accessories. Southern Patio had revenue exceeding $40,000 in 2011.

In January 2013, AMES announced its intention to close certain U.S. manufacturing facilities and consolidate affected operations primarily into its Camp Hill and Carlisle, PA locations. These actions, which were completed at the end of the first quarter of 2015, improve manufacturing and distribution efficiencies, allow for in-sourcing of certain production previously performed by third party suppliers, and improve material flow and absorption of fixed costs. Management continues to estimate that AMES' initiative will result in annual cash savings exceeding $10,000, based on current operating levels. Realization of expected savings began in the 2015 second quarter.

On December 31, 2013, AMES acquired Northcote, founded in 1897 and a leading brand in the Australian outdoor planter and decor market, for approximately $22,000. In the first year after acquisition, Northcote was expected to generate approximately $28,000 of annualized revenue.

On May 21, 2014, AMES acquired Cyclone for approximately $40,000. Cyclone offers a full range of quality garden and hand tool products sold under various leading brand names including Cyclone®, Nylex® and Trojan®, designed to meet the requirements of both the Do-it-Yourself and professional trade segments. In the first year after acquisition, Cyclone was expected to generate approximately $65,000 of annualized revenue. Northcote complements Southern Patio and, with Cyclone, adds to AMES' existing lawn and garden operations in Australia.

From August 2011 through June 30, 2015, Griffon repurchased 15,279,761 shares of its common stock, for a total of $179,323 or $11.74 per share. This included the repurchase of 10,835,317 shares on the open market, as well as the December 10, 2013 repurchase of 4,444,444 shares from GS Direct for $50,000, or $11.25 per share. In each of August 2011, May 2014 and March 2015, Griffon's Board of Directors authorized the repurchase of up to $50,000 of Griffon's outstanding common stock. Under these programs, the Company may purchase shares in the open market, including pursuant to a 10b5-1 plan, or in privately negotiated transactions. At June 30, 2015, $31,734 remains under the March 2015 Board authorization. On July 30, 2015, Griffon's Board of Directors authorized the repurchase of an additional $50,000 of Griffon's outstanding common stock. During the fourth quarter, through and including July 29, 2015, the Company purchased 630,185 shares for a total of $10,109. Accordingly, Griffon now has $21,625 available under the March 2015 authorization and a total of $71,625 available for the purchase of its shares of common stock inclusive of the July 30, 2015 authorization.

Since September 2008, Griffon's Employee Stock Ownership Plan ("ESOP") purchased 4,013,459 shares of Griffon's common stock, for a total of $44,973 or $11.21 per share. At June 30, 2015, the ESOP holds allocated and unallocated shares totaling 5,546,780, or 11% of Griffon's outstanding shares, with a related loan balance of $37,056, net of issuance costs.

On November 17, 2011, the Company began declaring quarterly dividends. During the nine months ended June 30, 2015, and during 2014 and 2013, the Company declared and paid dividends per share of $0.12, $0.12 and $0.10, respectively, for a total of $17,905 dividends paid during the period.

During 2014, Griffon issued $600,000 of 5.25% Senior Notes due 2022 the proceeds of which were used to redeem $550,000 of 7.125% senior notes due 2018.

On March 13, 2015, Griffon amended its Revolving Credit Facility to increase the credit facility from $225,000 to $250,000, extend its maturity date from March 28, 2019 to March 13, 2020 and modify certain other provisions of the facility.

Griffon also has outstanding $100,000 principal amount of 4% Convertible Subordinated Notes due 2017, with a current conversion rate of 69.3811 shares of Griffon's common stock per $1 principal amount of notes, which corresponds to a conversion price of $14.41 per share.

OVERVIEW

Revenue for the quarter ended June 30, 2015 was $511,694 compared to $505,039 in the prior year quarter, an increase of 1%; excluding the impact of foreign currency, revenue increased 5%. Net income was $10,893 or $0.23 per share, compared to $14,464 or $0.29 per share, in the prior year quarter; foreign currency was not material in the quarter.

The current quarter included:

- Discrete tax benefits, net, of $250 or $0.01 per share.

The prior year quarter included:

- Restructuring charges of $358 ($222, net of tax or $0.00 per share);
- Acquisition costs of $1,600 ($992, net of tax or $0.02 per share)
- Discrete tax benefits, net, of $1,860 or $0.04 per share; and
- Change in impact of debt extinguishment on full year effective tax rate of $(4,357) or $(0.09) per share.

Excluding these items from the respective quarterly results, net income would have been $10,643 or $0.23 per share in the current quarter compared to $9,461 or $0.19 per share in the prior year quarter.

Revenue for the nine months ended June 30, 2015 was $1,513,874 compared to $1,466,184 in the prior year period, an increase of 3%; excluding the impact of foreign currency, revenue increased 6%. Net income was $23,486 or $0.50 per share, compared to a net loss of $8,125 or $0.16 per share, in the prior year period. Excluding the impact of foreign currency, current year-to-date net income would have been $25,410 or $0.54 per share.

Results for the nine months ended June 30, 2015 included:

- Discrete tax provisions, net, of $244 or $0.01 per share.

Results for the nine months ended June 30, 2014 included:

- Restructuring charges of $1,892 ($1,173, net of tax or $0.02 per share);
- Loss from debt extinguishment of $38,890 ($24,964, net of tax or $0.50 per share);
- Acquisition costs of $2,398 ($1,487, net of tax or $0.03 per share);
- Discrete tax benefits, net, of $1,540 or $0.03 per share; and
- Impact of debt extinguishment on full year effective tax rate of $1,491 or $0.03 per share.

Excluding these items from the respective periods, net income would have been $23,730 or $0.50 per share in the nine months ended June 30, 2015 compared to $19,450 or $0.39 per share in the nine months ended June 30, 2014.

Griffon evaluates performance based on Earnings per share and Net income (loss) excluding restructuring charges, acquisition-related expenses, gains (losses) from debt extinguishment and discrete tax items, as applicable. Griffon believes this information is useful to investors. The following table provides a reconciliation of Net income (loss) to adjusted net income and Earnings per share to Adjusted earnings per share:

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

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2015	2014	2015	2014
Net income (loss)	$ 10,893	$ 14,464	$ 23,486	$ (8,125)
Adjusting items, net of tax:				
Loss from debt extinguishment, net	—	—	—	24,964
Restructuring charges	—	222	—	1,173
Acquisition costs	—	992	—	1,487
Extinguishment impact on period tax rate (a)	—	(4,357)	—	1,491
Discrete tax provisions (benefits)	(250)	(1,860)	244	(1,540)
Adjusted net income	$ 10,643	$ 9,461	$ 23,730	$ 19,450
Diluted income (loss) per common share	$ 0.23	$ 0.29	$ 0.50	$ (0.16)
Adjusting items, net of tax:				
Loss from debt extinguishment, net	—	—	—	0.50
Restructuring charges	—	—	—	0.02
Acquisition costs	—	0.02	—	0.03
Extinguishment impact on period tax rate (a)	—	(0.09)	—	0.03
Discrete tax provisions (benefits)	(0.01)	(0.04)	0.01	(0.03)
Adjusted earnings per common share	$ 0.23	$ 0.19	$ 0.50	$ 0.39
Weighted-average shares outstanding (in thousands)	46,980	49,836	47,285	50,038

a) In the prior year quarter ended June 30, 2014, the impact of debt extinguishment on the full year effective tax rate was estimated to be a benefit of $4,357 or $0.09 per share, and for the nine months ended June 30, 2014, a provision of $1,491 or $0.03 per share.

Note: Due to rounding, the sum of earnings per common share and adjusting items, net of tax, may not equal adjusted earnings per common share.

RESULTS OF OPERATIONS

Three and nine months ended June 30, 2015 and 2014

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, acquisition-related expenses and gains (losses) from debt extinguishment, as applicable ("Segment adjusted EBITDA"). Griffon believes this information is useful to investors for the same reason. The following table provides a reconciliation of Segment operating profit to Income (loss) before taxes:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2015	2014	2015	2014
Segment operating profit:				
Home & Building Products	$ 16,268	$ 9,747	$ 41,288	$ 27,958
Telephonics	13,284	13,134	29,915	34,463
Plastics	8,299	8,075	26,186	23,252
Total segment operating profit	37,851	30,956	97,389	85,673
Net interest expense	(12,150)	(11,541)	(35,644)	(37,003)
Unallocated amounts	(9,008)	(6,521)	(24,852)	(22,895)
Loss from debt extinguishment, net	—	—	—	(38,890)
Income (loss) before taxes	$ 16,693	$ 12,894	$ 36,893	$ (13,115)

The following table provides a reconciliation of Segment adjusted EBITDA to Income (loss) before taxes:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2015	2014	2015	2014
Segment adjusted EBITDA:				
Home & Building Products	$ 25,386	$ 19,596	$ 67,186	$ 55,787
Telephonics	15,712	15,087	37,360	40,018
Plastics	14,084	14,922	44,399	43,881
Total Segment adjusted EBITDA	55,182	49,605	148,945	139,686
Net interest expense	(12,150)	(11,541)	(35,644)	(37,003)
Segment depreciation and amortization	(17,331)	(16,691)	(51,556)	(49,723)
Unallocated amounts	(9,008)	(6,521)	(24,852)	(22,895)
Loss from debt extinguishment, net	—	—	—	(38,890)
Restructuring charges	—	(358)	—	(1,892)
Acquisition costs	—	(1,600)	—	(2,398)
Income (loss) before taxes	$ 16,693	$ 12,894	$ 36,893	$ (13,115)

Home & Building Products

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2015		2014		2015		2014	
Revenue:								
AMES	$ 140,614		$ 132,179		$ 432,816		$ 389,492	
CBP	131,577		121,814		374,690		334,494	
Home & Building Products	$ 272,191		$ 253,993		$ 807,506		$ 723,986	
Segment operating profit	$ 16,268	6.0%	$ 9,747	3.8%	$ 41,288	5.1%	$ 27,958	3.9%
Depreciation and amortization	9,118		7,891		25,898		23,539	
Restructuring charges	—		358		—		1,892	
Acquisition costs	—		1,600		—		2,398	
Segment adjusted EBITDA	$ 25,386	9.3%	$ 19,596	7.7%	$ 67,186	8.3%	$ 55,787	7.7%

For the quarter ended June 30, 2015, revenue increased $18,198 or 7%, compared to the prior year quarter, reflecting a 3% contribution from the Cyclone acquisition (acquired in May 2014), partially offset by a $6,300 or 2% unfavorable foreign currency impact. AMES revenue increased 6% primarily due to the inclusion of Cyclone results contributing 6% and increased wheelbarrow sales; foreign currency was 4% unfavorable. CBP revenue increased 8%, due to increased volume of 5% with the balance primarily due to product mix; foreign currency was 1% unfavorable.

For the quarter ended June 30, 2015, Segment operating profit increased 67% to $16,268 compared to $9,747 in the prior year quarter. The prior year included $358 of restructuring charges related to the consolidation initiative at AMES and $1,600 of acquisition costs related to Cyclone; excluding such costs, prior year Segment operating profit was $11,705, resulting in a 39% increase driven by AMES operational efficiency improvements and cost control measures, contribution from AMES acquisitions of 14%, and increased volume and favorable mix at CBP; foreign currency was 8% unfavorable. Segment depreciation and amortization increased $1,227 from the prior year quarter.

For the nine months ended June 30, 2015, revenue increased $83,520 or 12%, compared to the prior year period; excluding the benefit from acquisitions, revenue increased 5%. AMES revenue increased 11%, mainly driven by the inclusion of Northcote and Cyclone results contributing 12%, and improved North American pots and planter sales; foreign currency was 3% unfavorable. CBP revenue increased 12% due to increased volume of 8% with the balance primarily due to favorable product mix; foreign currency was 1% unfavorable.

For the nine months ended June 30, 2015, Segment operating profit increased 48% to $41,288 compared to $27,958 in the prior year period. The prior year included $1,892 of restructuring charges related to the consolidation initiative at AMES and $2,398 of acquisition costs related to Northcote and Cyclone; excluding such costs, prior year Segment operating profit was $32,248, resulting in a 28% increase. The current period included an unfavorable impact of foreign currency of $2,300 or 8%; the currency impact was more than offset by the contributions from acquisitions of 22%, and increased volume and favorable mix at CBP. In both periods, AMES experienced manufacturing inefficiencies in connection with its plant consolidation initiative; this initiative was completed at the end of the 2015 first quarter; efficiency savings commenced in the 2015 second quarter. Segment depreciation and amortization increased $2,359 from the prior year period.

On May 21, 2014, AMES acquired Cyclone for approximately $40,000. Cyclone offers a full range of quality garden and hand tool products sold under various leading brand names including Cyclone®, Nylex® and Trojan®, designed to meet the requirements of both the Do-it-Yourself and professional trade segments. In the first year after acquisition, Cyclone was expected to generate approximately $65,000 of annualized revenue. Selling, General and Administrative ("SG&A") expenses included $1,600 and $763 of related acquisition costs recorded in the third and fourth quarters of 2014, respectively.

On December 31, 2013, AMES acquired Northcote, a leading brand in the Australian outdoor planter and decor market, for approximately $22,000. Northcote complements Southern Patio, acquired in 2011. In the first year after acquisition, Northcote was expected to generate approximately $28,000 of annualized revenue. First quarter 2014 SG&A expenses included $798 of related acquisition costs. Both Cyclone and Northcote add to AMES' existing lawn and garden operations in Australia.

In January 2013, AMES undertook to close certain of its U.S. manufacturing facilities and consolidate affected operations primarily into its Camp Hill and Carlisle, PA locations. These actions, completed at the end of the 2015 first quarter, improved manufacturing and distribution efficiencies, allow for in-sourcing of certain production previously performed by third party suppliers, and improved material flow and absorption of fixed costs. Management continues to estimate that AMES' initiative will result in annual cash savings exceeding $10,000, based on current operating levels. Realization of expected savings began in the 2015 second quarter.

Since January 2013, AMES incurred pre-tax restructuring and related exit costs approximating $7,941, comprised of cash charges of $4,016 and non-cash, asset-related charges of $3,925; cash charges included $2,622 for one-time termination benefits and other personnel-related costs and $1,394 for facility exit costs; there were $19,964 of related capital expenditures. The charges and capital expenditures are consistent with the amounts estimated at the onset of the initiative.

HBP recognized $358 and $1,892 in restructuring and related exit costs for the quarter and nine months ended June 30, 2014; such charges primarily related to one-time termination benefits, facility and other personnel costs, and asset impairment charges related to the AMES initiative. There were no such charges in the current year.

Telephonics

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2015		2014		2015		2014	
Revenue	$ 115,340		$ 102,446		$ 304,685		$ 302,656	
Segment operating profit	$ 13,284	11.5%	$ 13,134	12.8%	$ 29,915	9.8%	$ 34,463	11.4%
Depreciation and amortization	2,428		1,953		7,445		5,555	
Segment adjusted EBITDA	$ 15,712	13.6%	$ 15,087	14.7%	$ 37,360	12.3%	$ 40,018	13.2%

For the quarter ended June 30, 2015, revenue increased $12,894 or 13% compared to the prior year quarter, primarily due to timing of work performed on the Radar System Division (“RSD”) Multi-Mode ASW product, partially offset by the timing of awards and work performed on Secure Digital Intercommunications (“SDI”) products in Communications and Surveillance Systems.

For the quarter ended June 30, 2015, Segment operating profit increased $150 or 1%, and operating profit margin decreased 130 basis points, compared to the prior year quarter, primarily attributable to the increased revenue and reduced operating expenses, offset by unfavorable program mix.

For the nine months ended June 30, 2015, revenue increased $2,029 or 1%, compared to the prior year period, due to timing of work performed on RSD products, partially offset by the timing of awards and work performed on Airborne Intercommunication Systems products.

For the nine months ended June 30, 2015, Segment operating profit decreased $4,548 or 13%, and operating margin decreased 160 basis points compared to the prior year period, primarily as a result of increased investments in technology as well as unfavorable program mix.

During the nine months ended June 30, 2015, Telephonics was awarded several new contracts and incremental funding on existing contracts approximating $250,100. Contract backlog was $439,000 at June 30, 2015, with 79% expected to be fulfilled in the next 12 months. Backlog was $494,000 at September 30, 2014 and $457,000 at June 30, 2014. Backlog is defined as unfilled firm orders for products and services for which funding has been both authorized and appropriated by the customer or Congress, in the case of the U.S. government agencies.

Plastics

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2015		2014		2015		2014	
Revenue	$ 124,163		$ 148,600		$ 401,683		$ 439,542	
Segment operating profit	$ 8,299	6.7%	$ 8,075	5.4%	$ 26,186	6.5%	$ 23,252	5.3%
Depreciation and amortization	5,785		6,847		18,213		20,629	
Segment adjusted EBITDA	$ 14,084	11.3%	$ 14,922	10.0%	$ 44,399	11.1%	$ 43,881	10.0%

For the quarter ended June 30, 2015, revenue decreased $24,437, or 16%, compared to the prior year quarter, primarily due to the unfavorable impact of foreign currency of $13,400 or 9%, decreased volume (-5%) and an unfavorable impact from the pass through of resin costs in customer selling prices (-2%). Plastics adjusts selling prices based on underlying resin costs on a delayed basis.

For the quarter ended June 30, 2015, Segment operating profit increased $224 or 3% compared to the prior year quarter, primarily due to favorable mix and lower depreciation and amortization, partially offset by reduced volume and the change in the impact of resin pricing pass through of 17%. The favorable impact of foreign currency was $1,400 or 17%.

For the nine months ended June 30, 2015, revenue decreased $37,859, or 9%, compared to the prior year period, primarily due to the unfavorable impact of foreign currency of $30,900 or 7% and unfavorable mix (-1%). Resin pricing had no material impact on revenue year-to-date.

For the nine months ended June 30, 2015, Segment operating profit increased $2,934 or 13%, compared to the prior year period. The impact of the revenue decrease, unfavorable mix and foreign currency was more than offset by the change in the impact of resin pricing pass through of 21% and the benefit of improved operations and lower depreciation and amortization. The unfavorable impact of foreign currency was $400 or 2%.

Unallocated

For the quarter ended June 30, 2015, unallocated amounts totaled $9,008 compared to $6,521 in the prior year; for the nine months ended June 30, 2015, unallocated amounts totaled $24,852 compared to $22,895 in the prior year. The prior year quarter and year-to-date periods included investment gains of $1,437 and $1,563, respectively. The increase in the current quarter and nine months compared to the respective prior year periods primarily related to timing of incentive costs and higher investment income in the prior year periods.

Segment Depreciation and Amortization

Segment depreciation and amortization increased $640 and $1,833, respectively, for the quarter and nine months ended June 30, 2015 compared to the prior year periods, primarily due to the inclusion of Northcote and Cyclone.

Other Expense

For the quarters ended June 30, 2015 and 2014, Other income (expense) included $722 and $365, respectively, of net currency exchange gains in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries as well as $(36) and $1,437, respectively, of net investment income.

For the nine months ended June 30, 2015 and 2014, Other income (expense) included $(803) and $1,044, respectively, of net currency exchange gains (losses) in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries as well as $527 and $1,563, respectively, of net investment income.

Provision for income taxes

In both the quarter and nine months ended June 30, 2015, the Company reported pretax income compared to pretax income in the prior year quarter and a pretax loss in the prior year nine-month period. The Company recognized tax provisions of 34.7% and 36.3% for the quarter and nine months ended June 30, 2015, respectively, compared to benefits of 12.2% and 38.0%, respectively, in the comparable prior year periods.

The current quarter and nine months ended June 30, 2015 included a $250 discrete benefit and $244 discrete provision, respectively. The comparable prior year periods included benefits of $1,860 and $1,540, respectively. In both years, the discrete items arose primarily from the filing of returns, conclusion of tax audits in various jurisdictions and the impact of enacted tax law changes. Excluding discrete items, and for the prior year also excluding the impact from debt extinguishment, the effective tax rates for the quarter and nine months ended June 30, 2015 were 36.3% and 35.7%, respectively, compared to 36.6% and 36.7%, respectively, in the comparable prior year periods.

Stock based compensation

For the quarters ended June 30, 2015 and 2014, stock based compensation expense totaled $2,931 and $3,137, respectively. For the nine months ended June 30, 2015 and 2014, such expense totaled $8,303 and $8,133, respectively.

Comprehensive income (loss)

For the quarter ended June 30, 2015, total other comprehensive income, net of taxes, of $5,363, included a $4,801 gain from foreign currency translation adjustments primarily due to the strengthening of the Euro, Canadian and Brazilian currencies, all in comparison to the U.S. Dollar, a $353 benefit from pension amortization of actuarial losses and a $209 gain on cash flow hedges.

For the quarter ended June 30, 2014, total other comprehensive income, net of taxes, of $3,126, included a $2,809 gain from foreign currency translation adjustments primarily due to the strengthening of the Canadian, Australian and Brazilian currencies, partially offset by the weakening of the Euro, all in comparison to the U.S. Dollar, and a $317 benefit from pension and other post retirement plans, primarily due to settling a non U.S. pension plan and amortization of actuarial losses.

For the nine months ended June 30, 2015, total other comprehensive loss, net of taxes, of $40,839 included a $41,083 loss from foreign currency translation adjustments primarily due to the weakening of the Euro, Canadian, Australian and Brazilian currencies, all in comparison to the U.S. Dollar, and a $1,059 benefit from pension amortization of actuarial losses, a $55 gain on cash flow hedges and $870 settlement of available-for-sale securities.

For the nine months ended June 30, 2014, total other comprehensive income, net of taxes, of $2,628, included a $896 gain from foreign currency translation adjustments primarily due to the strengthening of the Euro, Australian and Brazilian currencies, partially offset by the weakening of the Canadian currency, all in comparison to the U.S. Dollar, and a $1,732 benefit from Pension and other post retirement plans, primarily due to amortization of actuarial losses and settling a non U.S. pension plan.

Discontinued operations – Installation Services

There was no revenue or income from the Installation Services' business for the quarters and nine months ended June 30, 2015 and 2014.

LIQUIDITY AND CAPITAL RESOURCES

Management assesses Griffon's liquidity in terms of its ability to generate cash to fund its operating, investing and financing activities. Significant factors impacting liquidity include: cash flows from operating activities, capital expenditures, acquisitions, dispositions, bank lines of credit and the ability to attract long-term capital under satisfactory terms. Griffon believes it has sufficient liquidity available to invest in its existing businesses and execute strategic acquisitions, while managing its capital structure on both a short-term and long-term basis.

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

Cash Flows from Continuing Operations	**For the Nine months ended June 30,**	
(in thousands)	**2015**	**2014**
Net Cash Flows Provided by (Used In):		
Operating activities	$ 29,586	$ 49,856
Investing activities	(48,424)	(125,076)
Financing activities	(22,748)	(13,319)

Cash provided by continuing operations for the nine months ended June 30, 2015 was $29,586 compared to $49,856 in the prior year period. Current assets net of current liabilities, excluding short-term debt and cash, increased to $433,775 at June 30, 2015 compared to $395,969 at September 30, 2014, primarily due to increases in inventory and decreases in accounts payable and accrued liabilities, partially offset by decreases in contract costs and recognized income not yet billed. Current year cash flow from operating activities benefited $6,073 from the inclusion of AMES acquisitions.

During the nine months ended June 30, 2015, Griffon used cash for investing activities of $48,424 compared to $125,076 in the prior year; the prior year included approximately $62,000 related to the Northcote and Cyclone acquisitions. The current year includes proceeds received of $8,891 from the sale of available securities. Capital expenditures for the nine months ended June 30, 2015 totaled $55,365, an increase of $506 from the prior year.

During the nine months ended June 30, 2015, cash used in financing activities totaled $22,748 compared to $13,319 in the prior year. The outflow of cash used in financing activities in the current year compared to the prior year principally reflects the changes in the Revolving Credit Facility (the "Credit Agreement") net borrowings in 2015 compared to 2014. At June 30, 2015, outstanding borrowings under the Credit Agreement were $65,000 compared to outstanding borrowings of $25,000 in the prior year. At June 30, 2015, we had $840,470 of debt outstanding compared to $795,020 outstanding at June 30, 2014. On May 1, 2014 Griffon's Board of Directors authorized the repurchase of up to $50,000 of Griffon's outstanding common stock; on March 20, 2015, an additional $50,000 was authorized. Under these programs, the Company may purchase shares in the open market, including pursuant to a 10b5-1 plan, or in privately negotiated transactions. During the nine months ended June 30, 2015, Griffon purchased 3,840,455 shares of common stock under both the May 2014 and March 2015 programs, for a total of $57,126 or $14.87 per share. In addition, during the nine months ended June 30, 2015, 76,786 shares, with a market value of $1,092, or $14.22 per share, were withheld to settle employee taxes due upon the vesting of restricted stock, and were added to treasury stock. On July 30, 2015, the Company's Board of Directors authorized the repurchase of up to an additional $50,000 of Griffon common stock. During the fourth quarter, through and including July 29, 2015, the Company purchased 630,185 shares for a total of $10,109. Accordingly, Griffon now has $21,625 available under the March 2015 authorization and a total of $71,625 available for the purchase of its shares of common stock inclusive of the July 30, 2015 authorization.

During the nine months ended June 30, 2015, the Board of Directors approved three quarterly cash dividends of $0.04 per share each. On July 30, 2015, the Board of Directors declared a quarterly cash dividend of $0.04 per share, payable on September 23, 2015 to shareholders of record as of the close of business on August 20, 2015.

Payments related to Telephonics revenue are received in accordance with the terms of development and production subcontracts; certain of such receipts are progress or performance based payments. Plastics' customers are generally substantial industrial companies whose payments have been steady, reliable and made in accordance with the terms governing such sales. Plastics' sales satisfy orders that are received in advance of production, in which payment terms are established in advance. With respect to HBP, there have been no material adverse impacts on payment for sales.

A small number of customers account for, and are expected to continue to account for, a substantial portion of Griffon's consolidated revenue. For the nine months ended June 30, 2015:

- The United States Government and its agencies, through either prime or subcontractor relationships, represented 14% of Griffon's consolidated revenue and 72% of Telephonics' revenue.
- Procter & Gamble Co. represented 14% of Griffon's consolidated revenue and 51% of Plastics' revenue.
- The Home Depot represented 12% of Griffon's consolidated revenue and 23% of HBP's revenue.

No other customer exceeded 9% of consolidated revenue. Future operating results will continue to substantially depend on the success of Griffon's largest customers and our ongoing relationships with them. Orders from these customers are subject to fluctuation and may be reduced materially. The loss of all or a portion of volume from any one of these customers could have a material adverse impact on Griffon's liquidity and operations.

Cash and Equivalents and Debt *(in thousands)*	**June 30, 2015**	**September 30, 2014**
Cash and equivalents	$ 45,955	$ 92,405
Notes payables and current portion of long-term debt	11,771	7,886
Long-term debt, net of current maturities	828,699	791,301
Debt discount and issuance costs	19,052	23,384
Total debt	859,522	822,571
Debt, net of cash and equivalents	**$ 813,567**	**$ 730,166**

On February 27, 2014, in an unregistered offering through a private placement under Rule 144A, Griffon issued, at par, $600,000 of 5.25% Senior Notes due 2022 ("Senior Notes"); interest is payable semi-annually on March 1 and September 1. Proceeds from the Senior Notes were used to redeem $550,000 of 7.125% senior notes due 2018, to pay a call and tender offer premium of $31,530 and to make interest payments of $16,716, with the balance used to pay a portion of the related transaction fees and expenses. In connection with the issuance of the Senior Notes, all obligations under the $550,000 of 7.125% senior notes due 2018 were discharged.

The Senior Notes are senior unsecured obligations of Griffon guaranteed by certain domestic subsidiaries, and subject to certain covenants, limitations and restrictions. On June 18, 2014, Griffon exchanged all of the Senior Notes for substantially identical Senior Notes registered under the Securities Act of 1933 via an exchange offer. The fair value of the Senior Notes approximated $591,000 on June 30, 2015 based upon quoted market prices (level 1 inputs).

In connection with these transactions, Griffon capitalized $10,313 of underwriting fees and other expenses incurred related to the issuance and exchange of the Senior Notes, which will amortize over the term of such notes. Griffon recognized a loss on the early extinguishment of debt on the 7.125% senior notes aggregating $38,890, comprised of the $31,530 tender offer premium, the write-off of $6,574 of remaining deferred financing fees and $786 of prepaid interest on defeased notes.

On March 13, 2015, Griffon amended its Credit Agreement to increase the credit facility from $225,000 to $250,000, extend its maturity date from March 28, 2019 to March 13, 2020, and modify certain other provisions of the facility. The facility includes a letter of credit sub-facility with a limit of $50,000 (decreased from $60,000 prior to the amendment), and a multi-currency sub-facility of $50,000. The Credit Agreement provides for same day borrowings of base rate loans in lieu of a swing line sub-facility. Borrowings under the Credit Agreement may be repaid and re-borrowed at any time, subject to final maturity of the facility, or the occurrence or event of default under the Credit Agreement. Interest is payable on borrowings at either a LIBOR or base rate benchmark rate, in each case without a floor, plus an applicable margin, which adjusts based on financial performance. Current margins are 1.25% for base rate loans and 2.25% for LIBOR loans. The Credit Agreement has certain financial maintenance tests including a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio, as well as customary affirmative and negative covenants, and events of default. The negative covenants place limits on Griffon's ability to, among other things, incur indebtedness, incur liens, and make restricted payments and investments. Borrowings under the Credit Agreement are guaranteed by Griffon's material domestic subsidiaries and are secured, on a first priority basis, by substantially all domestic assets of the Company and the guarantors and a pledge of not greater than 65% of the equity interest in each of Griffon's material, first-tier foreign subsidiaries (except that a lien on the assets of Griffon's material domestic subsidiaries securing a limited amount of the debt under the credit agreement relating to Griffon's Employee Stock Ownership Plan ("ESOP") ranks pari passu with the lien granted on such assets under the Credit Agreement). At June 30, 2015, outstanding borrowings and standby letters of credit were $65,000 and $17,200, respectively, under the Credit Agreement; $167,800 was available for borrowing at that date.

On December 21, 2009, Griffon issued $100,000 principal of 4% convertible subordinated notes due 2017 (the "2017 Notes"). The current conversion rate of the 2017 Notes is 69.3811 shares of Griffon's common stock per $1 principal amount of notes, corresponding to a conversion price of $14.41 per share. When a cash dividend is declared that would result in an adjustment to the conversion ratio of less than 1%, any adjustment to the conversion ratio is deferred until the first to occur of (i) actual conversion; (ii) the 42nd trading day prior to maturity of the notes; and (iii) such time as the cumulative adjustment equals or exceeds 1%. As of June 30, 2015, aggregate dividends since the last conversion price adjustment of $0.04 per share would have resulted in an adjustment to the conversion ratio of approximately 0.25%. At both June 30, 2015 and 2014, the 2017 Notes had a capital in excess of par component, net of tax, of $15,720. The fair value of the 2017 Notes approximated $122,250 on June 30, 2015 based upon quoted market prices (level 1 inputs).

On October 21, 2013, Griffon refinanced two real estate mortgages to secure loans totaling $17,175. The loans mature in October 2018, are collateralized by the related properties and are guaranteed by Griffon. The loans bear interest at a rate of LIBOR plus 2.75%. At June 30, 2015, $15,276 was outstanding, net of issuance costs.

In December 2013, Griffon’s ESOP entered into an agreement that refinanced the two existing ESOP loans into one new Term Loan in the amount of $21,098 (the "Agreement"). The Agreement also provided for a Line Note with $10,000 available to purchase shares of Griffon common stock in the open market. In July 2014, Griffon's ESOP entered into an amendment to the existing Agreement which provided an additional $10,000 Line Note available to purchase shares in the open market. During 2014, the Line Notes were combined with the Term Loan to form one new Term Loan. The Term Loan bears interest at LIBOR plus 2.38% or the lender’s prime rate, at Griffon’s option. The Term Loan requires quarterly principal payments of $551, with a balloon payment of approximately $30,137 due at maturity on December 31, 2018. During 2014, 1,591,117 shares of Griffon common stock, for a total of $20,000 or $12.57 per share, were purchased with proceeds from the Line Notes. As of June 30, 2015, $37,056, net of issuance costs, was outstanding under the Term Loan. The Term Loan is secured by shares purchased with the proceeds of the loan and with a lien on a specific amount of Griffon assets (which lien ranks pari passu with the lien granted on such assets under the Credit Agreement) and is guaranteed by Griffon.

In October 2006, CBP entered into a capital lease totaling $14,290 for real estate in Troy, Ohio. The lease matures in 2022, bears interest at a fixed rate of 5.0%, is secured by a mortgage on the real estate and is guaranteed by Griffon. At June 30, 2015, $7,623 was outstanding, net of issuance costs.

In November 2010, Clopay Europe GmbH (“Clopay Europe”) entered into a €10,000 revolving credit facility and a €20,000 term loan. The term loan was paid off in December 2013 and the revolver had no borrowings outstanding at June 30, 2015. The revolving facility matures in November 2015 and is renewable upon mutual agreement with the bank. The revolving credit facility accrues interest at EURIBOR plus 2.20% per annum (2.20% at June 30, 2015). Clopay Europe is required to maintain a certain minimum equity to assets ratio and keep leverage below a certain level, defined as the ratio of total debt to EBITDA.

Clopay do Brazil maintains lines of credit of $4,125. Interest on borrowings accrues at a rate of Brazilian CDI plus 6.0% (19.64% at June 30, 2015). At June 30, 2015 there was $2,769 borrowed under the lines. Clopay Plastic Products Company, Inc. guarantees the loan and lines.

In November 2012, Garant G.P. (“Garant”) entered into a CAD $15,000 revolving credit facility. The facility accrues interest at LIBOR (USD) or the Bankers Acceptance Rate (CDN) plus 1.3% per annum (1.58% LIBOR USD and 2.22% Bankers Acceptance Rate CDN as of June 30, 2015). The revolving facility matures in November 2015. Garant is required to maintain a certain minimum equity. At June 30, 2015, there was $4,347 (CAD $5,355) borrowed under the revolving credit facility with $7,829 (CAD $9,645)available.

In December 2013 and May 2014, Northcote Holdings Pty Ltd entered into two unsecured term loans in the outstanding amounts of AUD $12,500 and AUD $20,000, respectively. The AUD $12,500 term loan requires quarterly interest payments with principal due upon maturity in December 2016. The AUD $20,000 term loan requires quarterly principal payments of AUD $625 beginning in August 2015, with a balloon payment due upon maturity in May 2017. The loans accrue interest at Bank Bill Swap Bid Rate “BBSY” plus 2.8% per annum (4.96% at June 30, 2015 for each loan). As of June 30, 2015, Northcote had an outstanding combined balance of $24,783, net of issuance costs.

Subsidiaries of Northcote Holdings Pty Ltd also maintain two lines of credit of AUD $3,000 and AUD $5,000 which accrue interest at BBSY plus 2.25% per annum (4.41% at June 30, 2015) and 2.50% per annum (4.66% at December 31, 2014), respectively. At June 30, 2015, there were no outstanding borrowings under the lines. Griffon guarantees the term loans and the AUD $3,000 line of credit; the assets of a subsidiary of Northcote Holdings Pty Ltd secures the AUD $5,000 line of credit.

At June 30, 2015, Griffon and its subsidiaries were in compliance with the terms and covenants of its credit and loan agreements.

In each of May 2014 and March 2015, Griffon’s Board of Directors authorized the repurchase of up to $50,000 of Griffon’s outstanding common stock. Under both programs, the Company may, from time to time, purchase shares of its common stock in the open market, including pursuant to a 10b5-1 plan, or in privately negotiated transactions. During the quarter ended June 30, 2015, Griffon purchased 1,234,214 shares of common stock under the May 2014 program, for a total of $20,628 or $16.71 per share. During the nine month period ended June 30, 2015, Griffon purchased 3,840,455 shares of common stock under both the May 2014 and March 2015 programs, for a total of $57,126 or $14.87 per share.

The December 10, 2013 repurchase of 4,444,444 shares from GS Direct for $50,000 was effected in a private transaction at a per share price of $11.25, an approximate 9.2% discount to the stock's closing price on November 12, 2013, the day before announcement of the transaction. This transaction was exclusive of the Company's authorized share repurchase programs. After closing the transaction, GS Direct continued to hold approximately 5.56 million shares (approximately 10% of the shares outstanding at such time) of Griffon's common stock. Subject to certain exceptions, if GS Direct intends to sell its remaining shares of Griffon common stock at any time prior to December 31, 2015, it will first negotiate in good faith to sell such shares to the Company.

From August 2011 to June 30, 2015, Griffon repurchased 15,279,761 shares of common stock, for a total of $179,323 or $11.74 per share, inclusive of the December 10, 2013 repurchase of 4,444,444 shares of its common stock for $50,000 from GS Direct. As of June 30, 2015, $31,734 remains under the March 2015 Board authorization.

On July 30, 2015, Griffon's Board of Directors authorized the repurchase of an additional $50,000 of Griffon's outstanding common stock. During the fourth quarter, through and including July 29, 2015, the Company purchased 630,185 shares for a total of $10,109. Accordingly, Griffon now has $21,625 available under the March 2015 authorization and a total of $71,625 available for the purchase of its shares of common stock inclusive of the July 30, 2015 authorization.

On November 17, 2011, the Company began declaring quarterly cash dividends. During 2014, the Company declared and paid dividends totaling $0.12 per share. During the nine months ended June 30, 2015, the Board of Directors approved three quarterly cash dividends of $0.04 per share. The Company currently intends to pay dividends each quarter; however, payment of dividends is determined by the Board of Directors at its discretion based on various factors, and no assurance can be provided as to the payment of future dividends.

On July 30, 2015, the Board of Directors declared a quarterly cash dividend of $0.04 per share, payable on September 23, 2015 to shareholders of record as of the close of business on August 20, 2015.

During the nine months ended June 30, 2015 and 2014, Griffon used cash for discontinued operations of $830 and $1,018, respectively, primarily related to settling remaining Installation Services liabilities and environmental costs.

CRITICAL ACCOUNTING POLICIES

The preparation of Griffon's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on assets, liabilities, revenue and expenses. These estimates can also affect supplemental information contained in public disclosures of Griffon, including information regarding contingencies, risk and its financial condition. These estimates, assumptions and judgments are evaluated on an ongoing basis and based on historical experience, current conditions and various other assumptions, and form the basis for estimating the carrying values of assets and liabilities, as well as identifying and assessing the accounting treatment for commitments and contingencies. Actual results may materially differ from these estimates. There have been no changes in Griffon's critical accounting policies from September 30, 2014.

Griffon's significant accounting policies and procedures are explained in the Management Discussion and Analysis section in the Annual Report on Form 10-K for the year ended September 30, 2014. In the selection of the critical accounting policies, the objective is to properly reflect the financial position and results of operations for each reporting period in a consistent manner that can be understood by the reader of the financial statements. Griffon considers an estimate to be critical if it is subjective and if changes in the estimate using different assumptions would result in a material impact on the financial position or results of operations of Griffon.

RECENT ACCOUNTING PRONOUNCEMENTS

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

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, especially “Management’s Discussion and Analysis”, contains certain “forward-looking statements” within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, 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 Griffon Corporation (the “Company” or “Griffon”) operates and the United States and global economies. Statements in this Form 10-Q 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, among others: current economic conditions and uncertainties in the housing, credit and capital markets; Griffon’s ability to achieve expected savings from cost control, 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 Griffon’s operating companies; the ability of Griffon’s 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 Griffon’s Telephonics Corporation supplies products, including as a result of continuing budgetary cuts resulting from sequestration and 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 and steel; changes in customer demand or loss of a material customer at one of Griffon’s operating companies; the potential impact of seasonal variations and uncertain weather patterns on certain of Griffon’s businesses; political events that could impact the worldwide economy; a downgrade in Griffon’s credit ratings; changes in international economic conditions including interest rate and currency exchange fluctuations; the reliance by certain of Griffon’s businesses on particular third party suppliers and manufacturers to meet customer demands; the relative mix of products and services offered by Griffon’s businesses, which impacts margins and operating efficiencies; short-term capacity constraints or prolonged excess capacity; unforeseen developments in contingencies, such as litigation and environmental matters; unfavorable results of government agency contract audits of Telephonics Corporation; Griffon’s ability to adequately protect and maintain the validity of patent and other intellectual property rights; the cyclical nature of the businesses of certain of Griffon’s operating companies; and possible terrorist threats and actions and their impact on the global economy. Additional important factors that could cause the statements made in this Quarterly Report on Form 10-Q or the actual results of operations or financial condition of Griffon to differ are discussed under the caption “Item 1A. Risk Factors” and “Special Notes Regarding Forward-Looking Statements” in Griffon’s Annual Report on Form 10-K for the year ended September 30, 2014. Readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements speak only as of the date made. Griffon undertakes 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.

Item 3 - Quantitative and Qualitative Disclosure About Market Risk

Griffon’s business’ activities necessitates the management of various financial and market risks, including those related to changes in interest rates, foreign currency rates and commodity prices.

Interest Rates

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

The revolving credit facility and certain other of Griffon’s credit facilities have a LIBOR-based variable interest rate. Due to the current and expected level of borrowings under these facilities, a 100 basis point change in LIBOR would not have a material impact on Griffon’s results of operations or liquidity.

Foreign Exchange

Griffon conducts business in various non-U.S. countries, primarily in Canada, Germany, Brazil, the United Kingdom, Turkey, China, Sweden, Australia and Mexico; therefore, changes in the value of the currencies of these countries affect the financial position and cash flows when translated into U.S. Dollars. Griffon has generally accepted the exposure to exchange rate movements relative to its non-U.S. operations. Griffon may, from time to time, hedge its currency risk exposures. A change of 10% or less in the value of all applicable foreign currencies would not have a material effect on Griffon’s financial position and cash flows.

Item 4 - Controls and Procedures

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

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

Limitations on the Effectiveness of Controls

Griffon believes that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all controls issues and instances of fraud, if any, within a company have been detected. Griffon's disclosure controls and procedures, as defined by Exchange Act Rule 13a-15(e) and 15d-15(e), are designed to provide reasonable assurance of achieving their objectives.

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PART II - OTHER INFORMATION

Item 1 Legal Proceedings
None

Item 1A Risk Factors

In addition to the other information set forth in this report, carefully consider the factors discussed in Item 1A to Part I in Griffon's Annual Report on Form 10-K for the year ended September 30, 2014, which could materially affect Griffon's business, financial condition or future results. The risks described in Griffon's Annual Report on Form 10-K are not the only risks facing Griffon. Additional risks and uncertainties not currently known to Griffon or that Griffon currently deems to be immaterial also may materially adversely affect Griffon's business, financial condition and/or operating results.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

(c)

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased		(b) Average Price Paid Per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs(1)
April 1 - 30, 2015	473,000		$ 17.40	473,000	
May 1 - 31, 2015	162,740	(2)	16.61	161,979	
June 1 - 30, 2015	599,235		16.20	599,235	
Total	1,234,975		$ 16.71	1,234,214	$ 31,734

1. On each of May 1, 2014 and March 20, 2015, the Company's Board of Directors authorized the repurchase of up to $50,000 of Griffon common stock; as of June 30, 2015, an aggregate of $31,734 remained available for the purchase of Griffon common stock under the March 20, 2015 $50,000 Board authorization. On July 30, 2015, the Company's Board of Directors authorized the repurchase of up to an additional $50,000 of Griffon common stock.
2. Includes (a) 161,979 shares purchased by the Company in open market purchases pursuant to a stock buyback plan authorized by the Company's Board of Directors; and (b) 761 shares acquired by the Company from holders of restricted stock upon vesting of the restricted stock, to satisfy tax-withholding obligations of the holders.

Item 3 Defaults Upon Senior Securities
None

Item 4 Mine Safety Disclosures
None

Item 5 Other Information

Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On July 30, 2015, Thomas J. Brosig was elected to serve on Griffon's Board of Directors, and entered into a customary indemnification agreement with Griffin which provides that Griffon will indemnify Mr. Brosig to the fullest extent permitted by applicable law, and which includes provisions relating to the advancement of expenses incurred by or on behalf of Mr. Brosig. This indemnification agreement is in the same form as the indemnification agreement entered into between Griffon and each of its other directors and each of its executive officers; the form of the indemnification agreement is filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.

Mr. Brosig will receive compensation for his services pursuant to our director compensation program. This program is filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended March 30, 2015. Pursuant to our director compensation program, Mr. Brosig received a grant of 3,700 restricted shares of Griffon common stock at the time of his election to the Board, which grant vests at the rate of one-third a year for three years.

Item 6	**Exhibits**
10.1	Offer letter between Griffon Corporation and Brian G. Harris, dated June 1, 2015.
10.2	Severance Agreement, dated July 30, 2015, between Griffon Corporation and Brian G. Harris.
10.3	Transition and Consulting Services Agreement between Griffon Corporation and Douglas J. Wetmore, dated June 1, 2015.
31.1	Certification pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Document*
101.DEF	XBRL Taxonomy Extension Definitions Document*
101.LAB	XBRL Taxonomy Extension Labels Document*
101.PRE	XBRL Taxonomy Extension Presentations Document*
*	In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed to be "furnished" and not "filed".

SIGNATURES

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

GRIFFON CORPORATION

/s/ Douglas J. Wetmore

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

/s/ Brian G. Harris

Brian G. Harris
Vice President, Controller and Chief Accounting Officer
(Principal Accounting Officer)

Date: July 30, 2015

EXHIBIT INDEX

10.1	Offer letter between Griffon Corporation and Brian G. Harris, dated June 1, 2015.
10.2	Severance Agreement, dated July 30, 2015, between Griffon Corporation and Brian G. Harris.
10.3	Transition and Consulting Services Agreement between Griffon Corporation and Douglas J. Wetmore, dated June 1, 2015.
31.1	Certification pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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101.SCH	XBRL Taxonomy Extension Schema Document*
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*	In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed to be “furnished” and not “filed”.

Griffon CORPORATION

Exhibit 10.1

712 Fifth Avenue
New York, New York 10019
(212) 957-5025

Robert F. Mehmel
President and Chief Operating Officer

July 28, 2015

Mr. Brian G. Harris
50 E. 89th Street
New York, NY 10128

Dear Brian:

I am pleased to provide you with this offer for the position of Senior Vice President and Chief Financial Officer of Griffon Corporation ("Griffon" or the "Company"). You will report to me, as Griffon's President and Chief Operating Officer, or such other person as designated from time to time by Griffon's Chief Executive Officer, and you will be located at Griffon's New York, New York corporate offices.

The terms of the offer are as follows:

1. Initial annual base salary of $340,000, payable in accordance with the Company's standard payroll practices, effective as of your Effective Date. You will be eligible to receive salary increases at the conclusion of fiscal year 2015 and each year thereafter.

2. Projected effective date of your appointment of August 1, 2015 (the "Effective Date").

3. Eligibility to participate in all Company welfare and tax-qualified benefit plans as are available generally to the Company's other similarly situated executives. This includes all plans in which you are currently eligible to participate, as well as the Griffon Corporation and Affiliates Supplemental Health Benefits Plan for Senior Executives.

4. You will be eligible for equity grants from time to time at the discretion of Griffon's Compensation Committee. It is expected that senior management will recommend to the Compensation Committee annually that you receive an equity grant with a value equal to no less than 125% of your base salary. However, the Committee (and the Company) reserves the right to grant a higher or lower value or amount to you in its sole discretion (regardless of the value or amount granted to other senior executives), or to not award you any grant in a particular year, taking into account corporate performance, individual

performance and other relevant developments or considerations. All equity grants will be subject to the customary terms contained in Griffon's standard equity award agreements, as may be approved by the Compensation Committee from time to time.

5. You will be eligible to receive an annual cash bonus, at the discretion of, and as determined by, the Compensation Committee. Your annual target bonus opportunity shall be equal to fifty percent (50%) of your base salary, and your maximum bonus opportunity shall be equal to one hundred percent (100%) of your base salary. The Committee may, if it desires, determine that your bonus in a particular year is based on one or more performance objectives. The actual amount of any bonus awarded to you in any particular year, regardless of the value or amount granted to other senior executives, shall be as determined by the Compensation Committee.

6. You will be entitled to a monthly automobile allowance of $850, plus reimbursement of all reasonable expenses related to the use of one automobile, including insurance, gas, maintenance, repairs, and parking.

7. The Company will use commercially reasonable efforts to provide you with term life insurance coverage, commencing no later than the sixtieth (60th) day after the Effective Date, with a face amount equal to three (3) times your base salary. The Company's obligation to obtain such coverage shall be subject to your submitting to a physical examination, if required, and otherwise cooperating with the underwriting process. Subject to the above, the Company will apply for this insurance on or prior to the Effective Date, and such coverage shall continue during your employment with the Company.

8. You will receive four (4) weeks of paid vacation per annum, to be taken in accordance with the Company's standard vacation policy.

9. All forms of compensation referred to in this letter are subject to reduction to reflect applicable withholding and payroll taxes.

10. Your employment will be "at will", meaning that either you or the Company may terminate your employment at any time and for any reason or no reason; provided, however, that you and the Company shall enter into a severance agreement (the "Severance Agreement") that provides for benefits upon certain terminations as described

below. The Severance Agreement shall be effective for one year (until August 1, 2016), and shall automatically renew for successive one-year terms, unless either party gives written notice to the other stating that such party is terminating the agreement, such notice to be provided at least 90 days prior to the end of the then current term. The initial term, together with any subsequent terms, shall be defined as the "Term."

a. Payments Upon Termination

i. Upon termination by the Company without cause or by you for good reason, in either case, during the Term but other than within two years following a change in control, subject to the execution and effectiveness of a general release within 60 days of such termination and your compliance with the Restrictive Covenants (as defined below), you will receive monthly base salary continuation payments for eighteen (18) months, a bonus payment equal to your target bonus amount for the then current year, and eighteen (18) months of paid medical benefits.

ii. Upon termination by the Company without cause or by you for good reason, in either case, during the Term and within two years following a change in control, subject to the execution and effectiveness of a general release within 60 days of such termination and your compliance with the Restrictive Covenants, you will receive (i) a lump sum payment equal to 2.5 times the sum of (A) your base salary and (B) the average of the annual bonuses paid to you over the prior three year period (provided that, once you receive an annual bonus in respect of fiscal year 2015 and prior to the time you receive an annual bonus in respect of fiscal year 2017, such average shall be computed based on the bonus or bonuses received in respect of fiscal years 2015 and 2016 only); (ii) a payment equal to the greater of your target bonus for the current year or the actual bonus you received for the fiscal year prior to the year of termination, in either case appropriately pro-rated for the days you were employed in the fiscal year of termination; and (iii) Company paid medical benefits until December 31st of the second calendar year following the year in which the termination occurs.

iii. In the event the Company terminates you for disability during the Term, the Company shall pay you base salary continuation payments for six (6) months, plus a pro-rata target bonus for the year of termination, and six (6) months of paid medical benefits.

iv. In the event your employment terminates due to your death, the Company shall pay your estate a pro-rata target bonus for the year of termination.

b. Restrictive Covenants. During your employment and for eighteen (18) months following your employment, you shall not (i) solicit any of the Company's employees or consultants, or those of any subsidiary, to leave the Company, (ii) solicit or encourage any vendor, client or prospective client to cease any relationship with the Company or any subsidiary, or (iii) provide services to, own, manage, or be employed by, any business that competes with one or more of the businesses of the Company's subsidiaries as such businesses exist on the date of your termination; you shall also be subject to standard and reasonable confidentiality and non-disparagement restrictions (collectively, the "Restrictive Covenants").

c. The terms "cause" and "good reason" shall be defined in the same manner as they are defined in severance agreements for other Senior Vice Presidents that are party to a severance agreement with the Company.

11. While you are employed by the Company, you will not engage in any other employment or business without the Company's consent.

Congratulations on your promotion! We look forward to your continued contributions to Griffon's success.

Sincerely,

/s/ Robert F. Mehmel

Robert F. Mehmel
President and Chief Operating Officer

Accepted and Agreed:

/s/ Brian G. Harris
Brian G. Harris

Exhibit 10.2

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (this "Agreement"), made and entered into as of July 30, 2015 (the "Effective Date"), by and between Griffon Corporation, a Delaware corporation, with its principal executive office located at 712 Fifth Avenue, 18th Floor, New York, New York, 10019 (hereinafter, together with its subsidiaries, collectively referred to as the "Corporation") and Brian G. Harris (hereinafter referred to as the "Executive").

WITNESSETH:

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

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

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

1. **DEFINITIONS.**

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

(b) "Cause" shall mean:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(vii) a change in the Corporation's reporting structure pursuant to which the Executive no longer reports directly to the Chief Executive Officer or Chief Operating Officer or President of the Corporation.

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

(i) "Offer Letter" shall mean the employment offer letter from the Corporation to the Executive, dated June 1, 2015.

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

(k) "Target Bonus" shall mean a target bonus opportunity equal to fifty percent (50%) of the Executive's base salary, the payment of which may be based upon the achievement of one or more performance objectives (which may be objective or subjective).

2. **TERM OF AGREEMENT**. Unless earlier terminated by reason of the Executive's termination of employment with the Corporation, the term of the Agreement shall commence as of August 1, 2015 (the "Commencement Date"), and shall continue until the first anniversary of the Commencement Date (the "Initial Term") and shall automatically renew for one year periods commencing on the first anniversary of the Commencement Date (each such one-year period, a "Renewal Term"), unless either party provides written notice of non-renewal at least ninety (90) days prior to the end of the Initial Term or any Renewal Term (the Initial Term and any Renewal Term shall hereinafter be referred to as the "Term").

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

4. **SEVERANCE BENEFITS ON TERMINATION**.

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

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

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

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

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

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

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

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

(ii) a performance bonus payment (at no less than the Target Bonus for terminations occurring during the Fiscal Years ending in 2015, 2016 and 2017, as applicable) which would have otherwise been paid for the Fiscal Year of termination had the Executive's employment not been terminated (not pro-rated for less than a twelve (12) month period), to be paid at such time as such bonus would otherwise have been paid; and

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

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

(i) a lump sum payment on the sixtieth (60th) day after such termination, equal to two and one-half (2.5) times the sum of (A) the Salary (disregarding any reduction in Salary that would constitute Good Reason) plus (B) the average of the annual bonuses hereof paid to the Executive in the three-year period immediately prior to such termination; provided that, once the Executive has received an annual bonus in respect of Fiscal Year 2015 and prior to the time that the Executive receives an annual bonus for Fiscal Year 2017, his average shall be computed based on the annual bonus or bonuses received in respect of Fiscal Years 2015 and 2016 only; and provided further that any annual bonus for less than a twelve (12) month period shall be annualized for purposes of this subsection;

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

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

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

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

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

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

6. **RESTRICTIVE COVENANTS.**

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

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

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

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

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

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

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

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

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

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

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

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

If to the Corporation or the Board:

Griffon Corporation
712 Fifth Avenue, 18th Floor
New York, New York, 10019
Attention: General Counsel

With a copy to:

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

FAX: (212) 698-3599

If to the Executive:

Mr. Brian G. Harris
c/o Griffon Corporation
712 Fifth Avenue, 18th Floor
New York, New York, 10019

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

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

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

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

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

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

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

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

GRIFFON CORPORATION:

By: /s/ Seth L. Kaplan
Seth L. Kaplan
Senior Vice President

EXECUTIVE:

Signature: /s/ Brian G. Harris

Name:Brian G. Harris

EXHIBIT A

General Release

IN CONSIDERATION OF good and valuable consideration, the receipt of which is hereby acknowledged, and in consideration of the terms and conditions contained in the Severance Agreement, dated as of July 30, 2015, (the "Agreement") by and between Brian G. Harris (the "Executive") and Griffon Corporation (the "Company"), the Executive on behalf of himself and his heirs, executors, administrators, and assigns, releases and discharges the Company and its past present and future subsidiaries, divisions, affiliates and parents, and their respective current and former officers, directors, shareholders, employees, agents, and/or owners, and their respective successors and assigns, and any other person or entity claimed to be jointly or severally liable with the Company or any of the aforementioned persons or entities (the "Released Parties") from any and all manner of actions and causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, charges, claims, and demands whatsoever ("Losses") which the Executive and his heirs, executors, administrators, and assigns have, had, or may hereafter have, against the Released Parties or any of them arising at any time from the beginning of the world to the date hereof, including but not limited to, any and all Losses arising under any federal, state, or local statute, rule, or regulation, or principle of contract law or common law relating to the Executive's employment by the Company and the cessation thereof, including but not limited to, the Family and Medical Leave Act of 1993, as amended, 29 U.S.C. §§ 2601 et seq., Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §§ 2000e et seq., the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. §§ 621 et seq. (the "ADEA"), the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. §§ 12101 et seq., the Worker Adjustment and Retraining Notification Act of 1988, as amended, 29 U.S.C. §§2101 et seq., the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§ 1001 et seq., the Older Workers Benefit Protection Act, as amended, 29 U.S.C. §§ 621 et seq., Sections 1981 through 1988 of Title 42 of the United States Code, the Fair Credit Reporting Act, as amended, 15 U.S.C. §§ 1681 et seq., the Occupational Safety and Health Act of 1970, as amended, the Sarbanes-Oxley Act of 2002, as amended, the Equal Pay Act, as amended,, the New York State and New York City Human Rights Laws, the New York Labor Laws , the New York Whistleblower Protection Law, the New York State and New York City Civil Rights Law, the New York AIDS/HIV confidentiality law and any other federal, state, or local civil, human rights, bias, whistleblower, discrimination, wage, wage-hour, compensation, retaliation, employment, labor or any federal, state or local other law, regulation or ordinance; provided, however, that the Executive does not release or discharge the Released Parties from (i) any rights to any payments, benefits or reimbursements due to the Executive under the Agreement or the Offer Letter (as defined in the Agreement); or (ii) any rights to any vested benefits due to the Executive under any employee benefit plans sponsored or maintained by the Company. It is understood that nothing in this general release is to be construed as an admission on behalf of the Released Parties of any wrongdoing with respect to the Executive, any such wrongdoing being expressly denied.

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

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

The Executive may take twenty-one (21) days, or, if required under the ADEA, forty-five (45) days, to consider whether to execute this General Release. Upon the Executive's execution of this General Release, the Executive will have seven (7) days after such execution in which he may revoke such execution. In the event of revocation, the Executive must present written notice of such revocation to the office of the Company. If seven (7) days pass without receipt of such notice of revocation, this General Release shall become binding and effective on the eighth (8th) day after the execution hereof (the "Effective Date"). If you revoke all or a part of this General Release prior to the expiration of the revocation period, the Company will have the right to terminate any or all or of its commitments under the Agreement and the Offer Letter (as defined in the Agreement) and to recover any monies or other consideration previously provided to you under the Agreement or the Offer Letter in connection with your termination, and to pursue any other remedies that may otherwise be available to the Company.

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

____

Brian G. Harris

Dated:_________________

12229395.3.TAX

Griffon Corporation
712 Fifth Avenue
New York, NY 10019

June 1, 2015

Mr. Douglas J. Wetmore
c/o Griffon Corporation
712 Fifth Avenue
New York, NY 10019

RE: Transition and Consulting Services Agreement

Dear Doug,

Griffon Corporation (the "Company") has agreed to accommodate your expressed wish to retire. You confirm that your retirement is not as a result of any disagreement with the Company regarding the operations, disclosures, policies and practices of the Company and its subsidiaries. We wish to confirm the arrangements to which you and the Company have agreed and pursuant to which you will provide certain transition and consulting services to the Company following your retirement.

This letter agreement (this "Agreement") (i) confirms your retirement, effective July 31, 2015 (the "Effective Date"), as an Executive Vice President and as the Chief Financial Officer of the Company and from all other positions that you hold with the Company, its subsidiaries and all committees of which you are a member (and you hereby resign from all such offices, positions and memberships effective July 31, 2015 and agree to promptly sign all documents and take such other actions that the Company deems necessary or desirable to give effect to such resignations); and (ii) sets forth the terms and conditions regarding the transition and consulting services you agree to provide to the Company following the Effective Date. This letter supersedes and replaces all obligations that the Company and/or any subsidiary thereof has to you with respect to your compensation and benefits commencing with the Effective Date.

You and the Company agree that, for purposes of your employment agreement with the Company, dated August 6, 2009 (the "Employment Agreement"), and, except as otherwise expressly set forth in this Agreement with respect to the restricted stock awards set forth in Section 2(d) below, your retirement on the Effective Date will be treated as a termination under Section 9(a) of the Employment Agreement. You acknowledge and agree that the Company's obligation to pay you the amounts set forth in this Agreement will be contingent on your compliance with all of the terms and conditions set forth herein.

Transition and Consulting Services.

(a) Term. The term of the transition and consulting services under this Agreement will begin on August 1, 2015 and continue until November 30, 2017, unless terminated earlier pursuant to Section 3 below (the "Term").

(a) Consulting Services. During the Term, you will perform such transition and consulting services for the Company as are reasonably requested from time to time by the Company's Chief Executive Officer, Chief Operating Officer and/or Chief Financial Officer (the "Consulting Services"). You will devote your reasonable best efforts for up to 8 hours per week during normal business hours to the performance of the Consulting Services. You will provide the Consulting Services telephonically or by email exchange whenever possible and, subject to reasonable advance notice, in-person only when requested. You will not have an office at any Company location, any Company car or driver entitlement or any secretarial or administrative assistance. You may engage in such other pursuits during the term of this Agreement as shall not interfere with the performance of your duties or the observance of your obligations under this Agreement, subject to offset as provided in Sections 2 and 3 below.

(b) Release of Claims. On or within three business days following July 31, 2015, you shall execute and deliver to the Company a release of claims in the form set forth in Section 5 below (the "Release"). If you fail to execute the Release on or within three business days following July 31, 2015 or if you subsequently revoke the Release within the applicable revocation period, the Term shall immediately terminate and you shall not be entitled to any payments or benefits hereunder or under the restricted stock awards described in Section2(d).

2. Fees and Other Entitlements.

(a) Consulting Fee. During the Term, you will be entitled to a monthly consulting fee, payable in arrears, equal to $35,785; subject to offset for any compensation you receive for any employment other than consulting assignments and board of director appointments as an independent director that, in each case, do not violate Section 6 or any other provision of this Agreement.

(b) Expense Reimbursement. During and in respect of the Term, you will be reimbursed for all reasonable expenses incurred by you in the performance of the Consulting Services hereunder in accordance with the Company's expense reimbursement policy, as in effect from time to time. Notwithstanding the above, any expense in excess of $100 must be approved in writing in advance by the Company's Chief Operating Officer.

(c) FYE 2015 Bonus. Subject to your continued service with the Company hereunder (except as provided below) and the attainment of applicable performance criteria and levels of performance achievement adopted by the Compensation Committee in December 2014, the Company will pay you a maximum bonus in the amount of $600,000 even if performance achievement would result in a bonus in excess of this maximum amount (pro-rated in the event of your termination due to death or Disability (as defined in Section 3 below) prior to September 30, 2015) for the fiscal year ending September 30, 2015 at such time as the Company pays bonuses for such fiscal year to its senior executives generally, but in no event later than March 15, 2016.

(d) Equity Awards. During the Term, you will have the opportunity to vest in the restricted stock awards granted to you by letter agreement dated February 11, 2011 (90,000 shares), as amended on January 10, 2012 ("2011 Award"), the restricted stock award granted to you by letter agreement dated January 29, 2013 (41,667 shares) ("2013 Award"), and the restricted stock award granted to you by letter agreement dated January 30, 2014 (29,433 shares) ("2014 Award") (collectively, the "Awards") in accordance with the terms and conditions of the 2011 Equity Incentive Plan (the "2011 Plan") and each applicable Award, except as is otherwise expressly provided by Section 3 of this Agreement, and subject to your continued compliance with this Agreement, with the term "service" in each of the Awards to include Consulting Services under Section 1(b) of this Agreement, and the phrase ", so long as any such amendment is made equally for all executives having the same Award (other than in connection with the number of covered shares)" is added to the end of the first sentence of the ninth paragraph of the 2011 Award, the first sentence of the tenth paragraph of the 2013 Award and the first sentence of the twelfth paragraph of the 2014 Award. The Closing Price Target under the 2011 Award was met on April 22, 2015. As of the Effective Date, you agree that you will forfeit the 25,000 restricted shares granted to you on January 28, 2015 with no compensation due therefor.

(e) The determination of achievement against the applicable performance goals and performance criteria, for purposes of the 2015 Bonus under Section 2(c) above and the Awards under Section 2(d) above, together with the level of attainment determined by the Compensation Committee under such 2015 Bonus and under each Award, will be determined by the Compensation Committee in the same manner as for the other senior executive officers covered by the 2015 Bonus plan or such Award, as applicable, and without exercise of negative discretion to reduce the amount of any payment or benefit to you thereunder, except to the extent that negative discretion is exercised in respect of other senior executives and in proportion thereto.

(f) COBRA. During the first 18 months of the Term or, if earlier, only until you become eligible for medical benefits from a subsequent employer, (i) the Company will directly pay the premiums under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, for the continuation of your last elected medical, dental and vision coverage, as applicable, for you and your dependent children (and, as to dental coverage, your spouse) and (ii) you will continue to participate in the Company's Supplemental Health Benefits Plan for Senior Executives ("Supplemental Plan") (with a maximum benefit payable under the Supplemental Plan of up to $10,000 in calendar year 2015, up to $10,000 in calendar year 2016 and up to $833 for the portion of calendar year 2017 ending on January 31, 2017), provided that such COBRA benefits and participation in such Supplemental Plan do not (x) violate any applicable law or regulation and does not result in penalties or similar costs to the Company under applicable law or regulation or (y) contravene the terms and provisions of any insurance policy or plan provision (which cannot be amended to accommodate such participation on a commercially reasonable basis). If, and only if, the Company is prevented by application of clauses (x) and/or (y) above from providing you the premium payment benefits described in clause (i) above, then, provided that doing so will not violate any applicable law or regulation and does not result in penalties or similar costs to the Company under applicable law or regulation, the Company will pay you an amount in cash equal to the amount of premium it would have otherwise paid under clause (i) on your behalf.

(g) Indemnification. You will be entitled to the rights set forth in Section 25 of the Employment Agreement (with the Employment Term therein to include the Term) and in your Indemnification Agreement with the Company, dated August 6, 2013 (the "Indemnification Agreement"), in accordance with the terms thereof. This Section 2(g) will survive any termination or expiration of this Agreement.

(h) Insurance. The Company will pay the premium for one year of additional coverage under the life insurance policy purchased by the Company on your life on or as soon as reasonably practicable following the first renewal date for such policy following the date hereof. The Company agrees to reasonably cooperate with you to facilitate your assumption, continuation and/or conversion, as the case may be, at your cost, of such life insurance policy thereafter.

(i) Computer. You shall be permitted to retain your Company-issued computer following the Effective Date and the termination of the Term; provided that you shall deliver such computer to the Company's information technology department on or prior to July 31, 2015 for inspection and removal (in your presence, if you so desire) of all proprietary information of the Company and its subsidiaries and affiliates, and, if requested by the Company, within a reasonable period of time after the termination of the Term. During the Term, you will not be provided a Company email address and you will not be given access to the Company's computer networks.

3. Termination. The Term and your service hereunder will terminate immediately upon your death, Disability or the voluntary termination by you of the Term. The Company may terminate the Term and your service hereunder at any time with or without Cause (as defined in Section 1(c) of the Employment Agreement); provided that, for the avoidance of doubt and without limitation, any breach by you of the restrictive covenants set forth in Section 6 below shall constitute Cause for purposes of this Agreement and any reference in such definition to the "Agreement" will apply both to this Agreement and the Employment Agreement. Upon the termination of the Term and your service hereunder by you or the Company for any reason, you will be entitled to any rights you may have under Section 2(d) above as of the date of any such termination and the Company will (i) pay you any earned and accrued (but unpaid) portion of your consulting fee under Section 2(a) as of the termination date and (ii) reimburse you for any unreimbursed expenses in accordance with Section 2(b) as of the termination date; provided that if such termination of the Term and your service hereunder is by the Company without Cause, then, subject to your continued compliance with the terms and provisions of this Agreement, the Company will also (A) continue to pay you the consulting fee under Section 2(a) until November 30, 2017, subject to offset for any compensation you receive for any employment after the earlier termination of the Term other than consulting assignments and board of director appointments as an independent director that, in each case, do not violate Section 6 or any other provision of this Agreement; (B) pay you any bonus earned but not paid for the fiscal year ending September 30, 2015 in accordance with Section 2(c); (C) continue to provide you the COBRA benefits and supplemental medical benefits described in Section 2(f) for the period set forth therein or, if earlier, only until you become eligible for medical benefits from a subsequent employer; (D) provide for the continued opportunity to vest in the equity awards described in Section 2(d) until November 30, 2016 in accordance with and subject to your compliance with the terms and conditions of this Agreement and, except as otherwise expressly provided herein, the Plan and the applicable Award agreements; and (E) you will continue to have all of your rights under Sections 2(e), (g), (h) and (i), 6(e)(ii), 10, 11, 14, 15 and 17 of this Agreement. Notwithstanding anything herein to the contrary, (I) in the event of your termination due to death or Disability prior to September 30, 2015 you will also be paid a pro-rata portion of the bonus earned but not paid for the fiscal year ending September 30, 2015 in accordance with and subject to Section 2(c); (II) in the event of your termination due to Disability prior to the first renewal date following the date hereof for the life insurance policy described in Section 2(h), the Company will pay the premium for one additional year of coverage thereunder in accordance with Section 2(h); (III) in the event of your termination due to death or Disability, the Company will continue to provide you the COBRA benefits and supplemental medical benefits described in Section 2(f) for the period set forth therein or, if earlier, only until you become eligible for medical benefits from a subsequent employer; and (IV) in the event of your termination due to death or Disability prior to November 30, 2016, notwithstanding anything to the contrary in the applicable award agreements and to the extent not previously forfeited, (i) the 2011 Award will vest on April 22, 2016, (ii) you will continue to have the opportunity to vest in the 2013 Award until November 30, 2016, and (iii) the 2014 Award will vest on the date of such termination, in each case, subject to the satisfaction of all other applicable terms and conditions, including, without limitation, the attainment of all applicable performance criteria. You hereby covenant and agree to promptly inform the Company if you become an employee of any third party following the termination of the Term but prior to November 30, 2017 and to certify whether or not you are or could be eligible for medical benefits and the amount of any compensation being provided to you by any such employer. For purposes of this Agreement, "Disability" means your inability to perform the Consulting Services by reason of any medically determinable physical or mental impairment that continues for not less than six consecutive months as determined by a physician reasonably selected by the Company.

4. Independent Contractor. It is mutually understood and agreed that, in your performance the Consulting Services, you will be acting as an independent contractor and not an employee or agent of the Company or any subsidiary thereof. You acknowledge and agree that you will comply with all applicable federal, state and local laws and regulations in providing the Consulting Services and that you will not claim or present yourself to be an employee of the Company or any subsidiary thereof. In providing the Consulting Services, you will communicate solely and directly with the Company's Chief Executive Officer, Chief Operating Officer and/or Chief Financial Officer. You will not be under the supervision or control of any officer or employee of the Company or any subsidiary thereof, and you will provide your own office space, benefits and secretarial support. You acknowledge and agree that you are not and will not be eligible to participate in any employee benefit, incentive or other plan, program or arrangement sponsored by the Company or any of its subsidiaries, affiliates, successors or assigns during the Term (without prejudice to your rights under Section 2 (c), (d) and (f)). You will have no power or authority to contract for, or bind, the Company or any of its subsidiaries or affiliates in any manner. This Agreement is not intended to and does not constitute, create or otherwise give rise to a joint venture, partnership or other type of business association or organization of any kind by or between you and the Company or any subsidiary thereof.

5. Release of Claims. In further consideration for the payments and benefits you will receive from the Company pursuant to this Agreement and for other good and valuable consideration, you, for and on behalf of yourself, your heirs, beneficiaries, executors, administrators, attorneys, successors, and assigns, knowingly and voluntarily, hereby waive, remit, release and forever discharge the Company and its current and former affiliates, subsidiaries, divisions, predecessors, successors and assigns, and their current and

former officers, directors, stockholders, employees, agents, attorneys, lenders, investors, insurers and agents thereof, both individually and in their business capacities, and their employee benefit plans and programs and their administrators and fiduciaries (collectively referred to herein as the "Released Parties") of and from any and all manner of action, claims, liens, demands, liabilities, potential or actual causes of action, charges, complaints, suits (judicial, administrative, arbitral or otherwise), damages, debts, demands, obligations of any other nature, past or present, known or unknown, whether in law or in equity, whether founded upon contract (expressed or implied), tort (including, but not limited to, defamation), statute or regulation (State, Federal or local), common law and/or other theory or basis, from the beginning of the world to the date of the execution of this Agreement, including, but not limited to, any claim that you have asserted, now assert or could have asserted. The claims released or acknowledged not to exist include, but are not limited to, any violation of: (i) Title VII of the Civil Rights Act of 1964; (ii) The Civil Rights Act of 1991; (iii) The Older Workers Benefit Protection Act; (iv) Sections 1981 through 1988 of Title 42 of the United States Code; (v) The Employee Retirement Income Security Act of 1974; (vi) The Immigration Reform and Control Act; (vii) The Americans with Disabilities Act of 1990; (viii) The Age Discrimination in Employment Act of 1967 ("ADEA"); (ix) The Workers Adjustment and Retraining Notification Act; (x) The Occupational Safety and Health Act; (xi) The Fair Credit Reporting Act; (xii) The Sarbanes-Oxley Act of 2002; (xiii) The Family and Medical Leave Act; (xiv) The Equal Pay Act; (xv) any other federal, state or local civil, human rights, bias, whistleblower, discrimination, wage, wage-hour, compensation, retaliation, employment, human rights, labor or any other local, state or federal law, regulation or ordinance; (xvi) the New York Labor Law; (xvii) the New York Whistleblower Protection Law; (xviii) the New York State and City Civil Rights Law; (xix) the New York AIDS/HIV confidentiality law; (xx) the New York State Correction Law; (xxi) Section 125 of the New York Workers' Compensation Law; (xxii) the New York Equal Pay Law; (xxiii) any amendments to the foregoing laws; (xxiv) any benefit, payroll or other plan, policy or program; (xxv) any public policy, contract, third-party beneficiary, tort, or common law obligation under the laws of any jurisdiction; and (xxvi) any claim for or obligation to pay for attorneys' fees, costs, fees, or other expenses. Nothing in this Section 5 will preclude or prevent you from filing a claim that challenges the validity of this Agreement solely with respect to your waiver of any claims arising under ADEA. However, you acknowledge that this general release applies to all claims you have or may have under the ADEA and that, unless the general release is held to be invalid, all of your claims under the ADEA will be extinguished. Notwithstanding the foregoing, this Section 5 will not release the Released Parties from any claims by you relating to (a) the obligations of the Company under this Agreement; (b) your rights under the Indemnification Agreement and Section 25 of the Employment Agreement and any rights to indemnification or expense advancement under the Company's bylaws or by statute; or (c) your vested benefits as of the Effective Date under any employee benefit plan, program or arrangement of the Company, in accordance with the terms thereof. You acknowledge and agree that you have not given, sold, assigned or transferred to anyone else, any claim, or a portion of a claim referred to in this Agreement. You and the Company acknowledge that that this Agreement does not limit either party's right, where applicable, to participate in an investigative proceeding of any federal, state or local government agency. Except as and to the extent permitted by law, you agree that if such an administrative claim is made asserting any claim released in this Agreement, you will not be entitled to recover any individual monetary award or relief or other individual remedies. Nothing contained in this Agreement, or the fact of its submission to you, will be admissible evidence in any judicial, administrative, or other legal proceeding, or be construed as an admission of any liability or wrongdoing on the part of the Company or its subsidiaries or affiliates or any violation of foreign, federal, state or local statutory or common law or regulation or ruling.

6. Restrictive Covenants.

(a) Confidential Information. You acknowledge that during your employment or other service with and to the Company hereunder or otherwise you have been and will be in close contact with many confidential affairs of the Company or of any of its subsidiaries or 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 you; (b) becomes available to you on a non-confidential basis from a source which, to your knowledge, is not prohibited from disclosing such Confidential Information to you or (c) is generally known in the industry in which the Company or its subsidiaries or affiliates operate and pertains to activities or business not specific to the Company or its subsidiaries or affiliates. You agree to use all reasonable efforts to protect the Confidential Information and will keep secret all such Confidential Information and will not intentionally disclose such Confidential Information to anyone outside of the Company except (x) as required by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power; or (y) with the Company's prior express written consent. Additionally, you will deliver promptly to the Company upon any termination of employment or other service, all agreements, memoranda, notes, records, reports and other documents (and all copies thereof, whether in electronic format or otherwise) relating to the business of the Company or its subsidiaries or affiliates and all other property of the Company or its subsidiaries or affiliates, which you may then possess or have under your control other than publicly available documents. You understand and agree that the rights and obligations set forth in this Section 6(a) will extend beyond the Term, in perpetuity.

(b) Non-Solicitation of Employees. From the date hereof until November 30, 2017 (the "Non-Solicit Period"), you 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, the Company or its subsidiaries or affiliates on the date of your termination of employment and/or Consulting Services hereunder, or within six (6) months prior thereto, to work for an entity other than the Company. For this purpose, the term "solicit" will include, but not be limited to, contacting, or providing information to others who may be reasonably expected to contact, any employee or independent contractor of the Company or its subsidiaries or affiliates regarding such employee's or independent contractor's interest in seeking employment or engagement with an entity other than the Company.

(c) Non-Solicitation of Clients or Customers/Non-Interference with Vendors. During the Non-Solicit Period, you will not, for any reason, solicit or encourage any vendor, Client or Prospective Client to cease any relationship with the Company or any of its subsidiaries or affiliates, or to cease any service in any way to or from 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 the Company or any of its subsidiaries or affiliates regarding such Client or Prospective Client's interest in receiving your services or the services of any entity with which you are affiliated or the cessation of any such relationship. The term "Client" will mean all persons for whom the Company or any of its subsidiaries or affiliates currently maintains an active account or file in the active records of the Company or any such subsidiary or affiliate, or for whom the Company or any of its subsidiaries or affiliates have otherwise performed or performs any services or provided products within the twelve (12) month period preceding your termination of employment or Consulting Services hereunder. The term "Prospective Client" means those persons and entities who have been approached by or on behalf of the Company or any of its subsidiaries or affiliates to become a client or who have been entered into the internal records of the Company or any of its subsidiaries or affiliates as a prospective or potential client.

(d) Non-Compete. You expressly covenant and agree that during the Non-Solicit Period, you will not directly or indirectly, own, manage, operate, join, control, receive compensation or benefits from, or participate in the ownership, management, operation, or control of, or be employed by, serve as a director of, consult for 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 the Company or any of its subsidiaries or affiliates, as conducted or planned by the Company or any of its subsidiaries or affiliates during your employment with the Company.

(e) Mutual Non-Disparagement.

(i) You agree that, during your employment or other service with or to the Company and at all times thereafter, you will not defame, disparage or publicly criticize the Company and/or its subsidiaries or affiliates and/or their executive officers or directors to any person or entity. Subsequent to your termination of employment or other service for any reason, you will not speak in a negative or disparaging manner about the Company (and/or its subsidiaries, affiliates, executive officers, directors and/or its business), to the media, whether electronic, print or otherwise, without the prior written approval of the Company. Nothing herein, however, will prohibit you from making truthful statements to the extent legally compelled or otherwise required by applicable laws or governmental regulations or judicial or regulatory proceedings.

(ii) The Company agrees that, during your employment or other service with or to the Company and at all times thereafter, it (and/or its subsidiaries or affiliates) and the Company's executive officers will not (i) defame, disparage or publicly criticize you, or (ii) speak in a negative or disparaging manner about you to the media, whether electronic, print or otherwise, without your prior written approval. Nothing herein, however, will prohibit the Company, its subsidiaries or affiliate or their executive officers from making truthful statements to the extent legally compelled or otherwise required by applicable laws or governmental regulations or judicial or regulatory proceedings.

(f) Survival. You understand and agree that the rights and obligations set forth in this Section 6 may extend beyond the Term.

(g) Remedies/Sanctions. You acknowledge that the services you rendered under the Employment 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 the Company or any of its subsidiaries or affiliates in the event of any breach of this Agreement or default by you. Because of the unique nature of the Confidential Information and the importance of the prohibitions against competition and solicitation, you further acknowledge and agree that the Company and its subsidiaries and affiliates will suffer irreparable harm if you fail to comply with you obligations under Section 6 and that monetary damages would be inadequate to compensate the Company for any such breach. Accordingly, you agree that, in addition to any other remedies available to either party at law, in equity or otherwise, the Company 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.

(h) Clawback. You acknowledge and agree that all amounts payable to you under this Agreement and the restricted stock award agreements described in Section 2(d) that constitute "incentive-based compensation" within the meaning of the

Company's Incentive-Based Compensation Clawback Policy are subject to recovery by the Company in accordance with the terms and conditions of such policy and all other such recoupment policies as required by applicable law.

(i) Confidentiality. The parties agree that the terms and conditions of this Agreement will remain confidential, and that neither of the parties will disclose to any third-party, other than legal counsel or your accountant and your spouse (and provided such persons agree to keep this Agreement and its contents confidential), the terms and conditions of this Agreement, except as may be required by law or regulation and which obligation will cease if the Company files this Agreement with the Securities and Exchange Commission.

7. Your Representations. You hereby affirm and acknowledge:

(a) You have not filed, caused to be filed, or presently are a party to any claim, complaint, or action against any of the Released Parties herein in any forum or form.

(b) You have not divulged any proprietary or Confidential Information in violation of Section 12 of the Employment Agreement.

(c) You have no knowledge of any unreported Foreign Corrupt Practices Act or International Traffic in Arms Regulations violations or of any corporate fraud committed by the Company or any of its subsidiaries, affiliates, officers, directors, employees or third-party intermediaries.

(d) You acknowledge that you will not be eligible to receive the benefits described herein, and all rights that you have to such benefits under this Agreement will be terminated, if you are found to have committed or condoned during your employment any acts of fraud against the Company or its subsidiaries, divisions or affiliates, or fraud against any government.

8. Amendments. This Agreement may not be modified, altered, or amended except in writing and signed by you and the Company. You acknowledge that you have not relied on any representations, promises, or agreements of any kind made to you in connection with your decision to enter into this Agreement.

9. Governing Law and Jurisdiction. This Agreement will be governed by and construed and interpreted in accordance with the laws of the State of New York without reference to principles of conflict of laws thereof. Each party irrevocably submits to the exclusive jurisdiction of both the Supreme Court of the State of New York, New York County and the United States District Court for the Southern District of New York (collectively, the "New York Courts") for the purposes of any suit, action or other proceeding permitted by and arising out of this Agreement. Each party irrevocably and unconditionally waives any objection to the laying of venue of any legal proceeding brought in compliance with this Agreement in the New York Courts, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such proceeding brought in any New York Court has been brought in an inconvenient forum.

10. Arbitration. Any contest or dispute arising under this Agreement will be submitted to binding arbitration for resolution in New York, New York, in accordance with the applicable rules of the American Arbitration Association then in effect; provided, however, that the Company may bring an action in any court of law or equity to specifically enforce any confidentiality, non-compete, non-interference, non-disparagement or non-solicitation covenant, and you may bring an action in any court of law or equity to enforce the Company's non-disparagement covenant under Section 6(e) or your rights to indemnification or expense advancement. 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 the parties.

11. Legal Fees. The Company will reimburse you for up to $10,000 in reasonable legal fees incurred by you in the negotiation of this Agreement, subject to your submission of all applicable invoices.

12. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original and each of which will together constitute one and the same agreement.

13. Section 409A. It is the intent of the parties that all payments under this Agreement are either exempt from or comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder ("Section 409A"). Notwithstanding anything in this Agreement to the contrary, any payments or benefits due hereunder, if any, that constitute non-exempt "deferred compensation" (as defined in Section 409A) that are payable by reason of your termination of employment will not be paid or provided to you until you have undergone a "separation from service" (as defined in Section 409A). If it is determined that any payments or benefits due to you hereunder would otherwise cause the application of an accelerated or additional tax under Section 409A if paid or provided to you pursuant to this Agreement during the six-month period immediately following your "separation from service" (as defined in Section 409A), such payments or benefits will instead be payable in a single lump sum on the first business day after the

date that is six (6) months following such "separation from service" or, if earlier, within ten (10) business days following receipt of notice by the Company of your death. Your right to receive any installment payments under this Agreement will be treated as a right to receive a series of separate payments and, accordingly, each such installment payment will at all times be considered a separate and distinct payment as permitted under Section 409A. If you are entitled to be paid or reimbursed for any taxable expenses, and such payments or reimbursements are includable in your federal gross taxable income, the amount of such expenses reimbursable in any one calendar year will not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. No right to reimbursement of expenses under this Agreement will be subject to liquidation or exchange for another benefit. You will be solely responsible for all taxes and other amounts due in connection with any payment hereunder, including, without limitation, any additional taxes, interest or other amounts owed by you resulting from the application of Section 409A. None of the Company, its affiliates, subsidiaries, or their respective directors, officers, employees or advisors will be held liable for any taxes, interest or other amounts owed by you in connection with any payment hereunder.

14. Code Sections 280G and 4999. Upon a Change in Control (as defined in the Employment Agreement), notwithstanding any other provisions of this Agreement to the contrary, in the event that any payments or benefits received or to be received by you in connection with your employment or other service with the Company (or termination thereof) would subject you 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 you, including any Excise Tax) that you would receive with respect to such payments or benefits does not exceed the net-after tax amount you would receive if the amount of such payment and benefits were reduced to the maximum amount which could otherwise be payable to you without the imposition of the Excise Tax, then, to the extent necessary to eliminate the imposition of the Excise Tax, (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. Any determination under this Section will take into account reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code.

15. Entire Agreement; Authority. The parties acknowledge and agree that, except as otherwise specifically provided herein, this Agreement supersedes and replaces any prior written or oral agreements or understandings between the parties regarding the subject matter hereof, including, without limitation, the Employment Agreement and any term sheet or summary of terms that relate hereto. The Company represents to you that this Agreement has been duly authorized by all necessary corporate action and you represent to the Company that you have sufficient legal capacity to enter into this Agreement.

16. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, beneficiaries, executors, successors and assigns. No rights or obligations of the parties under this Agreement may be assigned without the prior written consent of both parties; provided that, notwithstanding the foregoing, this Agreement is assignable by the Company to, and binding upon, any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business, equity and/or assets of the Company. If you die while any amount is due and payable hereunder, all such amounts will be paid in accordance with, and subject to, the terms and provisions of this Agreement to your estate and in the event of your death or a judicial determination of your incompetence, reference in this Agreement to you shall be deemed, where appropriate, to refer to his beneficiary, estate or other legal representative.

17. Survival. The rights and obligations of the parties shall survive any expiration or termination of the Term and this Agreement to the extent necessary to effect the intended provision of such rights and obligations.

18. Acknowledgment. In the event that you breach or violate the terms of this Agreement, you acknowledge that the Company will have the right to terminate any or all of its commitments herein, and to recover any monies or other consideration previously provided to you hereunder and to pursue any other remedies available to the Company.

19. Revocation.

YOU HAVE BEEN ADVISED THAT YOU HAVE TWENTY-ONE (21) CALENDAR DAYS FROM THE DATE OF YOUR RECEIPT OF THIS AGREEMENT TO CONSIDER THIS AGREEMENT BEFORE YOU SIGN IT; YOU MAY SIGN IT EARLIER IF YOU WISH, BUT THE DECISION IS ENTIRELY YOURS. YOU MAY REVOKE THIS AGREEMENT FOR A PERIOD OF SEVEN (7) CALENDAR DAYS FOLLOWING THE DAY YOU EXECUTE THE AGREEMENT AND THE AGREEMENT WILL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE EXPIRATION OF THAT SEVEN (7) CALENDAR DAY PERIOD.

ANY REVOCATION WITHIN THIS PERIOD MUST BE SUBMITTED, IN WRITING, TO THE COMPANY'S GENERAL COUNSEL AND STATE, "I HEREBY REVOKE MY ACCEPTANCE OF OUR AGREEMENT AND GENERAL RELEASE." THE REVOCATION MUST BE PERSONALLY DELIVERED TO THE COMPANY'S GENERAL COUNSEL OR HIS DESIGNEE, OR MAILED TO THE COMPANY'S GENERAL COUNSEL AND POSTMARKED WITHIN SEVEN (7) CALENDAR DAYS AFTER EXECUTION OF THIS AGREEMENT. IF THE

LAST DAY OF THE REVOCATION PERIOD IS A SATURDAY, SUNDAY OR LEGAL HOLIDAY IN NEW YORK, THEN THE REVOCATION PERIOD WILL NOT EXPIRE UNTIL THE NEXT FOLLOWING DAY WHICH IS NOT A SATURDAY, SUNDAY OR HOLIDAY.

YOU HAVE BEEN ADVISED IN WRITING TO CONSULT WITH AN ATTORNEY OF YOUR OWN CHOOSING AND AT YOUR OWN EXPENSE PRIOR TO EXECUTING THIS AGREEMENT. THE AGREEMENT, AMONG OTHER THINGS, WAIVES RIGHTS THAT YOU MAY HAVE UNDER ADEA.

IN THE EVENT YOU REVOKE ALL OR A PART OF THIS AGREEMENT PRIOR TO THE EXPIRATION OF THE APPLICABLE REVOCATION PERIOD, THE COMPANY WILL HAVE THE RIGHT TO TERMINATE ANY OR ALL OF ITS COMMITMENTS HEREIN AND TO RECOVER ANY MONIES OR OTHER CONSIDERATION PREVIOUSLY PROVIDED TO YOU HEREUNDER AND TO PURSUE ANY OTHER REMEDIES AVAILABLE TO THE COMPANY.

[*signature page follows*]

Very Truly Yours,

GRIFFON CORPORATION.

By: /s/ Seth L. Kaplan
Name: Seth L. Kaplan
Title: Senior Vice President

Agreed to and Accepted:

/s/ Douglas J. Wetmore June 1, 2015

Douglas J. Wetmore Date

Exhibit 31.1

CERTIFICATION

I, Ronald J. Kramer, certify that:

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

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

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

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

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

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

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

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

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the 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: July 30, 2015

/s/ Ronald J. Kramer

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

Exhibit 31.2

CERTIFICATION

I, Douglas J. Wetmore, certify that:

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

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

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

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

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

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

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

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

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the 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: July 30, 2015

/s/ Douglas J. Wetmore

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

Exhibit 32

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

I, Ronald J. Kramer, Chief Executive Officer of Griffon Corporation, hereby certify that the Form 10-Q of Griffon Corporation for the period ended June 30, 2015 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: July 30, 2015

I, Douglas J. Wetmore, Executive Vice President and Chief Financial Officer of Griffon Corporation, hereby certify that the Form 10-Q of Griffon Corporation for the period ended June 30, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Griffon Corporation.

/s/ Douglas J. Wetmore
Name: Douglas J. Wetmore
Date: July 30, 2015

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.