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 December 31, 2012

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

For the transition period from to

Commission File Number: 1-06620

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

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

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

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

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

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

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

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

The number of shares of common stock outstanding at January 29, 2013 was 61,214,347.

Griffon Corporation and Subsidiaries

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Part I – Financial Information
Item 1 – Financial Statements

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

	(Unaudited) At December 31, 2012	At September 30, 2012
CURRENT ASSETS		
Cash and equivalents	$ 150,065	$ 209,654
Accounts receivable, net of allowances of $5,573 and $5,433	237,305	239,857
Contract costs and recognized income not yet billed, net of progress payments of $2,075 and $3,748	74,579	70,777
Inventories, net	268,109	257,868
Prepaid and other current assets	53,582	47,472
Assets of discontinued operations	571	587
Total Current Assets	784,211	826,215
PROPERTY, PLANT AND EQUIPMENT, net	357,419	356,879
GOODWILL	359,294	358,372
INTANGIBLE ASSETS, net	228,574	230,473
OTHER ASSETS	28,550	31,317
ASSETS OF DISCONTINUED OPERATIONS	2,798	2,936
Total Assets	$ 1,760,846	$ 1,806,192
CURRENT LIABILITIES		
Notes payable and current portion of long-term debt	$ 19,081	$ 17,703
Accounts payable	132,799	141,704
Accrued liabilities	80,886	110,337
Liabilities of discontinued operations	2,084	3,639
Total Current Liabilities	234,850	273,383
LONG-TERM DEBT, net of debt discount of $15,797 and $16,607	679,538	681,907
OTHER LIABILITIES	186,860	193,107
LIABILITIES OF DISCONTINUED OPERATIONS	3,395	3,643
Total Liabilities	1,104,643	1,152,040
COMMITMENTS AND CONTINGENCIES - See Note 18		
SHAREHOLDERS' EQUITY		
Total Shareholders' Equity	656,203	654,152
Total Liabilities and Shareholders' Equity	$ 1,760,846	$ 1,806,192

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

	COMMON STOCK		CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	TREASURY SHARES		ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	DEFERRED ESOP & OTHER COMPENSATION	
(in thousands)	SHARES	PAR VALUE			SHARES	COST			Total
Balance at 9/30/2012	76,509	$ 19,127	$ 482,009	$ 436,421	15,621	$ (242,081)	$ (19,559)	$ (21,765)	$ 654,152
Net income	—	—	—	558	—	—	—	—	558
Dividend	—	—	—	(1,464)	—	—	—	—	(1,464)
Tax effect from exercise/vesting of equity awards, net	—	—	150	—	—	—	—	—	150
Amortization of deferred compensation	—	—	—	—	—	—	—	507	507
Common stock acquired	—	—	—	—	724	(7,336)	—	—	(7,336)
Restricted stock awards granted, net	830	208	(404)	—	—	—	—	—	(196)
ESOP allocation of common									

stock	—	—	9	—	—	—	—	—	9
Stock-based compensation	—	—	2,960	—	—	—	—	—	2,960
Translation of foreign financial statements	—	—	—	—	—	—	3,003	—	3,003
Pension OCI, net of tax	—	—	—	—	—	—	3,860	—	3,860
Balance at 12/31/2012	77,339	$ 19,335	$ 484,724	$ 435,515	16,345	$ (249,417)	$ (12,696)	$ (21,258)	$ 656,203

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 December 31,	
	2012	**2011**
Revenue	$ 423,749	$ 451,031
Cost of goods and services	326,079	348,323
Gross profit	97,670	102,708
Selling, general and administrative expenses	82,219	83,066
Restructuring and other related charges	1,108	1,795
Total operating expenses	83,327	84,861
Income from operations	14,343	17,847
Other income (expense)		
Interest expense	(13,107)	(13,063)
Interest income	28	63
Other, net	486	47
Total other income (expense)	(12,593)	(12,953)
Income before taxes	1,750	4,894
Provision for income taxes	1,192	2,407
Net income	$ 558	$ 2,487
Basic earnings per common share	$ 0.01	$ 0.04
Weighted-average shares outstanding	55,153	56,025
Diluted earnings per common share	$ 0.01	$ 0.04
Weighted-average shares outstanding	57,265	57,082
Net Income	$ 558	$ 2,487
Other comprehensive income (loss), net of taxes:		
Foreign currency translation adjustments	3,003	(4,566)
Pension other comprehensive income amortization	3,860	518
Total other comprehensive income (loss), net of taxes	6,863	(4,048)
Comprehensive income (loss)	$ 7,421	$ (1,561)

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)

	Three Months Ended December 31,	
	2012	**2011**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 558	$ 2,487
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	17,357	15,515
Stock-based compensation	2,960	2,257
Provision for losses on accounts receivable	206	569
Amortization/write-off of deferred financing costs and debt discounts	1,539	1,505
Deferred income taxes	458	(141)
Gain on sale/disposal of assets	(733)	(44)
Change in assets and liabilities, net of assets and liabilities acquired:		
(Increase) decrease in accounts receivable and contract costs and recognized income not yet billed	(529)	8,067
Increase in inventories	(9,800)	(30,318)
Decrease in prepaid and other assets	3,625	4
Decrease in accounts payable, accrued liabilities and income taxes payable	(50,165)	(14,582)
Other changes, net	2,022	838
Net cash used in operating activities	(32,502)	(13,843)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(17,288)	(19,892)
Acquired business, net of cash acquired	—	(22,432)
Proceeds from sale of assets	1,055	61
Net cash used in investing activities	(16,233)	(42,263)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(1,464)	(1,184)
Purchase of shares for treasury	(7,336)	(2,351)
Proceeds from issuance of long-term debt	303	—
Payments of long-term debt	(4,062)	(6,826)
Change in short-term borrowings	1,643	—
Financing costs	—	(4)
Tax effect from exercise/vesting of equity awards, net	150	834
Other, net	184	(14)
Net cash used in financing activities	(10,582)	(9,545)
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Net cash used in operating activities	(463)	(277)
Net cash used in discontinued operations	(463)	(277)
Effect of exchange rate changes on cash and equivalents	191	257
NET DECREASE IN CASH AND EQUIVALENTS	(59,589)	(65,671)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	209,654	243,029
CASH AND EQUIVALENTS AT END OF PERIOD	$ 150,065	$ 177,358

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

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

NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

About Griffon Corporation

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

Griffon currently conducts its operations through three segments:

- Home & Building Products ("HBP") consists of two companies, Ames True Temper, Inc. ("ATT") and Clopay Building Products Company, Inc. ("CBP"):
  - ATT is a global provider of non-powered landscaping products that make work easier for homeowners and professionals.
  - CBP is a leading manufacturer and marketer of residential, commercial and industrial garage doors to professional installing dealers and major home center retail chains.
- Telephonics Corporation ("Telephonics") designs, develops and manufactures high-technology integrated information, communication and sensor system solutions to military and commercial markets worldwide.
- Clopay Plastic Products Company, 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, 2012, which provides a more complete explanation of Griffon's accounting policies, financial position, operating results, business properties and other matters. In the opinion of management, these financial statements reflect all adjustments considered necessary for a fair statement of interim results. Griffon's HBP operations are seasonal and the results of any interim period are not necessarily indicative of the results for the full year.

The condensed consolidated balance sheet information at September 30, 2012 was derived from the audited financial statements included in Griffon's Annual Report on Form 10-K for the year ended September 30, 2012.

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 discontinued assets and liabilities, and the accompanying disclosures. These estimates are based on management's best knowledge of current events and actions Griffon may undertake in the future. Actual results may ultimately differ from these estimates.

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 debt approximate fair value due to either the short-term nature of such instruments or the fact that the interest rate of the revolving credit debt is based upon current market rates.

The fair values of Griffon's 2018 senior notes, and 2017 and 2023 4% convertible notes approximated $590,000, $106,800 and $568, respectively, on December 31, 2012. Fair values were based upon quoted market prices (level 1 inputs).

Insurance contracts with a value of $3,998 and trading securities with a value of $1,713 at December 31, 2012 are measured and recorded at fair value based upon quoted prices in active markets for identical assets (level 1 inputs).

Items Measured at Fair Value on a Recurring Basis

At December 31, 2012, Griffon had $1,000 of Australian dollar contracts at a weighted average rate of $0.96. The contracts, which protect Australia operations from currency fluctuations for U.S. dollar based purchases, do not qualify for hedge accounting and a fair value loss of $2 was recorded in other assets and to other income for the outstanding contracts, based on similar contract values (level 2 inputs), for the quarter ended December 31, 2012, respectively. All contracts expire in 15 to 45 days.

NOTE 3 – ACQUISITION

On October 17, 2011, Griffon acquired the pots and planters business of Southern Sales & Marketing Group, Inc. ("SSMG") for $22,432. The acquired business, which markets its products under the Southern Patio brand name ("Southern Patio"), is a leading designer, manufacturer and marketer of landscape accessories. Southern Patio, which was integrated with ATT, had revenue exceeding $40,000 in 2011.

The accounts of the acquired company, after adjustments to reflect fair market values assigned to assets purchased from SSMG, have been included in the consolidated financial statements from date of acquisition; acquired inventory was not significant.

The following table summarizes the fair values of the assets acquired as of the date of the acquisition and the amounts assigned to goodwill and intangible asset classifications:

Inventory	$ 3,673
PP&E	416
Goodwill	4,655
Amortizable intangible assets	11,077
Indefinite life intangible assets	2,611
Total assets acquired	$ 22,432

The amounts assigned to goodwill and major intangible asset classifications, all of which are tax deductible, for the Southern Patio acquisition are as follows:

		Amortization Period (Years)
Goodwill	$ 4,655	N/A
Tradenames	2,611	Indefinite
Customer relationships	11,077	25
	$ 18,343	

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 December 31, 2012	At September 30, 2012
Raw materials and supplies	$ 68,948	$ 63,596
Work in process	67,710	67,077
Finished goods	131,451	127,195
Total	$ 268,109	$ 257,868

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

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

	At December 31, 2012	At September 30, 2012
Land, building and building improvements	$ 126,160	$ 125,330
Machinery and equipment	633,090	622,983
Leasehold improvements	34,830	34,890
	794,080	783,203
Accumulated depreciation and amortization	(436,661)	(426,324)
Total	$ 357,419	$ 356,879

Depreciation and amortization expense for property, plant and equipment was $15,371 and $13,489 for the quarters ended December 31, 2012 and 2011, respectively.

No event or indicator of impairment occurred during the quarter ended December 31, 2012, which would require additional impairment testing of property, plant and equipment.

NOTE 6 – GOODWILL AND OTHER INTANGIBLES

The following table provides changes in carrying value of goodwill by segment during the quarter ended December 31, 2012:

	At September 30, 2012	Other adjustments including currency translations	At December 31, 2012
Home & Building Products	$ 269,802	$ —	$ 269,802
Telephonics	18,545	—	18,545
Plastics	70,025	922	70,947
Total	$ 358,372	$ 922	$ 359,294

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

	At December 31, 2012			At September 30, 2012	
	Gross Carrying Amount	Accumulated Amortization	Average Life (Years)	Gross Carrying Amount	Accumulated Amortization
Customer relationships	$ 167,932	$ 23,824	25	$ 167,603	$ 21,799
Unpatented technology	6,818	2,478	11	6,751	2,334
Total amortizable intangible assets	174,750	26,302		174,354	24,133
Trademarks	80,126	—		80,252	—
Total intangible assets	$ 254,876	$ 26,302		$ 254,606	$ 24,133

Amortization expense for intangible assets subject to amortization was $1,986 and $2,026 for the quarters ended December 31, 2012 and 2011, respectively.

No event or indicator of impairment occurred during the quarter ended December 31, 2012, which would require impairment testing of long-lived intangible assets including goodwill.

NOTE 7 – INCOME TAXES

Griffon’s current year first quarter effective tax rate was 68.1% compared to 49.2% in the prior year quarter. In both years, the effective rates reflect the impact of permanent differences not deductible in determining taxable income, mainly limited deductibility of restricted stock, tax reserves and changes in earnings mix between domestic and non-domestic operations. There were no material discrete items for the current or prior year quarter.

NOTE 8 – LONG-TERM DEBT

		At December 31, 2012					At September 30, 2012				
		Outstanding Balance	Original Issuer Discount	Balance Sheet	Capitalized Fees & Expenses	Coupon Interest Rate	Outstanding Balance	Original Issuer Discount	Balance Sheet	Capitalized Fees & Expenses	Coupon Interest Rate
Senior notes due 2018	(a)	$ 550,000	$ —	$ 550,000	$ 8,456	7.125%	$ 550,000	$ —	$ 550,000	$ 8,862	7.125%
Revolver due 2016	(a)	—	—	—	2,019	n/a	—	—	—	2,175	n/a
Convert. debt due 2017	(b)	100,000	(15,797)	84,203	1,810	4.000%	100,000	(16,607)	83,393	1,921	4.000%
Real estate mortgages	(c)	13,858	—	13,858	245	n/a	14,063	—	14,063	271	n/a
ESOP Loans	(d)	22,317	—	22,317	30	n/a	22,723	—	22,723	32	n/a
Capital lease - real estate	(e)	10,226	—	10,226	226	5.000%	10,455	—	10,455	232	5.000%
Convert. debt due 2023	(f)	532	—	532	—	4.000%	532	—	532	—	4.000%
Term loan due 2013	(g)	10,579	—	10,579	88	n/a	12,873	—	12,873	107	n/a
Revolver due 2013	(g)	—	—	—	—	n/a	—	—	—	—	n/a
Foreign lines of credit	(h)	3,681	—	3,681	—	n/a	2,064	—	2,064	—	n/a
Foreign term loan	(h)	2,172	—	2,172	16	n/a	2,693	—	2,693	19	n/a
Other long term debt	(i)	1,051	—	1,051	—	n/a	814	—	814	—	
Totals		714,416	(15,797)	698,619	$ 12,890		716,217	(16,607)	699,610	$ 13,619	
less: Current portion		(19,081)	—	(19,081)			(17,703)	—	(17,703)		
Long-term debt		$ 695,335	$ (15,797)	$ 679,538			$ 698,514	$ (16,607)	$ 681,907		

		Three Months Ended December 31, 2012					Three Months Ended December 31, 2011				
		Effective Interest Rate	Cash Interest	Amort. Debt Discount	Amort. Deferred Cost & Other Fees	Total Interest Expense	Effective Interest Rate	Cash Interest	Amort. Debt Discount	Amort. Deferred Cost & Other Fees	Total Interest Expense
Senior notes due 2018	(a)	7.4%	$ 9,797	$ —	$ 406	$ 10,203	7.4%	$ 9,797	$ —	$ 412	$ 10,209
Revolver due 2016	(a)	0.0%	218	—	156	374	n/a	—	—	153	153
Convert. debt due 2017	(b)	9.1%	1,000	811	111	1,922	9.0%	1,000	744	111	1,855
Real estate mortgages	(c)	5.3%	139	—	21	160	5.6%	150	—	22	172
ESOP Loans	(d)	2.9%	167	—	2	169	2.9%	180	—	1	181
Capital lease - real estate	(e)	5.3%	131	—	6	137	5.6%	142	—	6	148
Convert. debt due 2023	(f)	4.0%	5	—	—	5	4.0%	5	—	—	5
Term loan due 2013	(g)	3.7%	98	—	21	119	9.3%	282	—	22	304
Revolver due 2013	(g)	n/a	17	—	—	17	n/a	22	—	34	56
Foreign lines of credit	(h)	9.9%	96	—	—	96	10.9%	103	—	—	103
Foreign term loan	(h)	10.5%	75	—	5	80	n/a	—	—	—	—
Other long term debt	(i)		110	—	—	110		328	—	—	328
Capitalized interest			(285)	—	—	(285)		(451)	—	—	(451)
Totals			$ 11,568	$ 811	$ 728	$ 13,107		$ 11,558	$ 744	$ 761	$ 13,063

(a) On March 17, 2011, in an unregistered offering through a private placement under Rule 144A, Griffon issued, at par, $550,000 of 7.125% Senior Notes due in 2018 ("Senior Notes"); interest is payable semi-annually. On August 9, 2011, Griffon exchanged all of the Senior Notes for substantially identical Senior Notes registered under the Securities Act of 1933 via an exchange offer.

The Senior Notes can be redeemed prior to April 1, 2014 at a price of 100% of principal plus a make-whole premium and accrued interest; on or after April 1, 2014, the Senior Notes can be redeemed at a certain price (declining from 105.344% of principal on or after April 1, 2014 to 100% of principal on or after April 1, 2017), plus accrued interest. Proceeds from the Senior Notes were used to pay down outstanding borrowings under a senior secured term loan facility and two senior secured revolving credit facilities of certain of the Company's subsidiaries. The Senior Notes are senior unsecured obligations of Griffon guaranteed by certain domestic subsidiaries,

and are subject to certain covenants, limitations and restrictions.

On March 18, 2011, Griffon entered into a five-year $200,000 Revolving Credit Facility (“Credit Agreement”), which included a letter of credit sub-facility with a limit of $50,000, a multi-currency sub-facility of $50,000 and a swingline sub-facility with a limit of $30,000. Borrowings under the Credit Agreement may be repaid and re-borrowed at any time, subject to final maturity of the facility or the occurrence of a default or event of default under the Credit Agreement. Interest is payable on borrowings at either a LIBOR or base rate benchmark rate plus an applicable margin, which adjusts based on financial performance. The margins are 1.50% for base rate loans and 2.50% for LIBOR loans, in each case without a floor. The Credit Agreement has certain financial maintenance tests including a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio as well as customary affirmative and negative covenants and events of default.

The Credit Agreement also includes certain restrictions, such as limitations on the incurrence of indebtedness and liens and the making of restricted payments and investments. Borrowings under the Credit Agreement are guaranteed by certain domestic subsidiaries and are secured, on a first priority basis, by substantially all assets of the Company and the guarantors.

At December 31, 2012, there were $21,307 of standby letters of credit outstanding under the Credit Agreement; $178,693 was available for borrowing at that date.

(b) On December 21, 2009, Griffon issued $100,000 principal of 4% convertible subordinated notes due 2017 (the "2017 Notes"). The initial conversion rate of the 2017 Notes was 67.0799 shares of Griffon's common stock per $1,000 principal amount of notes, corresponding to an initial conversion price of $14.91 per share, a 23% conversion premium over the $12.12 closing price on December 15, 2009. 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 December 31, 2012, aggregate dividends of $0.105 per share resulted in a cumulative change in the conversion rate of 1.1421%. As a result, the new conversion rate of the 2017 Notes was 67.8495 shares of Griffon's common stock per $1,000 principal amount of notes, corresponding to an initial conversion price of $14.74 per share. Griffon used 8.75% as the nonconvertible debt-borrowing rate to discount the 2017 Notes and will amortize the debt discount through January 2017. At issuance, the debt component of the 2017 Notes was $75,437 and debt discount was $24,563. At December 31, 2012 and September 30, 2012, the 2017 Notes had a capital in excess of par component, net of tax, of $15,720.

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

Griffon has other real estate mortgages, collateralized by real property, which bear interest at 6.3% and mature in 2016. On October 3, 2011, the mortgage at Russia, Ohio was paid in full, on maturity.

(d) Griffon's Employee Stock Ownership Plan ("ESOP") entered into a loan agreement in August 2010 to borrow $20,000 over a one-year period. The proceeds were used to purchase 1,874,737 shares of Griffon common stock in the open market for $19,973. The loan bears interest at a) LIBOR plus 2.5% or b) the lender's prime rate, at Griffon's option. In November 2011, Griffon exercised an option to convert the outstanding loan to a five-year term loan; principal is payable in quarterly installments of $250, beginning December 2011, with a balloon payment of $15,223 due at maturity (November 2016). The loan is secured by shares purchased with the proceeds of the loan, and repayment is guaranteed by Griffon. At December 31, 2012, $18,723 was outstanding.

In addition, the ESOP is party to a loan agreement which requires quarterly principal payments of $156 and interest through the extended expiration date of December 2013 at which time the $3,125 balance of the loan, and any outstanding interest, will be payable. Griffon has the intent and ability to refinance the December 2013 balance, and has classified the balance in Long-Term Debt. The primary purpose of this loan was to purchase 547,605 shares of Griffon's common stock in October 2008. The loan is secured by shares purchased with the proceeds of the loan, and repayment is guaranteed by Griffon. The loan bears interest at rates based upon the prime rate or LIBOR. At December 31, 2012, $3,594 was outstanding.

(e) In October 2006, CBP entered into a capital lease totaling $14,290 for real estate in Troy, Ohio. The lease matures in 2021, bears interest at a fixed rate of 5.3%, is secured by a mortgage on the real estate and is guaranteed by Griffon.

(f) At December 31, 2012 and September 30, 2012, Griffon had $532 of 4% convertible subordinated notes due 2023 (the "2023 Notes") outstanding. Holders of the 2023 Notes may require Griffon to repurchase all or a portion of their 2023 Notes on July 18, 2013 and 2018, if Griffon's common stock price is below the conversion price of the 2023 Notes, as well as upon a change in control. An adjustment to the conversion rate will be required as the result of payment of a cash dividend only if such adjustment would be greater than 1% (or at such time as the cumulative impact on the conversion rate reaches 1% in the aggregate). As of December 31, 2012, aggregate dividends of $0.105 per share resulted in a cumulative change in the conversion rate of 1.1427% to $23.8555 per $1,000 principal amount of notes. At December 31, 2012 and September 30, 2012, the 2023 Notes had no capital in excess of par value component as substantially all of these notes were put to Griffon at par and settled in July 2010.

(g) In November 2010, Clopay Europe GMBH (“Clopay Europe”) entered into a €10,000 revolving credit facility and a €20,000 term loan. The facility accrues interest at EURIBOR plus 2.45% per annum and the term loan accrues interest at EURIBOR plus 2.20% per annum. The revolving facility matures in November 2013, but is renewable upon mutual agreement with the bank. In July 2011, the full €20,000 was drawn on the Term Loan, with a portion of the proceeds used to repay borrowings under the revolving credit facility. The term loan is payable in ten equal quarterly installments which began in September 2011, with maturity in December 2013. Under the term loan, Clopay Europe is required to maintain a certain minimum equity to assets ratio and keep leverage below a certain level, defined as the ratio of total debt to EBITDA.

(h) In February 2012, Clopay do Brazil, a subsidiary of Plastics, borrowed $4,000 at a rate of 104.5% of Brazilian CDI (6.9% at December 31, 2012). The loan was used to refinance existing loans, is collateralized by accounts receivable and a 50% guaranty by Plastics and is to be repaid in four equal, semi-annual installments of principal plus accrued interest beginning in August 2012. Clopay do Brazil also maintains lines of credit of approximately $4,355. Interest on borrowings accrue at a rate of Brazilian CDI plus 6.0% or a fixed rate (12.9% or 10.7%, respectively, at December 31, 2012). At December 31, 2012 there was approximately $3,681 borrowed under the lines.

In November 2012, Garant G.P. (“Garant”) entered into a CDN $15,000 revolving credit facility. The facility accrues interest at LIBOR or the Bankers Acceptance Rate plus 1.3% per annum (1.51% and 1.53% as of December 31, 2012). The revolving facility matures in November 2015. Garant is required to maintain a certain minimum equity. At December 31, 2012, there were no borrowings under the revolving credit facility with CDN $15,000 available for borrowing

(i) Includes capital leases.

At December 31, 2012, Griffon and its subsidiaries were in compliance with the terms and covenants of its credit and loan agreements.

NOTE 9 — SHAREHOLDERS’ EQUITY

On November 17, 2011, the Company began declaring quarterly cash dividends. During 2012, the Company declared and paid quarterly dividends of $0.02 per share, totaling $0.08 per share for the year. On November 13, 2012, Griffon declared a $0.025 per share dividend payable on December 26, 2012 to shareholders of record as of November 29, 2012. $1,464 and $1,184 was recorded to retained earnings for dividends for the quarters ended December 31, 2012 and December 31, 2011, respectively. 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 payable will be released upon vesting of the underlying restricted shares.

On January 30, 2013, the Board of Directors declared a quarterly cash dividend of $0.025 per share, payable on March 27, 2013 to shareholders of record as of the close of business on February 27, 2013.

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 is amortized using the straight-line attribution method.

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. 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 3,000,000 (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 cancelled or forfeited. As of December 31, 2012, 938,700 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 2013, Griffon granted 883,500 restricted stock awards that cliff vest over a three-year or four-year period, 829,100 of which are also subject to certain performance conditions, with a total fair value of $9,433, or a weighted average fair value of $10.68 per share.

For the quarters ended December 31, 2012 and 2011, stock based compensation expense totaled $2,960 and $2,257, respectively.

In August 2011, Griffon’s Board of Directors authorized the repurchase of up to $50,000 of Griffon’s outstanding common stock. Under this repurchase program, the Company may purchase shares of its common stock, depending upon market conditions, in open market or privately negotiated transactions, including pursuant to a 10b5-1 plan. In the first quarter of 2013, Griffon purchased 723,630 shares of common stock, for a total of $7,331, or $10.13 per share. To date, Griffon has purchased 2,076,075 shares of common stock, for a total of $19,020, or $9.16 per share; $30,980 remains under the $50,000 authorization.

NOTE 10 – EARNINGS PER SHARE (EPS)

Basic EPS was calculated by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted EPS was calculated by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding plus additional common shares that could be issued in connection with stock based compensation. The 2023 Notes and the 2017 Notes were anti-dilutive due to the conversion price being greater than the weighted-average stock price during the periods presented.

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

	Three Months Ended December 31,	
	2012	**2011**
Weighted average shares outstanding - basic	55,153	56,025
Incremental shares from stock based compensation	2,112	1,057
Weighted average shares outstanding - diluted	57,265	57,082
Anti-dilutive options excluded from diluted EPS computation	884	1,202

Griffon has the intent and ability to settle the principal amount of the 2017 Notes in cash, 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 business segments are as follows:

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

Information on Griffon's business segments is as follows:

REVENUE	For the Three Months Ended December 31, 2012	2011
Home & Building Products:		
ATT	$ 77,309	$ 98,741
CBP	112,867	111,647
Home & Building Products	190,176	210,388
Telephonics	96,050	104,513
Plastics	137,523	136,130
Total consolidated net sales	$ 423,749	$ 451,031

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

INCOME BEFORE TAXES	For the Three Months Ended December 31, 2012	2011
Segment operating profit:		
Home & Building Products	$ 7,271	$ 9,834
Telephonics	14,645	12,515
Plastics	2,642	1,880
Total segment operating profit	24,558	24,229
Net interest expense	(13,079)	(13,000)
Unallocated amounts	(7,587)	(6,335)
Loss on pension settlement	(2,142)	—
Income before taxes	$ 1,750	$ 4,894

Griffon evaluates performance and allocates resources based on each segments' 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 pension settlement and 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 before taxes:

	For the Three Months Ended December 31,	
	2012	2011
Segment adjusted EBITDA:		
Home & Building Products	$ 17,239	$ 17,750
Telephonics	16,364	15,690
Plastics	9,319	8,180
Total Segment adjusted EBITDA	42,922	41,620
Net interest expense	(13,079)	(13,000)
Segment depreciation and amortization	(17,256)	(15,418)
Unallocated amounts	(7,587)	(6,335)
Restructuring charges	(1,108)	(1,795)
Acquisition costs	—	(178)
Loss on pension settlement	(2,142)	—
Income before taxes	$ 1,750	$ 4,894

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

	For the Three Months Ended December 31,	
	2012	2011
DEPRECIATION and AMORTIZATION		
Segment:		
Home & Building Products	$ 8,860	$ 7,465
Telephonics	1,719	1,653
Plastics	6,677	6,300
Total segment depreciation and amortization	17,256	15,418
Corporate	101	97
Total consolidated depreciation and amortization	$ 17,357	$ 15,515
CAPITAL EXPENDITURES		
Segment:		
Home & Building Products	$ 9,093	$ 6,268
Telephonics	822	1,230
Plastics	7,368	12,328
Total segment	17,283	19,826
Corporate	5	66
Total consolidated capital expenditures	$ 17,288	$ 19,892

	At December 31, 2012	At September 30, 2012
ASSETS		
Segment assets:		
Home & Building Products	$ 947,570	$ 943,766
Telephonics	263,305	255,420
Plastics	431,010	430,395
Total segment assets	1,641,885	1,629,581
Corporate	115,592	173,088

Total continuing assets	1,757,477	1,802,669
Assets of discontinued operations	3,369	3,523
Consolidated total	$ 1,760,846	$ 1,806,192

NOTE 12 – DEFINED BENEFIT PENSION EXPENSE

Defined benefit pension expense was as follows:

	Three Months Ended December 31,	
	2012	2011
Service cost	$ 50	$ 52
Interest cost	2,425	2,670
Expected return on plan assets	(3,138)	(2,933)
Amortization:		
Prior service cost	5	83
Recognized actuarial loss	840	718
Loss on pension settlement	2,142	—
Net periodic expense	$ 2,324	$ 590

Effective January 1, 2012, the Clopay Pension Plan merged with the Ames True Temper Inc. Pension Plan. The merged Pension Plan was renamed the Clopay Ames True Temper Pension Plan.

Current quarter Selling, general and administrative expenses included a $2,142, non-cash, pension settlement loss resulting from the lump-sum buyout of certain participant's balances in the Company's defined benefit plan. The buyouts, funded by the pension plan, reduced the Company's net pension liability by $3,472 and increased Accumulated Other Comprehensive Income by $3,649.

NOTE 13 – RECENT ACCOUNTING PRONOUNCEMENTS

In June 2011, the FASB issued new accounting guidance requiring the presentation of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income, or in two separate but consecutive statements. The new accounting rules eliminate the option to present components of other comprehensive income as part of the statement of changes in shareholders' equity. The new accounting rules were effective for the Company beginning in 2013 and did not have a material effect on the Company's financial condition or results of operations and the Company presented comparable financial results.

In September 2011, the FASB issued new accounting guidance that allows an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative impairment testing of goodwill and indefinite life intangibles. This guidance is effective for the company beginning in 2013 and did not have an impact on the Company's financial condition or results of operations.

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, 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 December 31, 2012	At September 30, 2012
Assets of discontinued operations:		
Prepaid and other current assets	$ 571	$ 587
Other long-term assets	2,798	2,936
Total assets of discontinued operations	$ 3,369	$ 3,523
Liabilities of discontinued operations:		
Accrued liabilities, current	$ 2,084	$ 3,639
Other long-term liabilities	3,395	3,643
Total liabilities of discontinued operations	$ 5,479	$ 7,282

There was no Installation Services' operating unit revenue or income for the three months ended December 31, 2012 or 2011.

NOTE 15 – RESTRUCTURING AND OTHER RELATED CHARGES

In January 2013, Griffon announced that ATT will close certain of its manufacturing facilities and consolidate affected operations primarily into its Camp Hill and Carlisle, PA locations. The intended actions, to be completed by the end of fiscal 2014, will improve manufacturing and distribution efficiencies, allow for in-sourcing of certain production currently performed by third party suppliers, and improve material flow and absorption of fixed costs.

ATT anticipates it will incur pre-tax restructuring and related exit costs of $8,000, comprised of cash charges of $4,000 and asset-related charges of $4,000; the cash charges will include $3,000 for one-time termination benefits and other personnel-related costs and $1,000 for facility exit costs. The Company expects $20,000 in capital expenditures in connection with this initiative.

HBP recognized $1,108 and $273, in the quarters ended December 31, 2012 and December 31, 2011, respectively, in restructuring and other related exit costs. In both periods, restructuring and other related charges primarily related to one-time termination benefits and other personnel costs; current year costs relate primarily to ATT's plant consolidation initiative.

In the quarter ended December 31, 2011, Telephonics recognized $1,522 of restructuring and other related charges, primarily for one-time termination benefits and other personnel costs in conjunction with changes to its organizational structure.

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, 2011	$ 1,538	$ 257	$ —	$ 1,795
Quarter ended December 31, 2012	$ 994	$ 39	$ 75	$ 1,108

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

	Workforce Reduction	Facilities & Exit Costs	Other Related Costs	Total
Accrued liability at September 30, 2012	$ 3,500	$ 140	$ —	$ 3,640
Charges	994	39	75	1,108
Payments	(1,157)	(179)	(75)	(1,411)
Accrued liability at December 31, 2012	$ 3,337	$ —	$ —	$ 3,337

NOTE 16 – OTHER INCOME

Other income (expense) included $12 and ($495) for the quarters ended December 31, 2012 and 2011, respectively, of currency exchange gain (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 $32 and $65, respectively, of 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. ATT offers an express limited warranty for a period of ninety days on all products unless otherwise stated on the product or packaging from the date of original purchase.

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

	Three Months Ended December 31,	
	2012	2011
Balance, beginning of period	$ 8,856	$ 7,963
Warranties issued and charges in estimated pre-existing warranties	(6)	2,030
Actual warranty costs incurred	(1,107)	(1,040)
Balance, end of period	$ 7,743	$ 8,953

NOTE 18 — COMMITMENTS AND CONTINGENCIES

<u>*Legal and environmental*</u>

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

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

In April 2009, the DEC advised ISC's representatives that both the DEC and the New York State Department of Health had reviewed and accepted an August 2007 Remedial Investigation Report and an Additional Data Collection Summary Report dated January 30, 2009. With the acceptance of these reports, ISC completed the remedial investigation required under the Consent Order and was authorized, accordingly, by the DEC to conduct the Feasibility Study required by the Consent Order. Pursuant to the requirements of the Consent Order and its obligations thereunder, ISC, without acknowledging any responsibility to perform any remediation at the Site, submitted to the DEC in August 2009, a draft feasibility study which recommended for the soil, groundwater and sediment medias, remediation alternatives having a current net capital cost value, in the aggregate, of approximately $5,000. In February 2011, DEC advised ISC it 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 ATT 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 ATT 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 ATT under federal and state law, including common law fraud. At some point, likely once the litigation against the customer of ATT ends, the customer may seek indemnity (including recovery of its legal fees and costs) against ATT for an unspecified amount. Presently, ATT cannot estimate the amount of loss, if any, if the customer were to seek legal recourse against ATT.

Department of Environmental Conservation of New York State, regarding Frankfort, NY site. During fiscal 2009, an underground fuel tank with surrounding soil contamination was discovered at the Frankfort, N.Y. site which is the result of historical facility operations prior to ATT's ownership. While ATT was actively working with the DEC and the New York State Department of Health to define remediation requirements relative to the underground fuel tank, the DEC took the position that ATT was responsible to remediate other types of contamination on the site. After negotiations with the DEC, on August 15, 2011, ATT executed an Order on Consent with the DEC. The Order is without admission or finding of liability or acknowledgement that there has been a release of hazardous substances at the site. Importantly, the Order does not waive any rights that ATT has under a 1991 Consent Judgment entered into between the DEC and a predecessor of ATT relating to the site. The Order requires that ATT identify Areas of Concern at the site, and formulate a strategy to investigate and remedy both on and off site conditions in compliance with applicable environmental law. At the conclusion of the remedy phase of the remediation to the satisfaction of the DEC, the DEC will issue a Certificate of Completion. On August 1, 2012 a fire occurred during the course of demolition of certain structures at the Frankfort, NY site. The fire caused extensive damage requiring additional remediation under the oversight of the DEC. The insurance carrier for the demolition contractor committed to funding the cost of remediation and clean up resulting from the fire. The cleanup of the fire debris is largely complete, as is the demolition of the structures on the property. The NYDEC has inspected the progress of the work and is satisfied with the results thus far.

U.S. Government investigations and claims

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

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

General legal

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

NOTE 19 — 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, Ames True Temper, Inc. and ATT Southern, Inc. 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 December 31, 2012 and September 30, 2012 and for the three months ended December 31, 2012 and 2011. The financial information may not necessarily be indicative of results of operations or financial position had the guarantor companies or non-guarantor companies 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. On June 29, 2012, ATT Southern, Inc. was added as a guarantor. On June 30, 2012, to allocate debt related to operations, three guarantors entered into intercompany debt agreements with a non-guarantor to borrow a total of $491,372.

CONDENSED CONSOLIDATING BALANCE SHEETS
At December 31, 2012

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CURRENT ASSETS					
Cash and equivalents	$ 88,662	$ 18,705	$ 42,698	$ —	$ 150,065
Accounts receivable, net of allowances	—	198,199	69,987	(30,881)	237,305
Contract costs and recognized income not yet billed, net of progress payments	—	74,131	448	—	74,579
Inventories, net	—	205,740	62,075	294	268,109
Prepaid and other current assets	(590)	23,792	24,056	6,324	53,582
Assets of discontinued operations	—	—	571	—	571
Total Current Assets	88,072	520,567	199,835	(24,263)	784,211
PROPERTY, PLANT AND EQUIPMENT, net	1,125	246,816	109,478	—	357,419
GOODWILL	—	288,147	71,147	—	359,294
INTANGIBLE ASSETS, net	—	163,562	65,012	—	228,574
INTERCOMPANY RECEIVABLE	529,904	878,900	571,294	(1,980,098)	—
EQUITY INVESTMENTS IN SUBSIDIARIES	2,202,773	547,741	2,690,826	(5,441,340)	—
OTHER ASSETS	47,913	59,295	8,540	(87,198)	28,550
ASSETS OF DISCONTINUED OPERATIONS	—	—	2,798	—	2,798
Total Assets	$ 2,869,787	$ 2,705,028	$ 3,718,930	$ (7,532,899)	$ 1,760,846
CURRENT LIABILITIES					
Notes payable and current portion of long-term debt	$ 1,625	$ 1,042	$ 16,414	$ —	$ 19,081
Accounts payable and accrued liabilities	27,737	148,796	61,709	(24,557)	213,685
Liabilities of discontinued operations	—	—	2,084	—	2,084
Total Current Liabilities	29,362	149,838	80,207	(24,557)	234,850
LONG-TERM DEBT, net of debt discounts	655,427	9,819	14,292	—	679,538
INTERCOMPANY PAYABLES	—	802,511	1,148,109	(1,950,620)	—
OTHER LIABILITIES	67,611	178,501	27,946	(87,198)	186,860
LIABILITIES OF DISCONTINUED OPERATIONS	—	—	3,395	—	3,395
Total Liabilities	752,400	1,140,669	1,273,949	(2,062,375)	1,104,643
SHAREHOLDERS' EQUITY	2,117,387	1,564,359	2,444,981	(5,470,524)	656,203
Total Liabilities and Shareholders' Equity	$ 2,869,787	$ 2,705,028	$ 3,718,930	$ (7,532,899)	$ 1,760,846

CONDENSED CONSOLIDATING BALANCE SHEETS
At September 30, 2012

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CURRENT ASSETS					
Cash and equivalents	$ 125,093	$ 34,782	$ 49,779	$ —	$ 209,654
Accounts receivable, net of allowances	—	187,487	81,274	(28,904)	239,857
Contract costs and recognized income not yet billed, net of progress payments	—	69,216	1,561	—	70,777
Inventories, net	—	194,618	63,203	47	257,868
Prepaid and other current assets	(851)	23,929	21,963	2,431	47,472
Assets of discontinued operations	—	—	587	—	587
Total Current Assets	124,242	510,032	218,367	(26,426)	826,215
PROPERTY, PLANT AND EQUIPMENT, net	1,224	244,261	111,394	—	356,879
GOODWILL	—	288,147	70,225	—	358,372
INTANGIBLE ASSETS, net	—	164,633	65,840	—	230,473
INTERCOMPANY RECEIVABLE	508,984	648,347	542,025	(1,699,356)	—
EQUITY INVESTMENTS IN SUBSIDIARIES	2,143,427	528,411	2,650,083	(5,321,921)	—
OTHER ASSETS	49,718	60,609	8,188	(87,198)	31,317
ASSETS OF DISCONTINUED OPERATIONS	—	—	2,936	—	2,936
Total Assets	$ 2,827,595	$ 2,444,440	$ 3,669,058	$ (7,134,901)	$ 1,806,192
CURRENT LIABILITIES					
Notes payable and current portion of long-term debt	$ 1,625	$ 1,032	$ 15,046	$ —	$ 17,703
Accounts payable and accrued liabilities	44,649	167,230	66,640	(26,478)	252,041
Liabilities of discontinued operations	—	—	3,639	—	3,639
Total Current Liabilities	46,274	168,262	85,325	(26,478)	273,383
LONG-TERM DEBT, net of debt discounts	655,023	9,782	17,102	—	681,907
INTERCOMPANY PAYABLES	—	558,905	1,149,748	(1,708,653)	—
OTHER LIABILITIES	68,827	183,989	27,489	(87,198)	193,107
LIABILITIES OF DISCONTINUED OPERATIONS	—	—	3,643	—	3,643
Total Liabilities	770,124	920,938	1,283,307	(1,822,329)	1,152,040
SHAREHOLDERS' EQUITY	2,057,471	1,523,502	2,385,751	(5,312,572)	654,152
Total Liabilities and Shareholders' Equity	$ 2,827,595	$ 2,444,440	$ 3,669,058	$ (7,134,901)	$ 1,806,192

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended December 31, 2012

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 321,058	$ 114,911	$ (12,220)	$ 423,749
Cost of goods and services	—	238,817	98,355	(11,093)	326,079
Gross profit	—	82,241	16,556	(1,127)	97,670
Selling, general and administrative expenses	7,456	61,651	14,622	(1,510)	82,219
Restructuring and other related charges	—	1,108	—	—	1,108
Total operating expenses	7,456	62,759	14,622	(1,510)	83,327
Income (loss) from operations	(7,456)	19,482	1,934	383	14,343
Other income (expense)					
Interest income (expense), net	(3,611)	(6,880)	(2,588)	—	(13,079)
Other, net	33	2,300	(1,385)	(462)	486
Total other income (expense)	(3,578)	(4,580)	(3,973)	(462)	(12,593)
Income (loss) before taxes	(11,034)	14,902	(2,039)	(79)	1,750
Provision (benefit) for income taxes	(5,367)	6,199	360	—	1,192
Income (loss) before equity in net income of subsidiaries	(5,667)	8,703	(2,399)	(79)	558
Equity in net income (loss) of subsidiaries	6,304	(2,363)	8,703	(12,644)	—
Net income (loss)	$ 637	$ 6,340	$ 6,304	$ (12,723)	$ 558
Net Income	$ 637	$ 6,340	$ 6,304	$ (12,723)	$ 558
Other comprehensive income (loss), net of taxes	1,603	4,423	837	—	6,863
Comprehensive income (loss)	$ 2,240	$ 10,763	$ 7,141	$ (12,723)	$ 7,421

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended December 31, 2011

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 338,062	$ 126,963	$ (13,994)	$ 451,031
Cost of goods and services	—	253,527	109,160	(14,364)	348,323
Gross profit	—	84,535	17,803	370	102,708
Selling, general and administrative expenses	4,616	63,991	14,551	(92)	83,066
Restructuring and other related charges	—	1,779	16	—	1,795
Total operating expenses	4,616	65,770	14,567	(92)	84,861
Income (loss) from operations	(4,616)	18,765	3,236	462	17,847
Other income (expense)					
Interest income (expense), net	(3,398)	(5,982)	(3,620)	—	(13,000)
Other, net	65	2,842	(2,398)	(462)	47
Total other income (expense)	(3,333)	(3,140)	(6,018)	(462)	(12,953)

Income (loss) before taxes	(7,949)	15,625	(2,782)	—	4,894
Provision (benefit) for income taxes	(4,441)	6,726	122	—	2,407
Income (loss) before equity in net income of subsidiaries	(3,508)	8,899	(2,904)	—	2,487
Equity in net income (loss) of subsidiaries	5,995	(2,840)	8,899	(12,054)	—
Net income (loss)	$ 2,487	$ 6,059	$ 5,995	$ (12,054)	$ 2,487
Net Income	$ 2,487	$ 6,059	$ 5,995	$ (12,054)	$ 2,487
Other comprehensive income (loss), net of taxes	238	38,942	(43,228)	—	(4,048)
Comprehensive income (loss)	$ 2,725	$ 45,001	$ (37,233)	$ (12,054)	$ (1,561)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Three Months Ended December 31, 2012

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$ 637	$ 6,340	$ 6,304	$ (12,723)	$ 558
Net cash provided by (used in) operating activities	(37,574)	(9,117)	14,189	—	(32,502)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment	14	(16,663)	(639)	—	(17,288)
Intercompany distributions	10,000	(10,000)	—	—	—
Proceeds from sale of investment	—	1,055	—	—	1,055
Net cash provided by (used in) investing activities	10,014	(25,608)	(639)	—	(16,233)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Purchase of shares for treasury	(7,336)	—	—	—	(7,336)
Proceeds from issuance of long-term debt	—	303	—	—	303
Payments of long-term debt	(406)	(256)	(3,400)	—	(4,062)
Decrease in short-term borrowings	—	—	1,643	—	1,643
Tax effect from exercise/vesting of equity awards, net	150	—	—	—	150
Dividend	(1,464)	—	—	—	(1,464)
Other, net	185	18,601	(18,602)	—	184
Net cash provided by (used in) financing activities	(8,871)	18,648	(20,359)	—	(10,582)
CASH FLOWS FROM DISCONTINUED OPERATIONS:					
Net cash used in operating activities	—	—	(463)	—	(463)
Net cash used in discontinued operations	—	—	(463)	—	(463)
Effect of exchange rate changes on cash and equivalents	—	—	191	—	191
NET DECREASE IN CASH AND EQUIVALENTS	(36,431)	(16,077)	(7,081)	—	(59,589)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	125,093	34,782	49,779	—	209,654
CASH AND EQUIVALENTS AT END OF PERIOD	$ 88,662	$ 18,705	$ 42,698	$ —	$ 150,065

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Three Months Ended December 31, 2011

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$ 2,487	$ 6,059	$ 5,995	$ (12,054)	$ 2,487
Net cash provided by (used in) operating activities	(36,903)	2,275	20,785	—	(13,843)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment	(66)	(15,747)	(4,079)	—	(19,892)
Acquired business, net of cash acquired	—	(22,432)	—	—	(22,432)
Proceeds from sale of investment	—	21	40	—	61
Net cash used in investing activities	(66)	(38,158)	(4,039)	—	(42,263)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Purchase of shares for treasury	(2,351)	—	—	—	(2,351)
Payments of long-term debt	(406)	(3,604)	(2,816)	—	(6,826)
Intercompany debt	(23,000)	—	23,000	—	—
Financing costs	(4)	—	—	—	(4)
Tax effect from exercise/vesting of equity awards, net	834	—	—	—	834
Dividend	(1,184)	—	—	—	(1,184)
Other, net	(14)	42,667	(42,667)	—	(14)
Net cash provided by (used in) financing activities	(26,125)	39,063	(22,483)	—	(9,545)
CASH FLOWS FROM DISCONTINUED OPERATIONS:					
Net cash used in discontinued operations	—	—	(277)	—	(277)
Effect of exchange rate changes on cash and equivalents	—	—	257	—	257
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(63,094)	3,180	(5,757)	—	(65,671)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	178,448	15,164	49,417	—	243,029
CASH AND EQUIVALENTS AT END OF PERIOD	$ 115,354	$ 18,344	$ 43,660	$ —	$ 177,358

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

BUSINESS OVERVIEW (in thousands, except per share data)

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

Griffon currently conducts its operations through three businesses: Home & Building Products ("HBP"), Telephonics Corporation ("Telephonics") and Clopay Plastic Products Company ("Plastics").

- HBP consists of two companies, Ames True Temper, Inc. ("ATT") and Clopay Building Products Company, Inc. ("CBP"):
  - ATT is a global provider of non-powered landscaping products that make work easier for homeowners and professionals.
  - CBP is a leading manufacturer and marketer of residential, commercial and industrial garage doors to professional installing dealers and major home center retail chains.
- Telephonics designs, develops 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.

In January 2013, Griffon announced that ATT will close certain of its manufacturing facilities and consolidate affected operations primarily into its Camp Hill and Carlisle, PA locations. The intended actions, to be completed by the end of fiscal 2014, will improve manufacturing and distribution efficiencies, allow for in-sourcing of certain production currently performed by third party suppliers, and improve material flow and absorption of fixed costs. Management estimates that, upon completion, these actions will result in annual cash savings exceeding $10,000, based on current operating levels.

ATT anticipates it will incur pre-tax restructuring and related exit costs of $8,000, comprised of cash charges of $4,000 and asset-related charges of $4,000; the cash charges will include $3,000 for one-time termination benefits and other personnel-related costs and $1,000 for facility exit costs. The Company expects $20,000 in capital expenditures in connection with this initiative.

Current quarter Selling, general and administrative expenses included a $2,142, non-cash, pension settlement loss resulting from the lump-sum buyout of certain participant's balances in the Company's defined benefit plan. The buyouts, funded by the pension plan, reduced the Company's net pension liability by $3,472.

On October 17, 2011, Griffon acquired the pots and planters business of Southern Sales & Marketing Group, Inc. for approximately $23,000. The acquired business, which markets its products under the Southern Patio ™ brand name, is a leading designer, manufacturer and marketer of landscape accessories. Southern Patio's results of operations are not included in the Griffon consolidated statement of operations or cash flows, or footnotes relating thereto prior to October 17, 2011.

OVERVIEW

Revenue for the quarter ended December 31, 2012 was $423,749 compared to $451,031 in the prior year quarter. Net income was $558 or $0.01 per share, compared to $2,487 or $0.04 per share, in the prior year quarter.

The current year quarter included:

- Restructuring charges of $1,108 ($720, net of tax or $0.01 per share);
- Loss on pension settlement of $2,142 ($1,392, net of tax or $0.02 per share); and
- Discrete tax benefits, net, of $55 or $0.00 per share.

The prior year quarter included:

- Restructuring charges of $1,795 ($1,167, net of tax or $0.02 per share); and
- Acquisition costs of $178 ($116, net of tax, or $0.00 per share).

Excluding these items from the respective quarters, net income would have been $2,615 or $0.05 per share in the current quarter compared to $3,770 or $0.07 per share in the prior year quarter.

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

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

	For the Three Months Ended December 31,	
	2012	**2011**
Net income	$ 558	$ 2,487
Adjusting items, net of tax:		
Restructuring and related	720	1,167
Acquisition costs	—	116
Loss on pension settlement	1,392	—
Discrete tax benefits	(55)	—
Adjusted net income	$ 2,615	$ 3,770
Earnings per common share	$ 0.01	$ 0.04
Adjusting items, net of tax:		
Restructuring	0.01	0.02
Acquisition costs	—	0.00
Loss on pension settlement	0.02	—
Discrete tax benefits	(0.00)	—
Adjusted earnings per share	0.05	$ 0.07
Weighted-average shares outstanding (in thousands)	57,265	57,082

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 months ended December 31, 2012 and 2011

Griffon evaluates performance and allocates resources based on each segments' 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 pension settlement and 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 before taxes:

	For the Three Months Ended December 31,	
	2012	2011
Segment adjusted EBITDA:		
Home & Building Products	$ 17,239	$ 17,750
Telephonics	16,364	15,690
Plastics	9,319	8,180
Total Segment adjusted EBITDA	42,922	41,620
Net interest expense	(13,079)	(13,000)
Segment depreciation and amortization	(17,256)	(15,418)
Unallocated amounts	(7,587)	(6,335)
Restructuring charges	(1,108)	(1,795)
Acquisition costs	—	(178)
Loss on pension settlement	(2,142)	—
Income before taxes	$ 1,750	$ 4,894

Home & Building Products

	Three Months Ended December 31,			
	2012		2011	
Revenue:				
ATT	$ 77,309		$ 98,741	
CBP	112,867		111,647	
Home & Building Products	$ 190,176		$ 210,388	
Segment operating profit	$ 7,271	3.8%	$ 9,834	4.7%
Depreciation and amortization	8,860		7,465	
Restructuring charges	1,108		273	
Acquisition costs	—		178	
Segment adjusted EBITDA	$ 17,239	9.1%	$ 17,750	8.4%

For the quarter ended December 31, 2012, revenue decreased $20,212, or 10%, compared to the prior year quarter. ATT revenue decreased 22% due to lack of snow and resultant reduced sales of snow tools; retailers continue to hold high levels of snow tool inventory carried over from last year, further affecting snow tool sales volume. The impact of weak snow tool sales was partially offset by higher point of sale related to Hurricane Sandy clean-up. For the quarter, CBP revenue increased 1%, primarily due to favorable mix and pricing.

Current quarter Segment operating profit was $7,271 compared to $9,834 in the prior year quarter, primarily due to lower snow tool revenue, which also affected ATT absorption of manufacturing expenses. The impact of snow was partially offset by reduced ATT warehouse and distribution costs, other cost control initiatives and an increase of $873 in Byrd Amendment receipts (anti-dumping compensation from the U.S. government); CBP favorable mix and manufacturing efficiencies further contributed to the reported profit.

HBP recognized $1,108 and $273, in the quarters ended December 31, 2012 and December 31, 2011, respectively, in restructuring and other related exit costs. In both periods, restructuring and other related charges primarily related to one-time termination benefits and other personnel costs; current year costs relate primarily to ATT's facilities consolidation initiative. Prior year acquisition costs related to the Southern Patio acquisition.

Telephonics

	Three Months Ended December 31,			
	2012		2011	
Revenue	$ 96,050		$ 104,513	
Segment operating profit	$ 14,645	15.2%	$ 12,515	12.0%
Depreciation and amortization	1,719		1,653	
Restructuring charges	—		1,522	
Segment adjusted EBITDA	$ 16,364	17.0%	$ 15,690	15.0%

For the quarter ended December 31, 2012, revenue decreased $8,463 compared to the prior year quarter. For the quarter ended December 31, 2011, revenue included $5,944 related to revenue for the Counter Remote Control Improvised Explosive Device Electronic Warfare 3.1 ("CREW 3.1") program where Telephonics serves as a contract manufacturer; there was no CREW 3.1 revenue in the current quarter. Excluding CREW 3.1, current quarter revenue decreased 3% from the prior year quarter, primarily due to lower shipments of Advanced Radar Surveillance Systems ("ARSS"), partially offset by increases in revenue attributable to the Romeo Radar product line and Secure Digital Intercommunications ("SDI") revenue.

Current quarter Segment operating profit increased $2,130, or 17%, and operating profit margin increased 320 basis points compared to the prior year quarter. The increase was primarily due to higher gross profits from program mix and improved manufacturing efficiencies. Telephonics profitability also benefited from cost reductions previously implemented. In 2012 and 2011, Telephonics recognized $3,815 and $3,046 of restructuring charges in connection with two discrete voluntary early retirement plans and other costs related to changes in organizational structure and facilities; such charges were primarily personnel-related, reducing headcount by 185 employees over the two-year period. In the first quarter of 2011, Telephonics recognized $1,522 of restructuring and other related charge primarily for one-time termination benefits and other personnel costs, in conjunction with changes to its organizational structure.

During the current quarter, Telephonics was awarded several new contracts and received incremental funding on current contracts totaling $112,000. Contract backlog was $467,000 at December 31, 2012 with 73% expected to be realized in the next 12 months. Backlog was $451,000 at September 30, 2012 and $380,000 at December 31, 2011. 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

	Three Months Ended December 31,			
	2012		2011	
Revenue	$ 137,523		$ 136,130	
Segment operating profit	$ 2,642	1.9%	$ 1,880	1.4%
Depreciation and amortization	6,677		6,300	
Segment adjusted EBITDA	$ 9,319	6.8%	$ 8,180	6.0%

For the quarter ended December 31, 2012, revenue increased $1,393, or 1%, compared to the prior year quarter primarily due to higher volumes (7%), partially offset by the unfavorable impact of foreign exchange translation (4%), and product mix (2%). The current quarter revenue impact relating to fluctuations in underlying resin costs was not material; Plastics adjusts selling prices based on underlying resin costs on a delayed basis.

For the quarter ended December 31, 2012, Segment operating profit increased $762 compared to the prior year quarter. The increase was mainly driven by improved volume and continued efficiency improvements made on past capital initiatives. Current quarter results included $4,800 unfavorable impact of higher resin costs which had not yet been reflected in increased selling prices.

Unallocated

For the quarter ended December 31, 2012, unallocated amounts totaled $7,587 compared to $6,335 in the prior year; the increase was primarily related to incentive and stock based compensation costs.

Segment Depreciation and Amortization

Segment depreciation and amortization increased $1,838 for the quarter ended December 31, 2012 in comparison to the comparable prior year period primarily due to capital spending in 2012.

Other income (expense)

Other income (expense) included $12 and ($495) for the quarters ended December 31, 2012 and 2011, respectively, of currency exchange gain (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 $32 and $65, respectively, of investment income.

Provision for income taxes

Griffon's current year first quarter effective tax rate was 68.1% compared to 49.2% in the prior year quarter. In both years, the effective rates reflect the impact of permanent differences not deductible in determining taxable income, mainly limited deductibility of restricted stock, tax reserves and changes in earnings mix between domestic and non-domestic operations. There were no material discrete items for the current or prior year quarter.

Stock based compensation

For the three months ended December 31, 2012, stock based compensation expense totaled $2,960 compared to $2,257 for the prior year comparable period.

Discontinued operations – Installation Services

There was no revenue or income from discontinued operations of the Installation Services' business for the three months ended December 31, 2012 and 2011.

LIQUIDITY AND CAPITAL RESOURCES

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

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

Cash Flows from Continuing Operations	**Three Months Ended December 31,**	
(in thousands)	**2012**	**2011**
Net Cash Flows Used In:		
Operating activities	$ (32,502)	$ (13,843)
Investing activities	(16,233)	(42,263)
Financing activities	(10,582)	(9,545)

Cash used in continuing operations for the quarter ended December 31, 2012 was $32,502 compared to cash used of $13,843 in the prior year quarter. Current assets net of current liabilities, excluding short-term debt and cash, increased to $418,377 at December 31, 2012 compared to $360,881 at September 30, 2012, primarily due to an increase in inventories and a decrease in accounts payable and accrued liabilities.

During the quarter ended December 31, 2012, Griffon used cash for investing activities of $16,233 compared to $42,263 in the prior year quarter, with the October 2011 acquisition of Southern Patio accounting for the majority of the difference. Current quarter capital expenditures decreased $2,604 from the comparable prior year period. Griffon expects capital spending to be in the range of $65,000 to $70,000 for 2013.

During the quarter ended December 31, 2012, cash used in financing activities totaled $10,582 compared to $9,545 in the prior year quarter. On November 13, 2012, Griffon declared a $0.025 per share dividend which was paid on December 26, 2012 to shareholders of record as of November 29, 2012. Griffon repurchased common stock of $7,336 and $2,351 in the quarters ended December 31, 2012 and 2011, respectively.

On January 30, 2013, the Board of Directors declared a quarterly cash dividend of $0.025 per share, payable on March 27, 2013 to shareholders of record as of the close of business on February 27, 2013.

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, and where 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 quarter ended December 31, 2012:

- The United States Government and its agencies, through either prime or subcontractor relationships, represented 18% of Griffon's consolidated revenue and 81% of Telephonics' revenue.
- Procter & Gamble represented 15% of Griffon's consolidated revenue and 45% of Plastics' revenue.
- The Home Depot represented 10% of Griffon's consolidated revenue and 23% of HBP's revenue.

No other customers 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)***	**At December 31, 2012**	**At September 30, 2012**
Cash and equivalents	$ 150,065	$ 209,654
Notes payables and current portion of long-term debt	19,081	17,703
Long-term debt, net of current maturities	679,538	681,907
Debt discount	15,797	16,607
Total debt	714,416	716,217
Debt, net of cash and equivalents	**$ (564,351)**	**$ (506,563)**

On March 17, 2011, in an unregistered offering through a private placement under Rule 144A, Griffon issued, at par, $550,000 of 7.125% Senior Notes due in 2018 ("Senior Notes"); interest is payable semi-annually. On August 9, 2011, Griffon exchanged all of the Senior Notes for substantially identical Senior Notes registered under the Securities Act of 1933 via an exchange offer.

Proceeds from the Senior Notes were used to pay down outstanding borrowings under a senior secured term loan facility and two senior secured revolving credit facilities of certain of the Company's subsidiaries. The Senior Notes are senior unsecured obligations of Griffon guaranteed by certain domestic subsidiaries, and are subject to certain covenants, limitations and restrictions. The fair value of the Senior Notes approximated $590,000 on December 31, 2012 based upon quoted market prices (level 1 inputs).

On March 18, 2011, Griffon entered into a five-year $200,000 Revolving Credit Facility ("Credit Agreement"), which included a letter of credit sub-facility with a limit of $50,000, a multi-currency sub-facility of $50,000 and a swingline sub-facility with a limit of $30,000. Borrowings under the Credit Agreement may be repaid and re-borrowed at any time, subject to final maturity of the facility or the occurrence of a default or event of default under the Credit Agreement. Interest is payable on borrowings at either a LIBOR or base rate benchmark rate plus an applicable margin, which adjusts based on financial performance. The margins are 1.50% for base rate loans and 2.50% for LIBOR loans, in each case without a floor. The Credit Agreement has certain financial maintenance tests including a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio as well as customary affirmative and negative covenants and events of default. The Credit Agreement also includes certain restrictions, such as limitations on the incurrence of indebtedness and liens and the making of restricted payments and investments. Borrowings under the Credit Agreement are guaranteed by certain domestic subsidiaries and are secured, on a first priority basis, by substantially all assets of the Company and the guarantors.

At December 31, 2012, there were $21,307 of standby letters of credit outstanding under the Credit Agreement; $178,693 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 initial conversion rate of the 2017 Notes was 67.0799 shares of Griffon's common stock per $1,000 principal amount of notes, corresponding to an initial conversion price of $14.91 per share, a 23% conversion premium over the $12.12 closing price on December 15, 2009. 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 December 31, 2012, aggregate dividends of $0.105 per share resulted in a cumulative change in the conversion rate of 1.1421%. As a result, the new conversion rate of the 2017 Notes was 67.8495 shares of Griffon's common stock per $1,000 principal amount of notes, corresponding to an initial conversion price of $14.74 per share. Griffon used 8.75% as the nonconvertible debt-borrowing rate to discount the 2017 Notes and will amortize the debt discount through January 2017. At issuance, the debt component of the 2017 Notes was $75,437 and debt discount was $24,563. At December 31, 2012 and September 30, 2012, 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 $107,000 on December 31, 2012 based upon quoted market prices (level 1 inputs).

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

Griffon has other real estate mortgages, collateralized by real property, which bear interest at 6.3% and mature in 2016. On October 3, 2011, the mortgage at Russia, Ohio was paid in full, on maturity.

Griffon's Employee Stock Ownership Plan ("ESOP") entered into a loan agreement in August 2010 to borrow $20,000 over a one-year period. The proceeds were used to purchase 1,874,737 shares of Griffon common stock in the open market for $19,973. The loan bears interest at a) LIBOR plus 2.5% or b) the lender's prime rate, at Griffon's option. In November 2011, Griffon exercised an option to convert the outstanding loan to a five-year term loan; principal is payable in quarterly installments of $250, beginning December 2011, with a balloon payment of $15,223 due at maturity (November 2016). The loan is secured by shares purchased with the proceeds of the loan, and repayment is guaranteed by Griffon. At December 31, 2012, $18,723 was outstanding.

In addition, the ESOP has a loan agreement which requires quarterly principal payments of $156 and interest through the extended expiration date of December 2013 at which time the $3,125 balance of the loan, and any outstanding interest, will be payable. Griffon has the intent and ability to refinance the December 2013 balance, and has classified the balance in Long-Term Debt. The primary purpose of this loan was to purchase 547,605 shares of Griffon's common stock in October 2008. The loan is secured by shares purchased with the proceeds of the loan, and repayment is guaranteed by Griffon. The loan bears interest at rates based upon the prime rate or LIBOR. At December 31, 2012, $3,594 was outstanding.

In October 2006, CBP entered into a capital lease totaling $14,290 for real estate in Troy, Ohio. Approximately $10,000 was used to acquire the building and the remaining amount was restricted for improvements. The lease matures in 2021, bears interest at a fixed rate of 5.3%, is secured by a mortgage on the real estate and is guaranteed by Griffon.

At December 31, 2012 and September 30, 2012, Griffon had $532 of 4% convertible subordinated notes due 2023 (the "2023 Notes") outstanding. Holders of the 2023 Notes may require Griffon to repurchase all or a portion of their 2023 Notes on July 18, 2013 and 2018, if Griffon's common stock price is below the conversion price of the 2023 Notes, as well as upon a change in control. An adjustment to the conversion rate will be required as the result of payment of a cash dividend only if such adjustment would be greater than 1% (or at such time as the cumulative impact on the conversion rate reaches 1% in the aggregate). As of December 31, 2012, aggregate dividends of $0.105 per share resulted in a cumulative change in the conversion rate of 1.1427% to $23.8555 per $1,000 principal amount of notes. At December 31, 2012 and September 30, 2012, the 2023 Notes had no capital in excess of par value component as substantially all of these notes were put to Griffon at par and settled in July 2010. The fair value of the 2023 Notes approximated $568 on December 31, 2012 based upon quoted market prices (level 1 inputs).

In November 2010, Clopay Europe GMBH ("Clopay Europe") entered into a €10,000 revolving credit facility and a €20,000 term loan. The facility accrues interest at EURIBOR plus 2.45% per annum and the term loan accrues interest at EURIBOR plus 2.20% per annum. The revolving facility matures in November 2013, but is renewable upon mutual agreement with the bank. Subsequent to September 30, 2012, the line was renewed for an additional year to November 2013. In July 2011, the full €20,000 was drawn on the Term Loan, with a portion of the proceeds used to repay borrowings under the revolving credit facility. The term loan is payable in ten equal quarterly installments which began in September 2011, with maturity in December 2013. Under the term loan, Clopay Europe is required to maintain a certain minimum equity to assets ratio and keep leverage below a certain level, defined as the ratio of total debt to EBITDA.

In February 2012, Clopay do Brazil, a subsidiary of Plastics, borrowed $4,000 at a rate of 104.5% of Brazilian CDI (6.9% at December 31, 2012). The loan was used to refinance existing loans, is collateralized by accounts receivable and a 50% guaranty by Plastics and is to be repaid in four equal, semi-annual installments of principal plus accrued interest beginning in August 2012. Clopay do Brazil also maintains lines of credit of approximately $4,355. Interest on borrowings accrue at a rate of Brazilian CDI plus 6.0% or a fixed rate (12.9% or 10.7%, respectively, at December 31, 2012). At December 31, 2012 there was approximately $3,681 borrowed under the lines.

In November 2012, Garant G.P. (“Garant”) entered into a CDN $15,000 revolving credit facility. The facility accrues interest at LIBOR or the Bankers Acceptance Rate plus 1.3% per annum (1.51% and 1.53% as of December 31, 2012). The revolving facility matures in November 2015. Garant is required to maintain a certain minimum equity. At December 31, 2012, there were no borrowings under the revolving credit facility with CDN $15,000 available for borrowing.

At December 31, 2012, Griffon and its subsidiaries were in compliance with the terms and covenants of its credit and loan agreements.

During the three months ended December 31, 2012 and 2011, Griffon used cash for discontinued operations of $463 and $277, respectively, related to settling remaining Installation Services liabilities.

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, 2012.

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, 2012. 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, 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 Telephonics Corporation supplies products, including as a result of sequestration which is currently scheduled to take effect in March 2013; 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 the 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; 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, 2012. 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, Mexico, Europe, Brazil, 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.

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, 2012, 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
October 1 - 31, 2012	95,180	$ 10.37	94,680	
November 1 - 30, 2012	212,950	9.11	212,950	
December 1 - 31, 2012	416,000	10.60	416,000	
Total	724,130	$ 10.13	723,630	$ 30,980[1]

1. On August 2, 2011, the Company's Board of Directors authorized the repurchase of up to an additional $50,000 of Griffon common stock; as of December 31, 2012, $30,980 remained available for the purchase of Griffon common stock under this program.

Griffon's revolving credit facility, as well as the indenture governing Griffon's 7.125% Senior Notes due 2018, each contain limitations regarding the making of restricted payments (which include cash dividends and share repurchases).

Item 3 Defaults upon Senior Securities

None

Item 4 Mine Safety Disclosures

Not Applicable

Item 5 Other Information

Submission of Matters to a Vote of Security Holders

On January 30, 2013, Griffon Corporation ("Griffon") held its 2013 Annual Meeting of Stockholders. Of the 61,214,347 shares of common stock outstanding and entitled to vote, 57,908,801 shares, or 94.6%, were represented at the meeting in person or by proxy, and therefore a quorum was present. The final results for each of the matters submitted to a vote of stockholders at the Annual Meeting are as follows:

Item No. 1: All of the Board's nominees for Class III directors were elected to serve until Griffon's 2016 Annual Meeting of Stockholders, by the votes set forth below:

Nominee	For	Withheld	Broker Non-Votes
Henry A. Alpert	50,007,079	5,553,267	2,348,455
Blaine V. Fogg	51,113,622	4,446,724	2,348,455
William H. Waldorf	54,368,147	1,192,199	2,348,455
Joseph J. Whalen	54,364,860	1,195,486	2,348,455

Item No. 2: The stockholders approved, on an advisory basis, the compensation of the named executive officers as disclosed in Griffon's proxy statement, by the votes set forth below:

For	Against	Abstain	Broker Non-votes
42,295,939	5,953,804	7,310,601	2,348,455

Item No. 3: The stockholders ratified the appointment of Grant Thornton LLP as Griffon's independent registered public accounting firm for fiscal 2013, by the votes set forth below:

For	Against	Abstain
57,626,761	132,805	149,235

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

Mr. Gerald J. Cardinale resigned from Griffon's Board of Directors (the "Board") on January 30, 2013. Mr. Cardinale was a nominee of GS Direct, L.L.C. ("GS Direct"), an affiliate of Goldman, Sachs & Co., which, pursuant to an agreement with Griffon and based on its current ownership level of Griffon common stock, has the right to nominate two people to serve on the Board. Mr. Cardinale's decision was an outgrowth of his retirement from Goldman Sachs and not the result of any disagreement with Griffon relating to Griffon's operations, policies or practices.

GS Direct has advised Griffon that, until further notice, it intends to designate Bradley J. Gross, who has served on the Board as a designee of GS Direct since September 2008, as its sole nominee on the Board. Accordingly, on January 30, 2013, upon the recommendation of the Nominating and Corporate Governance Committee of the Board, the Board appointed Mr. Kevin F. Sullivan as a Class II director to fill the vacancy created by Mr. Cardinale's departure. Mr. Sullivan was also appointed to serve on the Finance Committee of the Board.

Mr. Sullivan was a Managing Director with Deutsche Bank, and a predecessor bank, Bankers Trust, from 1990 until his retirement in November 2012, and began with Bankers Trust in 1980. Mr. Sullivan held positions of increasing responsibility over his thirty-two years at Deutsche Bank and Bankers Trust, including Group Head for Loan Sales, Trading and Capital Markets; Head of Leveraged Finance – Asia; and last serving as Group Head for Asset Based Lending. He was a member of the Capital Commitments Committee from 2002 to 2012 and a member of the Equity Investments Committee from 2008 to 2012.

On January 30, 2013, Mr. Sullivan received a grant of 3,333 restricted shares of Griffon common stock pursuant to Griffon's director compensation program; one-third of such shares vest on each of the first three anniversaries of the grant date.

Item 6 **Exhibits**

10.1	Employment Agreement, dated December 7, 2012, by and between Griffon Corporation and Robert F. Mehmel.
10.2	Restricted Share Award letter made as of December 10, 2012, by and between Griffon Corporation and Robert F. Mehmel.
10.3	Consulting Agreement, dated December 11, 2012, by and between Griffon Corporation and Patrick L. Alesia.
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: February 1, 2013

EXHIBIT INDEX

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Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), is made and entered into as of December 7, 2012 (the " Effective Date"), by and between Griffon Corporation, a Delaware corporation, with its principal office located at 712 Fifth Avenue, New York, NY 10019 (together with its successors and assigns permitted under this Agreement, " Griffon") and Robert F. Mehmel ("Mehmel").

W I T N E S S E T H:

WHEREAS, Griffon has determined that it is in the best interests of Griffon and its stockholders to employ Mehmel as its President and Chief Operating Officer; and

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

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

1. DEFINITIONS.

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

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

(c) "Cause" shall mean:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) a material diminution in Mehmel's authority or responsibilities from those described herein, including, without limitation, (A) the appointment of another person to the position of President or Chief Operating Officer or (B) Mehmel ceasing to report to the Chief Executive Officer of Griffon,

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

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

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

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

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

2. EMPLOYMENT TERM, POSITIONS AND DUTIES.

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

(b) Employment Term. Unless earlier terminated under Section 9 hereof, the term of employment hereunder shall commence as of December 10, 2012 (the "Commencement Date"), and shall continue until the fourth anniversary of the Commencement Date (the "Initial Term") and shall automatically renew for one year periods commencing on the fourth anniversary of the Commencement Date (each such one-year period, a "Renewal Term"), unless either Party provides notice of non-renewal at least one hundred and eighty (180) days prior to the end of the Initial Term or any Renewal Term (the Initial Term and any Renewal Term shall hereinafter be referred to as the "Employment Term").

(c) Titles and Duties. During the Employment Term, Mehmel shall (i) have the titles of President and Chief Operating Officer, (ii) report to Griffon's Chief Executive Officer, (iii) be responsible for, and, along with Griffon's Chief Executive Officer, have authority over all operational activities, including, without limitation (A) developing Griffon's operational business strategies and tactics, (B) establishing best practices, and guiding and aligning Griffon's personnel with those best practices and Griffon's business goals and strategies, (C) monitoring staffing, facility planning, knowledge skills, expectations and motivation to fulfill Griffon's organizational needs, including planning and prioritizing customer, employee and organizational requirements, (D) driving performance and the related measurement thereof and coordinating environmental, health and safety compliance and (E) coordinating due diligence and related activities in connection with acquisitions and divestitures and (iv) have such other duties and responsibilities as are assigned to Mehmel by Griffon's Chief Executive Officer or Griffon's Board of Directors (not inconsistent in any significant respect with the duties and responsibilities typically assigned to the president and chief operating officer of a publicly-traded corporation).

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

3. SALARY.

(a) Mehmel shall receive from Griffon a Salary, payable in accordance with the regular payroll practices of Griffon, in an amount of $700,000 per annum. During the Employment Term, Mehmel shall be eligible for periodic annual increases in Salary commencing October 1, 2013, in the sole discretion of the Committee.

4. BONUSES.

(a) Annual Bonus. For the Fiscal Year ending September 30, 2013 and for each subsequent Fiscal Year during Mehmel's employment, Mehmel will be eligible to receive a performance based bonus as determined by Griffon's Compensation Committee (the "Committee") based upon the achievement of specified performance objectives, as established and certified by the Committee in accordance with Griffon's 2011 Performance Bonus Plan, or any successor plan. The Chief Executive Officer will recommend to the Committee that, under the 2011 Performance Bonus Plan, or any successor plan, Mehmel's potential annual bonus awards at the specified minimum, target, superior and maximum performance levels be no less than 25% of the potential bonus award amounts established for the Chief Executive Officer (and that in no event will Mehmel's (i) target bonus opportunity be less than 100% of Mehmel's Salary and (ii) maximum bonus opportunity be less than 200% of Mehmel's Salary). Actual bonus amounts shall be subject to determination, certification and approval of the Committee prior to payment. Such performance based bonus, if any, shall be paid following the close of the Fiscal Year to which it relates at such time as Griffon pays bonuses with respect to such Fiscal Year to its executives generally, but in no event later than March 15 of the immediately following calendar year.

(b) Discretionary Bonus. Mehmel shall be eligible to receive additional bonuses during the Employment Term. The amount and the occasion for payment of such bonus, if any, shall be determined by the Committee in its sole discretion.

5. EQUITY AWARDS.

(a) Restricted Stock. As soon as practicable after the Commencement Date, Mehmel shall receive a restricted stock grant of 300,000 shares of common stock pursuant to Griffon's 2011 Equity Incentive Plan (the "Restricted Stock Grant"), 50% of which will cliff vest on the third anniversary of the date of grant and 50% of which will cliff vest on the fourth anniversary of the date of grant, subject to Mehmel's continued employment and the satisfaction of the performance criteria set forth on Exhibit A. The Restricted Stock Grant will provide that Griffon's tax withholding obligations may be met by withholding a sufficient number of shares to satisfy such obligations. Upon a termination of Mehmel's employment by Griffon without Cause or by Mehmel for Good Reason, in each case, other than upon a Change in Control, the unvested portion of the Restricted Stock Grant will vest in accordance with subsection (i) of Section 9(h); upon a termination of Mehmel's employment by Griffon due to Mehmel's death or disability, the unvested portion of the Restricted Stock Grant will vest in accordance with subsection (ii) of Section 9(h); and upon a termination of Mehmel's employment by Griffon without Cause or by Mehmel for Good Reason, in each case, upon a Change in Control, the unvested portion of the Restricted Stock Grant will vest in accordance with subsection (iii) of Section 9(h).

(b) Subsequent Grants. Mehmel will be eligible to receive subsequent annual grants of restricted stock and/or options, the amount and frequency of which shall be determined by the Committee in its sole discretion.

6. BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT; CERTAIN OTHER COSTS.

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

(b) Other Costs. Griffon shall reimburse Mehmel for reasonable attorneys fees incurred in connection with the negotiation of this Agreement, up to a maximum of $25,000.00.

All reimbursements under this Section 6 shall be made as soon as practicable following submission of a reimbursement request, but no later than the end of the year following the year during which the underlying expense was incurred. The amount of such expenses reimbursable or in-kind benefits provided in any one calendar year shall not affect the expenses eligible for reimbursement or the in-kind benefits to be provided in any other calendar year, and no right to reimbursement of expenses or in-kind benefits under this Agreement shall be subject to liquidation or exchange for any other benefit.

7. PERQUISITES.

During the Employment Term, Griffon shall provide Mehmel with an automobile allowance of $1,500 per month and shall reimburse or pay all other reasonable or necessary expenses related to the operation of such automobile, including, without limitation, insurance, maintenance and parking, subject to Mehmel’s prompt submission of such accounts and records as may be reasonably required by Griffon. All reimbursements or payments under this Section 7 shall be made as soon as practicable following submission of a reimbursement request, but no later than the end of the year following the year during which the underlying expense was incurred. The amount of such expenses reimbursable or in-kind benefits provided in any one calendar year shall not affect the expenses eligible for reimbursement or the in-kind benefits to be provided in any other calendar year, and no right to reimbursement of expenses or in-kind benefits under this Agreement shall be subject to liquidation or exchange for any other benefit.

8. **BENEFITS**.

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

(b) Life Insurance Benefit. During the Employment Term, in addition to the group life insurance available to employees generally, Griffon shall provide Mehmel with company-paid term life insurance coverage with a face amount equal to three times his Salary.

9. **TERMINATION OF EMPLOYMENT**.

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

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

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

(ii) any accrued but unused vacation;

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

(iv) reimbursement in accordance with Sections 6 and 7 above of any expenses incurred by him through the date of termination but not yet paid to him.

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

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

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

(ii) severance equal to nine months' Salary payable in nine (9) equal monthly installments and commencing on the first payroll period following such termination; provided, however, that, if and to the extent necessary to avoid the imposition of any taxes imposed under Section 409A of the Code, such nine months of continued Salary shall be payable over eighteen months (instead of over nine months); and

(iii) if Mehmel (or his beneficiaries) elects continued medical coverage under COBRA, Griffon shall pay for coverage under COBRA for nine (9) months following such termination.

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

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

(f) Termination by Griffon Without Cause or by Mehmel for Good Reason. Griffon may terminate Mehmel's employment hereunder without Cause and Mehmel may terminate his employment hereunder for Good Reason. If, during the Employment Term, Griffon terminates Mehmel's employment without Cause or Mehmel terminates his employment for Good Reason, in either such case, other than within two years after a Change in Control, he shall be entitled to receive, subject to the execution and non-revocation of a release substantially in the form attached hereto as Exhibit B no later than sixty (60) days after such termination and to Mehmel's continued compliance with the restrictive covenants contained in Sections 12 and 13, in addition to the compensation and benefits specified in Section 9(b):

(i) continued Salary for eighteen (18) months payable in eighteen (18) equal monthly installments and commencing as soon as administratively feasible following the date on which the release becomes effective, but in any event within ten (10) days thereafter;

(ii) an amount equal to one and one-half (1.5) times the average of the annual bonuses paid to Mehmel under Section 4(a) in the three-year period immediately prior to such termination; provided that, until Mehmel has received an annual bonus under Section 4(a), his Target Bonus shall be used for purposes of this subsection (ii), which amount will be paid in eighteen (18) equal monthly installments commencing as soon as administratively feasible following the date on which the release becomes effective, but in any event within ten (10) days thereafter; and

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

(iv) Notwithstanding the foregoing, if the sixty (60) day period described above begins in one calendar year and ends in the next calendar year, then any payments or benefits described above that, but for this subsection (iv), would have been paid in the first calendar year will instead be paid in a lump sum on or within ten (10) days following the first day of the second calendar year, with any other payments to be made as though no such delay had occurred.

(g) Termination by Griffon Without Cause or by Mehmel for Good Reason Within Two Years After a Change in Control. If, during the Employment Term, Griffon terminates Mehmel's employment without Cause or Mehmel terminates his employment for Good Reason, in either such case, within two years after a Change in Control, he shall be entitled to receive, subject to the execution and non-revocation of a release substantially in the form attached hereto as Exhibit B no later than sixty (60) days after such termination and to Mehmel's continued compliance with the restrictive covenants contained in Sections 12 and 13, in addition to the compensation and benefits specified in Section 9(b):

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

(ii) a pro-rata portion of the higher of (A) the earned annual bonus for the most recently completed Fiscal Year; or (B) the Target Bonus, to be paid as soon as administratively feasible following the date on which the release becomes effective, but in any event within ten (10) days thereafter; and

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

(iv) Notwithstanding the foregoing, if the sixty (60) day period described above begins in one calendar year and ends in the following calendar year, then any payments or benefits described above that, but for this subsection (iv), would have been paid in the first calendar year will instead be paid in a lump sum on or within ten (10) days after the first day of the second calendar year, with any other payments to be made as though no such delay had occurred.

(h) Vesting of Equity Upon Certain Terminations.

(i) If, during the Employment Term, Griffon terminates Mehmel's employment without Cause or Mehmel terminates his employment for Good Reason, in either such case, other than upon a Change in Control, the Restricted Stock Grant shall vest subject to the satisfaction of the performance criteria set forth on Exhibit A.

(ii) If, during the Employment Term, Griffon terminates Mehmel's employment due to his death or disability, (A) the portion of the Restricted Stock Grant that would have vested on the third anniversary of the grant date shall vest in a percentage equal to the number of days worked by Mehmel from the grant date until the date of termination over 1,095 and (B) the portion of the Restricted Stock Grant that would have vested on the fourth anniversary of the grant date shall vest in a percentage equal to the number of days worked by Mehmel from the grant date until the date of termination over 1,460.

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

(i) Specified Employee. Notwithstanding any other provision of this Agreement, if (i) Mehmel is to receive payments or benefits under Section 9 by reason of his separation from service (as such term is defined in Section 409A of the Code) other than as a result of his death, (ii) Mehmel 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 Mehmel to any tax, interest or penalty imposed under Section 409A of the Code (or any regulation promulgated thereunder) if the payment or benefit would commence within six months after the termination of Mehmel's employment, then such payment or benefit required under Section 9 shall not commence until the first day which is at least six months and one day after the termination of Mehmel's employment. Each severance installment contemplated under this Section 9 shall be treated as a separate payment in a series of separate payments under Treasury Regulation Section 1.409A-2(b)(2)(iii). Such payments or benefits, together with simple interest calculated at LIBOR as of the date of such separation from service, which would otherwise have been required to be made over such six month period, shall be paid to Mehmel in one lump sum payment or otherwise provided to Mehmel as soon as administratively feasible after the first day which is at least six months after the termination of Mehmel's employment. Thereafter, the payments and benefits shall continue, if applicable, for the relevant period set forth above as if no such delay had occurred. For purposes of this Agreement, all references to "termination of employment" and other similar language shall be deemed to refer to Mehmel's "separation from service" as defined in Treasury Regulation Section 1.409A-1(h), including, without limitation, the default presumptions thereof.

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

10. NO DUTY TO MITIGATE.

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

11. PARACHUTES.

Upon a Change in Control during the Employment Term, notwithstanding any other provisions of this Agreement to the contrary, in the event that any payments or benefits received or to be received by Mehmel in connection with his employment with Griffon (or termination thereof) would subject Mehmel 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 Mehmel, including any Excise Tax) that Mehmel would receive with respect to such payments or benefits does not exceed the net-after tax amount Mehmel would receive if the amount of such payment and benefits were reduced to the maximum amount which could otherwise be payable to Mehmel without the imposition of the Excise Tax, then, to the extent necessary to eliminate the imposition of the Excise Tax, such payments and benefits 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); (iii) 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.

12. CONFIDENTIAL INFORMATION.

Mehmel acknowledges that during his employment by Griffon he will be in close contact with many confidential affairs of Griffon or of any of its affiliates, including, without limitation, trade secrets, other private or secret information including secrets and information relating to corporate strategy, business development plans, product designs, intellectual property, business contacts, names and addresses of actual and potential customers and/or suppliers and their requirements, terms of business with such customers and potential customer and/or suppliers, annual budgets, management accounts, other financial information, and other business affairs, methods and other information not readily available to the public (collectively, "Confidential Information"). Notwithstanding the foregoing, Confidential Information does not include any information which (a) is or becomes publicly known or available other than as a result of wrongful disclosure by Mehmel, (b) becomes available to Mehmel on a non-confidential basis from a source which, to his knowledge, is not prohibited from disclosing such Confidential Information to him, or (c) is generally known in the industry in which Griffon or its Affiliates operate and pertains to activities or business not specific to Griffon or its Affiliates. Mehmel agrees to use all reasonable efforts to protect Griffon's Confidential Information and will keep secret all such Confidential Information and will not intentionally disclose such Confidential Information to anyone outside of Griffon except (x) as required in the performance of his duties hereunder; (y) as required by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power; or (z) with Griffon's prior written consent. Additionally, Mehmel will deliver promptly to Griffon upon any termination of employment, all agreements, memoranda, notes, records, reports and other documents (and all copies thereof) relating to Griffon's business and all other property of Griffon, which he may then possess or have under his control other than publicly available documents. Mehmel understands and agrees that the rights and obligations set forth in this Section 12 shall extend beyond the Employment Term.

13. OTHER RESTRICTIVE COVENANTS.

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

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

(c) Non-Compete. Mehmel expressly covenants and agrees that during his employment by Griffon and for the twelve (12) month period following any termination of employment, he will not directly or indirectly, own, manage, operate, join, control, receive compensation or benefits from, or participate in the ownership, management, operation, or control of, or be employed or be otherwise connected in any manner with, any business which directly or indirectly competes in any material manner with any of the businesses of Griffon or any of its Affiliates, as conducted or planned by Griffon or any Affiliate during Mehmel’s employment with Griffon.

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

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

14. REMEDIES/SANCTIONS.

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

15. WITHHOLDING TAXES.

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

16. ASSIGNABILITY; BINDING NATURE.

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

17. ENTIRE AGREEMENT.

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

18. AMENDMENT OR WAIVER.

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

19. SEVERABILITY.

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

20. SURVIVAL.

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

21. GOVERNING LAW/JURISDICTION.

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

22. NO CONFLICTS.

Mehmel represents and warrants that (a) his employment hereunder and performance of his duties hereunder will not conflict with or result in the breach by him of any agreement to which he is a party or by which he may be bound; (b) his employment with Griffon will not violate any non-competition, non-solicitation or other similar covenant or agreement by which he is bound; and (c) in connection with his employment with Griffon, he will not use any confidential or proprietary information he may have obtained in connection with his employment with any prior employer. Mehmel further represents and warrants that there are no facts or circumstances that would, or could reasonably be expected to, impede Mehmel's ability to obtain any and all government contractor security clearances and/or approvals, and other governmental clearances and/or approvals, necessary or desirable to perform Mehmel's duties as Griffon's President and Chief Operating Officer, including, without limitation, any facts or circumstances pertaining to personal finances, substance abuse, excessive gambling or personal behavior or activities, foreign influence or relationships, or the misuse of technology or confidential, classified or proprietary information.

23. ARBITRATION; COSTS OF DISPUTES.

If any contest or dispute arising with respect to the terms of employment under this Agreement, such contest or dispute shall be submitted to binding arbitration for resolution in New York, New York, in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association then in effect; provided, however, that Griffon may bring an action to specifically enforce any confidentiality, non-compete, non-interference, non-disparagement or non-solicitation covenant. Judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction. The costs of commencing such arbitration will be borne equally by Mehmel and Griffon. Notwithstanding the foregoing of this Section 23, each of the Parties agrees that, prior to submitting a dispute under this Agreement to arbitration, the Parties agree to submit, for a period of 60 days, to non-binding voluntary mediation before a jointly selected neutral third party mediator under the auspices of JAMS, New York, NY, Resolutions Center or such other dispute resolution firm as is mutually agreed upon by the Parties, pursuant to the procedures of JAMS International Mediation Rules, or the procedures of such other dispute resolution firm, in each such case to the extent not inconsistent herewith, and conducted in the State of New York (however, such mediation or obligation to mediate shall not apply to, or suspend or otherwise delay, any action of Griffon to specifically enforce any confidentiality, non-compete, non-interference, non-disparagement or non-solicitation covenant).

24. INDEMNIFICATION.

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

25. NOTICES.

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

If to Griffon or the Board:

Griffon Corporation
712 Fifth Avenue
New York, NY 10019
Attention: Ronald J. Kramer
FAX: (212) 957-5040

With a copy to:

Stephen W. Skonieczny, Esq.
Dechert LLP
1095 Avenue of the Americas
New York, NY 10036
FAX: (212) 314-0024

If to Mehmel, the address Griffon has on file.

With a copy to:

Regina Olshan, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
FAX: (917) 777-3963

26. 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.

27. COUNTERPARTS.

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

[Remainder of Page Intentionally Left Blank]

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

GRIFFON CORPORATION

By: /s/ Seth L. Kaplan

Seth L. Kaplan
Senior Vice President

EXECUTIVE

By: /s/ Robert F. Mehmel

Robert F. Mehmel

EXHIBIT A

Performance Criteria

1. The portion of the Restricted Stock Award that is scheduled to vest on the third anniversary of the date of grant will not vest unless, in addition to the satisfaction of the service condition on vesting set forth in Section 5 of the Agreement, at least one of Telephonics Corporation, Home Building Products or Clopay Plastic Products Company (together, the “Business Units”) achieves a 3% or greater increase in sales or operating income for any of fiscal years 2013, 2014 or 2015 over, in each case, the immediately preceding fiscal year or, at any such fiscal year end, Griffon reports working capital of at least $493,265,000; and

2. The portion of the Restricted Stock Award that is scheduled to vest on the fourth anniversary of the date of grant will not vest unless, in addition to the satisfaction of the service condition on vesting set forth in Section 5 of the Agreement, at least one of the Business Units achieves a 3% or greater increase in sales or operating income for any of fiscal years 2013, 2014, 2015 or 2016 over, in each case, the immediately preceding fiscal year or, at any such fiscal year end, Griffon reports working capital of at least $493,265,000.

EXHIBIT B

General Release

IN CONSIDERATION OF good and valuable consideration, the receipt of which is hereby acknowledged, and in consideration of the terms and conditions contained in the Employment Agreement, dated as of December 7, 2012, (the "Agreement") by and between Robert F. Mehmel (the "Executive") and Griffon Corporation (the "Company"), the Executive on behalf of himself and his heirs, executors, administrators, and assigns, releases and discharges the Company and its past, present and future subsidiaries, divisions, affiliates and parents, and their respective current and former officers, directors, employees, agents, and/or owners, and their respective successors, and assigns and any other person or entity claimed to be jointly or severally liable with the Company or any of the aforementioned persons or entities (the "Released Parties") from any and all manner of actions and causes of action, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, charges, claims, and demands whatsoever ("Losses") which the Executive and his heirs, executors, administrators, and assigns have, had, or may hereafter have, against the Released Parties or any of them arising out of or by reason of any cause, matter, or thing whatsoever from the beginning of the world to the date hereof, relating to the Executive's employment by the Company and the cessation thereof, and any and all matters arising under any federal, state, or local statute, rule, or regulation, or principle of contract law or common law relating to the Executive's employment by the Company and the cessation thereof, including but not limited to, the Family and Medical Leave Act of 1993, as amended, 29 U.S.C. §§ 2601 et seq., Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §§ 2000 et seq., the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. §§ 621 et seq. (the "ADEA"), the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. §§ 12101 et seq., the Worker Adjustment and Retraining Notification Act of 1988, as amended, 29 U.S.C. §§2101 et seq., the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§ 1001 et seq., the New York State and New York City Human Rights Laws, the New York Labor Laws, and any other equivalent or similar federal, state, or local statute; provided, however, that the Executive does not release or discharge the Released Parties from (i) any rights to any payments, benefits or reimbursements due to the Executive under the Agreement; (ii) any rights of the Executive to indemnification under the Agreement (or the standard form of agreement, if any, entered into with the Executive pursuant to the Agreement) or under any applicable directors' and officers' liability insurance policies maintained by the Company; (iii) any rights to any vested benefits due to the Executive under any employee benefit plans sponsored or maintained by the Company; or (iv) any rights of the Executive as a shareholder of the Company. It is understood that nothing in this general release is to be construed as an admission on behalf of the Released Parties of any wrongdoing with respect to the Executive, any such wrongdoing being expressly denied.

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

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

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

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

____
Robert F. Mehmel

Dated: __________________

Exhibit 10.2

Griffon Corporation
712 Fifth Avenue
New York, New York 10019

December 10, 2012

Mr. Robert F. Mehmel
c/o Griffon Corporation
712 Fifth Avenue
New York, NY 10019

Dear Mr. Mehmel:

This letter confirms that, pursuant to the Griffon Corporation 2011 Equity Incentive Plan (the "Plan"), you have been granted 300,000 restricted shares (the "Award") by Griffon Corporation (the "Company") with a grant date of December 10, 2012 (the "Grant Date").

This Award is subject to the applicable terms and conditions of the Plan, which are incorporated herein by reference, and in the event of any contradiction, distinction or difference between this letter and the terms of the Plan, the terms of the Plan will control. All capitalized terms used herein have the meanings set forth herein or in the Plan, as applicable.

Except as otherwise provided in this letter, subject to your continued service with the Company or its Subsidiaries and notwithstanding anything in Section 21.4 of the Plan to the contrary, the restrictions on your Award shall lapse (i) with respect to fifty percent of the shares subject to the Award (the "First Tranche") on December 10, 2015, provided that at least one of Telephonics Corporation, Home Building Products or Clopay Plastic Products Company (together, the "Business Units") achieves a 3% or greater increase in sales or operating income for any of fiscal years 2013, 2014 or 2015 over, in each case, the immediately preceding fiscal year or, at any such fiscal year end, the Company reports working capital of at least $493,265,000 (the "First Tranche Performance Target"), and (ii) with respect to fifty percent of the shares subject to the Award (the "Second Tranche") on December 10, 2016, provided that at least one of the Business Units achieves a 3% or greater increase in sales or operating income for any of fiscal years 2013, 2014, 2015 or 2016 over, in each case, the immediately preceding fiscal year or, at any such fiscal year end, the Company reports working capital of at least $493,265,000 (the "Second Tranche Performance Target"). If the First Tranche Performance Target is not satisfied on or prior to September 30, 2015, the First Tranche shall be forfeited. If the Second Tranche Performance Target is not satisfied on or prior to September 30, 2016, the Second Tranche shall be forfeited.

Notwithstanding the foregoing, (i) if your employment is terminated by the Company without "Cause" or by you for "Good Reason" (as such terms are defined in your employment agreement with the Company, dated as of December 10, 2012 (the "Employment Agreement")), in each case, other than upon a "Change in Control" (as defined in the Employment Agreement), then, if not previously vested or forfeited pursuant to the preceding paragraph, the First Tranche will vest upon the satisfaction of the First Tranche Performance Target on or prior to September 30, 2015 and the Second Tranche will vest upon the satisfaction of the Second Tranche Performance Target on or prior to September 30, 2016; (ii) if your employment is terminated by the Company due to your death or disability, then, if not previously vested or forfeited pursuant to the preceding paragraph, (a) a portion of the First Tranche will vest in a percentage equal to the number of days you worked from the Grant Date until your termination date over 1,095 and (b) a portion of the Second Tranche will vest in a percentage equal to the number of days you worked from the Grant Date until your termination date over 1,460; and (iii) if your employment is terminated by the Company without Cause or by you for Good Reason, in each case, upon a Change in Control, then, if not previously vested or forfeited pursuant to the preceding paragraph, your Award will vest in full as of your termination date.

Unless otherwise determined by the Committee or as set forth above, upon your termination of service with the Company or its Subsidiaries for any reason prior to the lapse of the restrictions on your Award, your Award shall be immediately forfeited on such date with no further compensation due to you.

Any dividends paid with respect to the shares of Common Stock underlying your Award shall be subject to the same restrictions as your Award and will be delivered to you if and when the restrictions on your Award lapse.

The restricted shares granted to you will be issued, subject to the terms and provisions of the Plan and this letter, into your name in book entry registration form. Book entry is a system whereby your ownership is duly recorded and no physical stock certificate is delivered. At all times you will be the registered owner of the restricted shares, subject to the applicable vesting conditions being satisfied.

At the time that the restrictions lapse, you must make appropriate arrangements with the Company concerning withholding of any taxes that may be due with respect to such Common Stock. You may tender cash payment to the Company in an amount equal to the required withholding or request the Company retain the number of shares of Common Stock whose fair market value equals the amount to be withheld. As promptly thereafter as possible, the Company will issue to you the shares released from restrictions and release any related dividend amounts payable to you in connection with such restriction lapse.

The Company may impose any additional conditions or restrictions on the Award as it deems necessary or advisable to ensure that all rights granted under the Plan satisfy the requirements of applicable securities laws. The Company shall not be obligated to issue or deliver any shares if such action violates any provision of any law or regulation of any governmental authority or national securities exchange.

The Committee may amend the terms of this Award to the extent it deems appropriate to carry out the terms of the Plan. The construction and interpretation of any provision of this Award or the Plan shall be final and conclusive when made by the Committee.

Nothing in this letter shall confer on you the right, express or implied, to continue in the service of the Company or its Subsidiaries or interfere in any way with the absolute right of the Company or its Subsidiaries to terminate your service at any time.

Please sign and return a copy of this agreement to the Company's Senior Vice President and General Counsel designating your acceptance of this Award. This acknowledgement must be returned within thirty (30) days; otherwise, the Award will lapse and become null and void. Your signature will also acknowledge that you have received and reviewed the Plan and that you agree to be bound by the applicable terms of such document.

Very truly yours,

GRIFFON CORPORATION

By: /s/ Seth L. Kaplan

Name: Seth L. Kaplan
Title: Senior Vice President

ACKNOWLEDGED AND ACCEPTED

/s/ Robert F. Mehmel

Robert F. Mehmel

Dated: December 10, 2012

Enclosure (Copy of Plan)

Exhibit 10.3

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (this "Agreement"), dated as of December 11, 2012, is made by and between Patrick L. Alesia (the "Consultant") and Griffon Corporation, a Delaware corporation (the "Company").

Recitals

WHEREAS, the Consultant is currently employed by the Company as Senior Vice President and Chief Administrative Officer;

WHEREAS, the Consultant will resign from all positions with the Company, effective December 31, 2012;

WHEREAS, the Consultant has special knowledge, expertise and experience concerning the business and operations of the Company; and

WHEREAS, the Company desires to have continuing access to the Consultant's knowledge, expertise and experience, and the Consultant is willing to provide the same to the Company on the terms and conditions set forth in this Agreement.

Agreement

NOW, THEREFORE, in consideration of the mutual covenants and the premises set forth herein, intending to be legally bound, the Company and the Consultant hereby agree as follows:

1. **Term**. Subject to the Consultant's execution of a General Release Agreement in the form attached hereto as Exhibit A which becomes effective no later than December 31, 2012, the consulting term under this Agreement shall commence on December 31, 2012 (the " Effective Date") and, unless earlier terminated under Section 5 of this Agreement, shall end on December 31, 2014 (the " Consulting Term"). Consultant hereby resigns as Senior Vice President and Chief Administrative Officer of the Company and from any other position he may have with the Company or any of its direct or indirect subsidiaries (other than as a consultant pursuant to this Agreement) effective as of December 31, 2012. The Consultant acknowledges and agrees that, except as otherwise provided herein, the Consultant shall not be entitled to any payments or benefits from the Company as a result of such resignation, including, without limitation, any payments or benefits pursuant to the severance agreement between the Consultant and the Company, dated as of July 18, 2006 (the " Severance Agreement"), and the Consultant further acknowledges and agrees that the Severance Agreement shall terminate in its entirety as of the Effective Date and be of no further force and effect, except insofar as any right to payment under the Severance Agreement arises pursuant to its terms between the date hereof and the Effective Date.

2. **Consulting Commitment**. During the Consulting Term, the Consultant shall make himself available to the Chief Executive Officer of the Company (the "CEO"), or his designees, upon reasonable notice and during normal business hours, to consult with the CEO or his designees regarding matters within the Consultant's knowledge, expertise and experience, consistent with the services performed by the Consultant as Senior Vice President and Chief Administrative Officer of the Company (the " Consulting Services"). The Consulting Services shall be provided telephonically or electronically whenever possible, and in person as needed from time to time. The parties hereby agree that the Consultant's time commitment for the Consulting Services to be provided pursuant to this Agreement shall not exceed 250 hours per year and in any event shall not exceed five hours per week, unless otherwise agreed to by the Consultant and the Company in writing.

2.1. Work for Others. The Company acknowledges that the Agreement places no limitation on the Consultant's ability to engage in other activities of the Consultant's choosing, including without limitation, ownership of, employment with, consulting to or membership on the board of any other entities; provided however, that such activities do not interfere with the Consultant's ability to fulfill his obligations under this Agreement or violate any other provisions of this Agreement, including but not limited to Section 6 below.

3. **Compensation and Reimbursement**.

3.1. Consulting Fee. During the Consulting Term, the Consultant shall receive a consulting fee equal to $250,000 per year (the "Consulting Fee"), payable by the Company monthly in arrears on or about the last day of each calendar month.

3.2. Health and Medical Benefits.

(a) The Consultant's existing medical and dental coverage will remain in force through December 31, 2012. Thereafter, the rules and regulations promulgated pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), will apply. If the Consultant elects to continue coverage through COBRA and notifies the Company in writing of such election, the Company will pay, directly to the provider, the Consultant's monthly COBRA premiums for medical and dental coverage (with respect to coverage on a basis consistent with the level of coverage and elections (including with respect to coverage for Consultant's dependents) in force immediately prior to the Effective Date) for a period of eighteen (18) months immediately following the Effective Date.

(b) If the Consultant obtains medical and/or dental insurance through a third-party provider for all or a portion of the period July 1, 2014 to December 31, 2014, then the Company will make reimbursement payments (the " Reimbursement Payments") to the Consultant equal to the lesser of (i) the actual premium cost of obtaining such insurance, and (ii) the monthly COBRA premiums referred to in Section 3.2(a) above; provided however that a Reimbursement Payment shall be payable for a month only if Consultant submits evidence reasonably acceptable to the Company of the date of payment and the actual premium cost paid by Consultant for the month no later than 45 days after the payment date of such premium, in which case the Reimbursement Payment will be made in arrears on or before the date which is two and one-half months after the date of payment of the premium giving rise to the Re imbursement Payment.

(c) Griffon will continue the Consultant's participation in the Griffon Corporation and Affiliates Supplemental Health Benefits Plan for Senior Executives for (i) any portion of the period January 1, 2013 through and including June 30, 2014 during which the Consultant has elected to continue coverage through COBRA as set forth in Section 3.2(a) above, and (ii) for any portion of the period July 1, 2014 through December 31, 2014 during which Consultant has obtained medical and/or dental insurance through a third-party provider and for which the Company has an obligation to make one or more Reimbursement Payments, as provided in Section 3.2(b) above.

3.3. Automobile Expenses. Commencing on the Effective Date and continuing until the earlier of the termination of the Consulting Term or the expiration of the Consultant's current automobile lease in September 2013, the Company shall reimburse the Consultant for expenses incurred in connection with the lease, operation, maintenance and storage of such automobile, consistent with past practice.

3.4. Life Insurance. As permitted by the applicable policy, the Consultant shall be entitled to continue, at the Consultant's cost, any insurance contracts maintained by the Company prior to the Effective Date on the life of the Consultant.

3.5. Business Expenses. During and in respect of the Consulting Term, provide the Consultant obtains the prior written approval of an Authorized Officer of the Company (which approval may be given through electronic communication, such as e-mail), Consultant shall, upon presentation to the Company of reasonable documentation and in accordance with the policies of the Company, be entitled to reimbursement for all direct, out-of-pocket reasonable and necessary business expenses incurred by or charged to the Consultant in or with respect to the performance of the Consulting Services. Payment of such expenses shall be made by the Company within thirty days of receipt of such documentation. "Authorized Officer" shall mean the Chief Executive Officer, President, any Vice President or the Treasurer of the Company.

3.6. SERP. The Consultant's right to payment of benefits under the Company's Supplemental Executive Retirement Plan, as amended and restated as of July 18, 2006 (the "SERP"), shall be determined in accordance with the terms of the SERP.

4. **Restricted Shares**. Notwithstanding anything to the contrary in the applicable award letters, (i) the 25,000 restricted shares of the Company's common stock that were granted to the Consultant on May 8, 2008 and are scheduled to vest on May 8, 2013, (ii) the 25,000 restricted shares of the Company's common stock that were granted to the Consultant on August 6, 2009 and are scheduled to vest on August 6, 2013 and (ii) the 15,000 restricted shares of the Company's stock that were granted to the Consultant on November 15, 2010 and are scheduled to vest on November 15, 2013 (collectively, the "Restricted Shares") shall not be forfeited upon the Consultant's resignation as Senior Vice President and Chief Administrative Officer of the Company, but shall continue to vest during the Consulting Term on the terms and conditions set forth in the applicable award letter as if the Consultant continued as an employee of the Company until the termination of the Consulting Term. Upon termination of the Consulting Term for any reason (except by the Company without Cause (as defined below) or due to the Consultant's death or Disability (as defined below)), any unvested shares of restricted stock shall be forfeited; if the Consultant is terminated by the Company without Cause or due to the Consultant's death or Disability, the Restricted Shares shall nevertheless continue to vest as provided herein, subject to the Consultant's continued compliance with Section 6 below. Notwithstanding anything in this Agreement to the contrary, the Consultant agrees to make appropriate arrangements with the Company concerning the withholding of any taxes that may be due in connection with the lapse of the restrictions on the Restricted Shares as provided in the applicable award letter.

5. **Termination**. The Consulting Term shall terminate automatically upon the Consultant's death or Disability (as defined below). The Company may terminate the Consulting Term at any time, with or without Cause (as defined below), and the Consultant may terminate the Consulting Term with 30 days' prior written notice to the Company. Upon the termination of the Consulting Term for any reason, the Consultant shall be entitled to (a) payment of any portion of the Consulting Fee or the Additional Fee that is earned but unpaid as of the termination date and (b) reimbursement of any reimbursable expenses that were incurred in compliance with the terms of Section 3.5 but not reimbursed as of the termination date. In addition, if the Consulting Term is terminated by the Company without Cause or due to the Consultant's death or Disability, then, subject to the Consultant's continued compliance with Section 6 below, the Consultant shall be entitled to (i) continued payment of the Consulting Fee and any Additional Fee until December 31, 2014 and (ii) continued vesting of the Restricted Shares on the terms set forth in Section 4 above. If the Consulting Term is terminated by the Company for Cause or by the Consultant, then the Company shall have no further obligation to pay the Consulting Fee (or any Additional Fee) for the period of time after the date of termination of the Consulting Term.

5.1. Definitions. For purposes of this Agreement, the following terms have the meanings set forth below:

(a) "Cause" means (i) the willful and continued failure by the Consultant to substantially perform the Consulting Services (other than any such failure resulting from incapacity due to physical or mental illness); (ii) conviction of a felony or acts of dishonesty resulting in gain or personal enrichment at the expense of the Company; (iii) the Consultant's willful misconduct or insubordination which is materially injurious to the Company; or (iv) the Consultant's breach of any of the covenants contained in Sections 6, 7 and 8.3 of this Agreement. With respect to (i) and (iii), "Cause" shall only be determined to exist after the Company presents written notice to the Consultant specifically identifying the alleged circumstances or actions giving rise to Cause (a " Cause Notice"), and the Consultant fails to correct such action or circumstances within 20 days of receiving the Cause Notice. For purposes of this paragraph, no act or failure to act on the Consultant's part shall be considered as willful unless done, or omitted to be done, by the Consultant not in good faith and without reasonable belief that the action or omission was in the best interests of the Company.

(b) "Disability" means the Consultant's inability to perform the Consulting Services by reason of any medically determinable physical or mental impairment that lasts or is reasonably expected to last for a continuous period of not less than 6 months, or that exists for 90 days out of any consecutive 180 day period, as determined by the Company in its reasonable judgment.

6. **Restrictive Covenants**.

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

6.2. Non-Solicitation of Employees. Commencing on the Effective Date and continuing under December 31, 2014 (the " Non-Solicit Period"), the Consultant 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 of, or independent contractor to, the Company or its direct or indirect subsidiaries at the date of such termination or within six (6) months prior thereto to work for the Consultant or for any entity with which he is affiliated. For this purpose, the term "solicit" will mean any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action

6.3. Non-Solicitation of Customers/Non-Interference with Vendors. During the Non-Solicit Period, the Consultant will not, for any reason, solicit or encourage any vendor, Customer or Prospective Customer to cease any relationship with the Company or any of its affiliates, or service in any way any Customer or Prospective Customer. For this purpose, the term "solicit" will mean any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action. The term "Customer" will mean all persons for whom the Company maintains an active account or file in the active records of the Company or any of its affiliates, or for whom the Company or any of its affiliates has otherwise performed or performs any services or provided products within the twelve (12) month period preceding the date of such solicitation. The term "Prospective Customer" means those persons and entities who have been approached by or on behalf of the Company or any of its affiliates to become a customer or who have been entered into the internal records of the Company or any of its affiliates as a prospective or potential customer.

6.4. Non-competition. The Consultant expressly covenants and agrees that during the Non-Solicit Period, the Consultant 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 with any of the businesses of the Company or any of its affiliates, as conducted or planned by the Company or any affiliate at any time during the Consulting Term. Notwithstanding anything herein to the contrary, nothing herein shall restrict the Consultant from owing less than a one percent equity interest in a publicly held company and exercise of rights appurtenant thereto.

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

6.6. Remedy for Breach. The Consultant acknowledges and agrees that the restrictions set forth in this Agreement are critical and necessary to protect Company's legitimate business interests (including the protection of its Confidential Information); 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 Consultant also acknowledges and agrees that, in the event that he breaches any of the restrictive covenants in this Agreement, the Company shall suffer immediate, irreparable injury and will, therefore, be entitled to injunctive relief, in addition to any other damages to which it may be entitled, as well as the costs and reasonable attorneys' fees it incurs in enforcing its rights under this Agreement (without the requirement of any bond), from a court of competent jurisdiction. The Consultant further acknowledges that (i) any breach or claimed breach of the provisions set forth in this Agreement will not be a defense to the Company's enforcement of the restrictive covenants under this Agreement, and (ii) the circumstances of the termination of the Consulting Term will have no impact on the Consultant's obligations to comply with the restrictive covenants under this Agreement.

6.7. Severability; Modification. The Consultant 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. **PROPRIETARY INFORMATION**. Upon the expiration or earlier termination of the Consulting Term, or at any other time upon request by the Company, the Consultant will deliver to the Company any documents, files, copies which constitute Proprietary Information (whether in written, printed, electronic or other form). "Proprietary Information" means all information or data with respect to the conduct or details of the businesses of the Company, and its affiliates (whether constituting a trade secret or not) including, without limitation, methods of operation, customers and customer lists, supplier lists, sales data, details of contracts with customers, consultants, suppliers or employees, products, proposed products, former products, proposed, pending or completed acquisitions of any company, division, product line or other business unit, prices and pricing policies, fees, costs, plans, designs, technology, inventions, trade secrets, know how, software, marketing methods, policies, plans, personnel, suppliers, competitors, markets or other specialized information or proprietary matters of the Company or any of its affiliates.

8. **Miscellaneous**.

8.1. Independent Contractor. It is mutually understood and agreed that, in providing the Consulting Services, the Consultant is acting and performing as an independent contractor and not an employee of the Company or any of its affiliates. The Consultant shall not make any representations to being an employee of the Company or any of its affiliates. The Consultant acknowledges and agrees that he is not, nor shall he be, eligible to participate in any employee benefit plan sponsored by the Company, or any of its affiliates, successors and assigns, regardless of the terms of any such plan, during the Consulting Term or as a result of his provision of the Consulting Services, except as otherwise expressly provided in this Agreement. The Consultant shall be responsible for, and hereby agrees to indemnify and hold the Company harmless from, all tax liabilities in respect of any amounts paid to him under this Agreement, as well as from any other liabilities should Consultant later be reclassified as an employee by any court, agency, or governing authority.

8.2. No Authority to Bind the Company. All Consulting Services provided by the Consultant shall be performed by the Consultant directly and independently and not as an agent, employee or representative of the Company. 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 the Company and the Consultant. Specifically, and without limitation, the Consultant shall have no power or authority to contract for, or bind, the Company or any of its affiliates in any manner.

8.3. Compliance with Applicable Law. In providing the Consulting Services, the Consultant shall comply with all applicable federal, state and local laws and regulations. During the Consulting Term, the Consultant shall cooperate with the Company and its affiliates in any disputes with third parties, internal investigations or administrative, regulatory or judicial proceedings as reasonably requested by the Company or its affiliates (including, without limitation, the Consultant's being available to the Company or its affiliates upon reasonable notice and at a reasonable location for interviews and factual investigations, appearing at the Company's or its affiliates' request to give testimony without requiring service of a subpoena or other legal process, volunteering to the Company all pertinent information and turning over to the Company all relevant documents which are or may come into the Consultant's possession, all at times and on schedules that are reasonably consistent with the Consultant's other permitted activities and commitments). In the event the Company requires the Consultant's cooperation in accordance with this Section during the Consulting Term, the Company shall reimburse the Consultant solely for reasonable travel expenses (including lodging and meals, upon submission of receipts), but the Consultant shall not be entitled to any other compensation.

8.4. Survival. The respective rights and obligations of the parties hereto shall survive any expiration and/or termination of the Consulting Term and/or this Agreement for any reason to the extent necessary to effect the intended provision of such rights and obligations.

8.5. Nonassignability. The Consultant may not assign any right or delegate any obligation hereunder. The Company may assign this Agreement or any of the rights herein or delegate any of its obligations herein to any affiliate of the Company or any acquirer of all or substantially all of the assets or equity of the Company or any of its direct or indirect subsidiaries without the consent of the Consultant. Any purported assignment or delegation in violation of this Section above shall be void. This Agreement shall be binding upon and inure to the benefit of the Company and its successors, the Consultant, his or her heirs, executors, administrators and legal representatives and, to the extent permitted under the first two sentences of this Section, assignees.

8.6. Amendment and Waiver. This Agreement may be amended only upon the mutual written consent of the parties hereto. No waiver by either party hereto of any breach by the other party of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time.

8.7. Entire Agreement. This Agreement constitutes the entire agreement between the Consultant and the Company, regarding the subject matter hereof and supersedes all previous agreements, promises, proposals, representations, understandings and negotiations, whether written or oral, between the Consultant and the Company regarding such subject matter, including.

8.8. Notices. All notices and other communications under this Agreement shall be in writing and shall be delivered by hand, via facsimile transmission or by certified mail (return receipt requested), postage prepaid, if to the Company, to 712 Fifth Avenue, New York, NY 10019, Attn: General Counsel, and if to the Consultant, to the address for the Consultant in the Company's records, or, in any case, to such other address of which the sending party has previously received written notice. Notice shall be deemed given upon delivery to the addressee.

8.9. Arbitration. Subject to the rights of the Consultant and the Company to seek equitable relief in a court of law or equity, in the event that any disputes of any kind arise under or with respect to this Agreement, the parties hereto agree to submit any such disputes to binding arbitration in the State of New York in accordance with the rules of the American Arbitration Association then in effect.

8.10. Governing Law. The validity, interpretation and performance of this Agreement shall be governed by the laws of the State of New York, without regard to the principles of conflict of laws thereof.

8.11. Section 409A. The parties intend that this Agreement will be interpreted and administered so that any amount or benefit payable hereunder will be paid or provided in a manner that is either exempt from or compliant with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). Notwithstanding anything in this Agreement to the contrary, any payments or benefits due hereunder that constitute non-exempt "deferred compensation" (as defined in Section 409A of the Code) that are otherwise payable by reason of the termination of the Consulting Term will not be paid or provided to the Consultant until the Consultant has undergone a "separation from service" (as defined in Section 409A of the Code). If, and only if, the Consultant is a "specified employee" (as defined in Section 409A) and a payment or benefit provided for in this Agreement would be subject to additional tax under Section 409A if such payment or benefit is paid within six (6) months after the Consultant's separation from service, then such payment or benefit shall not be paid (or commence) during the six-month period immediately following the Consultant's separation from service except as provided in the immediately following sentence. In such an event, any payment or benefits that otherwise would have been made or provided during such six-month period and that would have incurred such additional tax under Section 409A shall instead be paid to the Consultant in a lump-sum cash payment on the first day following the termination of such six-month period or, if earlier, within ten days following the date of the Consultant's death. Consultant's 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 of the Code. If the Consultant is entitled to any reimbursement of expenses or in-kind benefits that are includable in his federal gross taxable income, the amount of such expenses reimbursable or in-kind benefits provided in any one calendar year will not affect the expenses eligible for reimbursement or the in-kind benefits to be provided 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. The Consultant's right to reimbursement of expenses or in-kind benefits under this Agreement will not be subject to liquidation or exchange for another benefit. Notwithstanding anything in Section 2 to the contrary, the level of bona fide services to be performed by the Consultant for the Company and its direct or indirect subsidiaries for the period commencing on December 31, 2012 shall be 20 percent or less of the average level of bona fide services performed by the Consultant for the Company and its direct or indirect subsidiaries for the 36 month period ending on December 31, 2012.

8.12. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[REST OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Consultant and the Company have executed this Agreement as of the day and year first above written.

ACKNOWLEDGED AND AGREED:

GRIFFON CORPORATION

By: /s/ Seth L. Kaplan

Name: Seth L. Kaplan
Title: Senior Vice President

/s/ Patrick L. Alesia

PATRICK L. ALESIA

EXBHIBIT A

GENERAL RELEASE AGREEMENT

This GENERAL RELEASE AGREEMENT (the "Release"), is made and entered into as of December __, 2012, by and between Griffon Corporation, a Delaware corporation, (hereinafter, together with its parent, subsidiaries, affiliates, successor and assigns, collectively referred to as the "Company") and Patrick L. Alesia (hereinafter referred to as "Employee") (each a "Party" and collectively referred to as the "Parties").

A. WHEREAS, Employee's employment with the Company will terminate on December 31, 2012; and

B. WHEREAS, in connection with such termination of employment, the Company and the Employee have agreed that the Employee shall provide consulting services to the Company for a two year period ending on December 31, 2014 pursuant to a Consulting Agreement dated December __, 2012 (the "Consulting Agreement"); and

C. WHEREAS, as an express condition to the effectiveness of the Consulting Agreement, Employee has agreed to execute and deliver this Release.

NOW, THEREFORE, for and in consideration of the mutual promises and commitments specified herein and in the Consulting Agreement, and intending to be legally bound hereby, the Parties agree as follows:

1. Employee, for and on behalf of himself, his heirs, beneficiaries, executors, administrators, attorneys, successors, and assigns, knowingly and voluntarily, hereby waives, remits, releases and forever discharges the Company and its current and former parent corporations, affiliates, subsidiaries, divisions, predecessors, successors and assigns, and their current and former officers, directors, stockholders, employees, agents, attorneys, lenders, investors, servants, 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, 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 Release, including, but not limited to, any claim that Employee has asserted, now asserts or could have asserted. Listed below are examples of the statutes under which Employee agrees not to bring any claim. If the law prohibits a waiver of claims under any such statute, Employee hereby acknowledges that he has no valid claim under those statutes or that all monies paid hereunder shall be a set-off against any such claim, if a court permits such claim to be asserted. The claims released or acknowledged not to exist include, but are not limited to, any violation of the following:

a. Title VII of the Civil Rights Act of 1964;
b. The Civil Rights Act of 1991;
c. The Older Workers Benefit Protection Act;
d. The Fair Labor Standards Act;
e. Worker's Compensation Laws;
f. Sections 1981 through 1988 of Title 42 of the United States Code;
g. The Employee Retirement Income Security Act of 1974;
h. The Immigration Reform and Control Act;
i. The Americans with Disabilities Act of 1990;
j. The Age Discrimination in Employment Act of 1967;
k. The Workers Adjustment and Retraining Notification Act;
l. The Occupational Safety and Health Act;
m. The Fair Credit Reporting Act;
n. The Sarbanes-Oxley Act of 2002;
o. The Family and Medical Leave Act;
p. The Equal Pay Act;
q. The New York State Executive Law (including its Human Rights Law);
r. The New York State Labor Law;
s. The New York wage and wage-hour laws;
t. The New York City Administrative Code (including its Human Rights Law);
u. 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;

v. Any amendments to the foregoing laws;

w. Any benefit, payroll or other plan, policy or program;

x. Any public policy, contract, third-party beneficiary, tort, or common law obligation; or

y. Any claim for or obligation to pay for attorneys' fees, costs, fees, or other expenses.

2. Included in this Release are any and all claims for future damages allegedly arising from the alleged continuation of the effect of any past action, omission or event.

3. Employee hereby affirms and acknowledges the following:

a. Employee has not filed, caused to be filed, or presently is a party to any claim, complaint, or action against any of the Released Parties herein in any forum or form.

b. With the exception of the benefits due to Employee as explicitly provided for under the Consulting Agreement, Employee has been paid and/or has received all compensation, wages, bonuses, benefit payments, expense reimbursements, accrued unused vacation time, sick days, personal leave, commissions, and/or benefits to which Employee may be entitled and that no other compensation, wages, bonuses, benefit payments, expense reimbursements, accrued unused vacation time, sick days, personal leave, commissions and/or benefits are due to Employee.

c. Employee has been granted any leave to which Employee was entitled under the Family and Medical Leave Act or related state or local leave or disability accommodation laws.

d. Employee has not given, sold, assigned or transferred to anyone else, any claim, or a portion of a claim referred to in this Release.

e. Employee promises never to file a lawsuit asserting any claims that are released in this Release.

f. Employee has no known workplace injury or occupational disease and has been provided with and/or has not been denied any leave requested under the Family and Medical Leave Act. Employee acknowledges and represents that he has no intention of filing any claim for workers' compensation benefits of any type against the Company, and that he will not file or attempt to file any claims for workers' compensation benefits of any type against the Company. Employee acknowledges that the Company has relied upon these representations, and that the Company would not have entered into the Consulting Agreement but for these representations. As a result, Employee agrees, covenants, and represents that the Company may, but is not obligated to, submit this Release to the Workers' Compensation Appeals Board for approval as a compromise and release as to any workers' compensation claim that Employee files at any time against the Company.

g. Employee has not divulged any proprietary information of any of the Released Parties, as such term is defined and described in Paragraph 7 of the Agreement, and will continue to maintain the confidentiality of such information consistent with Employee's obligations under the Agreement.

h. Employee further affirms that Employee has not been retaliated against for reporting any allegations of wrongdoing by any of the Released Parties or their officers and/or directors, including any allegations of corporate fraud. Employee and the Company acknowledge that this Release does not limit either Party's right, where applicable, to file or participate in an investigative proceeding of any federal, state or local government agency. To the extent permitted by law, Employee agrees that if such an administrative claim is made, Employee shall not be entitled to recover any individual monetary relief or other individual remedies.

i. Employee acknowledges that he has no knowledge of any unreported FCPA or ITAR violations or of any corporate fraud committed by the Company or any of its officers, directors, employees or third-party intermediaries.

4. This Release may not be modified, altered, or amended except in writing and signed by both Parties wherein specific reference is made to this Release. Employee acknowledges that he has not relied on any representations, promises, or agreements of any kind made to Employee in connection with Employee's decision to accept this Release, except what is set forth herein.

5. This Release shall be controlled and governed by the laws of the State of New York. The Parties agree that the appropriate forum and venue of any disputes arising out of this Release shall be any State or Federal Court in the State of New York, County of New York, and each of the Parties hereto submits to the personal jurisdiction of any such Court.

6. This Release may be executed in counterparts, each of which shall be deemed an original and each of which shall together constitute one and the same instrument. A signed copy, pdf or facsimile copy of this Release shall be deemed an original.

7. Each Party will be responsible for its own legal fees or costs, if any, incurred in connection with the negotiation and settlement of this Release and the Consulting Agreement.

8. At the time of considering or executing this Release, Employee was not affected or impaired by illness, use of alcohol, drugs or other substances or otherwise impaired. Employee is competent to execute this Release and knowingly and voluntarily waives any and all claims Employee may have against the Company. Employee certifies that Employee is not a party to any bankruptcy, lien, creditor-debtor or other proceedings which would impair Employee's right or ability to waive all claims Employee may have against the Company.

9. In the event that any provision of this Release is determined to be invalid by a court or tribunal of competent jurisdiction, all other provisions of this Release shall remain in full force and effect.

10. This Release, in conjunction with the provisions of the Consulting Agreement, constitutes the entire agreement and understanding between the Parties and supersedes all other agreements between the Parties whether oral or written with respect to the subject matter hereto.

11. The Parties understand and agree that all terms of this Release are contractual and are not a mere recital, and represent and warrant that they are competent and possess the full and complete authority to covenant and agree as herein provided.

12. Employee understands, agrees, and represents that the covenants made herein and the releases herein executed may substantially affect Employee's rights and liabilities and Employee agrees that the covenants and releases provided herein may not be in Employee's best interest. Employee represents and warrants that, in negotiating and executing this Release, Employee has had an adequate opportunity to consult with competent counsel or other representatives of Employee's choosing concerning the meaning and effect of each term and provision hereof, and that there are no representations, promises or agreements other than those expressly set forth in writing herein. Employee acknowledges that Employee received a copy of this Release, and was offered a reasonable period to consider it.

13. The Parties have carefully read this Release in its entirety; fully understand and agree to its terms and provisions; and intend and agree that it is final and binding.

14. Employee also agrees that he will sign and deliver such documents and do anything else that is necessary in the future to make the provisions of this Release effective.

15. This Release shall be binding on the Parties and upon their heirs, administrators, representatives, executors, successors, and assigns and shall inure to their benefit and to that of their heirs, administrators, representatives, executors, successors, and assigns.

EMPLOYEE HAS BEEN ADVISED THAT EMPLOYEE HAS TWENTY-ONE (21) CALENDAR DAYS FROM THE DATE OF EMPLOYEE'S RECEIPT OF THIS RELEASE TO CONSIDER THIS RELEASE BEFORE HE SIGNS IT; EMPLOYEE MAY SIGN IT EARLIER IF HE WISHES, BUT THE DECISION IS ENTIRELY THE EMPLOYEE'S. EMPLOYEE MAY REVOKE THIS RELEASE FOR A PERIOD OF SEVEN (7) CALENDAR DAYS FOLLOWING THE DAY EMPLOYEE EXECUTES THE RELEASE, AND THE CONSULTING AGREEMENT SHALL 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 AND STATE, "I HEREBY REVOKE MY ACCEPTANCE OF THE GENERAL RELEASE AGREEMENT." THE REVOCATION MUST BE PERSONALLY DELIVERED TO THE COMPANY OR ITS DESIGNEE, OR MAILED TO THE COMPANY AND POSTMARKED WITHIN SEVEN (7) CALENDAR DAYS OF EXECUTION OF THIS RELEASE. IF THE LAST DAY OF THE REVOCATION PERIOD IS A SATURDAY, SUNDAY OR LEGAL HOLIDAY IN NEW YORK, THEN THE REVOCATION PERIOD SHALL NOT EXPIRE UNTIL THE NEXT FOLLOWING DAY WHICH IS NOT A SATURDAY, SUNDAY OR HOLIDAY.

EMPLOYEE HAS BEEN ADVISED IN WRITING TO CONSULT WITH AN ATTORNEY OF HIS OWN CHOOSING AND AT HIS OWN EXPENSE PRIOR TO EXECUTING THIS RELEASE. THE RELEASE, AMONG OTHER THINGS, WAIVES RIGHTS THAT EMPLOYEE MAY HAVE UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT (THE "ADEA").

EMPLOYEE AGREES THAT ANY MODIFICATION, MATERIAL OR OTHERWISE, MADE TO THIS RELEASE DOES NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL TWENTY-ONE DAY (21) CALENDAR DAY CONSIDERATION PERIOD.

HAVING ELECTED TO EXECUTE THIS RELEASE, TO FUFILL THE PROMISES AND TO RECEIVE THE SUMS AND BENEFITS STATED HEREIN, EMPLOYEE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS RELEASE, INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS EMPLOYEE HAS OR MIGHT HAVE AGAINST THE COMPANY AND THE RELEASED PARTIES.

IN WITNESS WHEREOF, the parties execute this General Release Agreement as of the date first written above.

GRIFFON CORPORATION

By:

____
Name:
Title:

____

Name: Patrick L. Alesia

Date

STATE OF NEW YORK)
) .ss:
COUNTY OF ________)

On the ___ day of December, 2012, before me personally came Patrick L. Alesia, to me known, and known to me to be the individual described in, and who executed the foregoing General Release Agreement, and duly acknowledged to me that he executed the same.

Notary Public

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: February 1, 2013

/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: February 1, 2013

/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 December 31, 2012 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: February 1, 2013

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 December 31, 2012 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: February 1, 2013

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.