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

FORM 10-Q

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

For the quarterly period ended June 30, 2013

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

For the transition period from to

Commission File Number: 1-06620

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

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

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

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

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

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

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

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

The number of shares of common stock outstanding at July 31, 2013 was 59,651,842.

Griffon Corporation and Subsidiaries

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Part I – Financial Information
Item 1 – Financial Statements

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

	(Unaudited) At June 30, 2013	At September 30, 2012
CURRENT ASSETS		
Cash and equivalents	$ 126,104	$ 209,654
Accounts receivable, net of allowances of $5,525 and $5,433	271,743	239,857
Contract costs and recognized income not yet billed, net of progress payments of $4,062 and $3,748	117,273	70,777
Inventories, net	219,329	257,868
Prepaid and other current assets	58,711	47,472
Assets of discontinued operations	554	587
Total Current Assets	793,714	826,215
PROPERTY, PLANT AND EQUIPMENT, net	348,440	356,879
GOODWILL	356,375	358,372
INTANGIBLE ASSETS, net	221,783	230,473
OTHER ASSETS	25,668	31,317
ASSETS OF DISCONTINUED OPERATIONS	2,646	2,936
Total Assets	$ 1,748,626	$ 1,806,192
CURRENT LIABILITIES		
Notes payable and current portion of long-term debt	$ 13,384	$ 17,703
Accounts payable	144,438	141,704
Accrued liabilities	94,213	110,337
Liabilities of discontinued operations	1,690	3,639
Total Current Liabilities	253,725	273,383
LONG-TERM DEBT, net of debt discount of $14,116 and $16,607	678,307	681,907
OTHER LIABILITIES	181,589	193,107
LIABILITIES OF DISCONTINUED OPERATIONS	2,631	3,643
Total Liabilities	1,116,252	1,152,040
COMMITMENTS AND CONTINGENCIES - See Note 18		
SHAREHOLDERS' EQUITY		
Total Shareholders' Equity	632,374	654,152
Total Liabilities and Shareholders' Equity	$ 1,748,626	$ 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	Total
(in thousands)	SHARES	PAR VALUE			SHARES	COST			
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	—	—	—	3,342	—	—	—	—	3,342
Dividend	—	—	—	(4,384)	—	—	—	—	(4,384)
Tax effect from exercise/vesting of equity awards, net	—	—	150	—	—	—	—	—	150
Amortization of deferred compensation	—	—	—	—	—	—	—	1,498	1,498
Common stock acquired	—	—	—	—	2,310	(25,689)	—	—	(25,689)
Equity awards granted, net	1,140	285	(502)	—	—	—	—	—	(217)
ESOP allocation of common stock	—	—	148	—	—	—	—	—	148
Stock-based compensation	—	—	9,327	—	—	—	—	—	9,327
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	(5,953)	—	(5,953)
Balance at 6/30/2013	77,649	$ 19,412	$ 491,132	$ 435,379	17,931	$ (267,770)	$ (25,512)	$ (20,267)	$ 632,374

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

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
Revenue	$ 509,826	$ 480,246	$ 1,422,318	$ 1,413,709
Cost of goods and services	401,515	364,601	1,110,840	1,092,555
Gross profit	108,311	115,645	311,478	321,154
Selling, general and administrative expenses	86,345	87,443	254,623	256,661
Restructuring and other related charges	1,604	—	12,048	1,795
Total operating expenses	87,949	87,443	266,671	258,456
Income from operations	20,362	28,202	44,807	62,698
Other income (expense)				
Interest expense	(13,279)	(12,932)	(39,446)	(39,000)
Interest income	142	77	321	225
Other, net	607	(354)	1,515	723
Total other income (expense)	(12,530)	(13,209)	(37,610)	(38,052)
Income before taxes	7,832	14,993	7,197	24,646
Provision for income taxes	4,229	5,945	3,855	11,083
Net income	$ 3,603	$ 9,048	$ 3,342	$ 13,563
Basic earnings per common share	$ 0.07	$ 0.16	$ 0.06	$ 0.24
Weighted-average shares outstanding	54,265	56,034	54,588	56,032
Diluted earnings per common share	$ 0.06	$ 0.16	$ 0.06	$ 0.24
Weighted-average shares outstanding	56,204	57,495	56,735	57,311
Net income	$ 3,603	$ 9,048	$ 3,342	$ 13,563
Other comprehensive income (loss), net of taxes:				
Foreign currency translation adjustments	(7,884)	(18,527)	(10,805)	(13,479)
Pension amortization	490	523	4,839	1,562
Gain on cash flow hedge	(158)	—	13	—
Total other comprehensive income (loss), net of taxes	(7,552)	(18,004)	(5,953)	(11,917)
Comprehensive income (loss)	$ (3,949)	$ (8,956)	$ (2,611)	$ 1,646

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

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

	Nine Months Ended June 30,	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,342	$ 13,563
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	52,787	48,668
Stock-based compensation	9,327	7,599
Fixed asset impairment charges - restructuring	3,122	—
Provision for losses on accounts receivable	824	532
Amortization/write-off of deferred financing costs and debt discounts	4,651	4,497
Deferred income taxes	(897)	(1,185)
(Gain) loss on sale/disposal of assets	(788)	59
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	(81,381)	10,601
(Increase) decrease in inventories	36,588	(4,171)
(Increase) decrease in prepaid and other assets	2,890	(3,970)
Decrease in accounts payable, accrued liabilities and income taxes payable	(28,767)	(49,574)
Other changes, net	856	3,728
Net cash provided by operating activities	2,554	30,347
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(45,886)	(57,695)
Acquired business, net of cash acquired	—	(22,432)
Proceeds from sale of assets	1,326	281
Net cash used in investing activities	(44,560)	(79,846)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(4,384)	(3,564)
Purchase of shares for treasury	(25,689)	(5,670)
Proceeds from issuance of long-term debt	303	4,000
Payments of long-term debt	(12,842)	(14,563)
Change in short-term borrowings	2,408	(1,262)
Financing costs	(759)	(97)
Tax effect from exercise/vesting of equity awards, net	150	834
Other, net	261	67
Net cash used in financing activities	(40,552)	(20,255)
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Net cash used in operating activities	(486)	(1,690)
Net cash used in discontinued operations	(486)	(1,690)
Effect of exchange rate changes on cash and equivalents	(506)	327
NET DECREASE IN CASH AND EQUIVALENTS	(83,550)	(71,117)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	209,654	243,029
CASH AND EQUIVALENTS AT END OF PERIOD	$ 126,104	$ 171,912

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; for this and other reasons, the financial results of the Company for any interim period are not necessarily indicative of the results for the full year.

The condensed consolidated balance sheet information at September 30, 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 4% convertible notes approximated $594,000 and $106,900, respectively, on June 30, 2013. Fair values were based upon quoted market prices (level 1 inputs).

Insurance contracts and trading securities with values of $3,922 and $2,198 at June 30, 2013, respectively, 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 June 30, 2013, Griffon had $1,000 of Australian dollar contracts at a weighted average rate of $1.09. 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 gain of $135 and $122 was recorded in Other assets and to Other income for the outstanding contracts, based on similar contract values (level 2 inputs), for the three and nine months ended June 30, 2013, respectively. All contracts expire in 15 to 60 days.

In the normal course of business, Griffon's operations are exposed to the effect of changes in foreign currency exchange rates. In order to manage these risks, Griffon may enter into various derivative contracts such as foreign currency exchange contracts, including forwards and options. During the second and third quarters of 2013, Clopay Europe and Clopay Plastics entered into forward exchange contracts to receive $3,375 USD and $1,313 USD at the fixed exchange rate of 1.35 USD/EUR and 1.31 USD/EUR on April 3, 2013 and July 2, 2013, respectively. These contracts were created in order to lock into a foreign currency rate for a planned settlement of inter-company liabilities payable in USD. At inception, the hedges were deemed effective as cash flow hedges with gains and losses related to changes in fair value deferred and recorded in Other comprehensive income (loss) and Prepaid and other current assets until settlement. Upon settlement, gains and losses are recognized in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) as Other income. A gain of $171 was recorded in Other income in the three and nine months ended June 30, 2013, respectively. Amounts recorded as Prepaid and other current assets in the Condensed Consolidated Balance Sheet were $13 and nil as of June 30, 2013 and September 30, 2012, respectively, for the fair value of these contracts, based on similar contract values (level 2 inputs).

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 TM brand ("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 adjustment to reflect fair market values assigned to assets purchased, have been included in the consolidated financial statements from date of acquisition.

The following table summarizes the fair values of the Southern Patio assets as of the date of acquisition:

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 June 30, 2013	**At September 30, 2012**
Raw materials and supplies	$ 66,373	$ 63,596
Work in process	56,280	67,077
Finished goods	96,676	127,195
Total	$ 219,329	$ 257,868

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

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

	At June 30, 2013	At September 30, 2012
Land, building and building improvements	$ 128,415	$ 125,330
Machinery and equipment	645,023	622,983
Leasehold improvements	35,583	34,890
	809,021	783,203
Accumulated depreciation and amortization	(460,581)	(426,324)
Total	$ 348,440	$ 356,879

Depreciation and amortization expense for property, plant and equipment was $15,781 and $14,826 for the quarters ended June 30, 2013 and 2012, respectively, and $46,846 and $42,597 for the nine months ended June 30, 2013, and 2012, respectively.

No event or indicator of impairment occurred during the quarter ended June 30, 2013, which would require additional impairment testing of property, plant and equipment.

NOTE 6 – GOODWILL AND OTHER INTANGIBLES

The following table provides changes in the carrying value of goodwill by segment during the nine months ended June 30, 2013:

	At September 30, 2012	Other adjustments including currency translations	At June 30, 2013
Home & Building Products	$ 269,802	$ —	$ 269,802
Telephonics	18,545	—	18,545
Plastics	70,025	(1,997)	68,028
Total	$ 358,372	$ (1,997)	$ 356,375

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

	At June 30, 2013			At September 30, 2012	
	Gross Carrying Amount	Accumulated Amortization	Average Life (Years)	Gross Carrying Amount	Accumulated Amortization
Customer relationships	$ 165,250	$ 26,837	25	$ 167,603	$ 21,799
Unpatented technology	6,803	2,770	12.5	6,751	2,334
Total amortizable intangible assets	172,053	29,607		174,354	24,133
Trademarks	79,337	—		80,252	—
Total intangible assets	$ 251,390	$ 29,607		$ 254,606	$ 24,133

Amortization expense for intangible assets was $1,969 and $2,006 for the quarters ended June 30, 2013 and 2012, respectively, and $5,941 and $6,071 for the nine months ended June 30, 2013 and 2012, respectively.

No event or indicator of impairment occurred during the quarter ended June 30, 2013, which would require impairment testing of long-lived intangible assets including goodwill.

NOTE 7 – INCOME TAXES

The effective tax rates for the quarter and nine-month period ended June 30, 2013 were 54.0% and 53.6%, respectively, compared to 39.7% and 45.0% in the comparable prior year periods, respectively. The rates include discrete benefits in the current and prior year quarter of $1,495 and $1,626, respectively, and in the current and prior year nine-month periods of $1,859 and $1,626, respectively, primarily resulting from the release of previously established reserves for uncertain tax positions on conclusion of certain tax audits, and benefits arising on the filing of tax returns in various jurisdictions.

Excluding discrete items, the effective tax rates for the quarter and nine-month period ended June 30, 2013 were 73.1% and 79.4%, respectively, compared to 50.5% and 51.6% in the comparable prior year periods, respectively. Rates in all periods reflect the impact of permanent differences not deductible in determining taxable income, mainly limited deductibility of restricted stock, tax reserves and of changes in earnings mix between domestic and non-domestic operations, all of which are material relative to the level of pretax result.

NOTE 8 – LONG-TERM DEBT

		At June 30, 2013					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	$ 7,644	7.100%	$ 550,000	$ —	$ 550,000	$ 8,862	7.125%
Revolver due 2016	(a)	—	—	—	2,490	n/a	—	—	—	2,175	n/a
Convert. debt due 2017	(b)	100,000	(14,116)	85,884	1,588	4.000%	100,000	(16,607)	83,393	1,921	4.000%
Real estate mortgages	(c)	13,446	—	13,446	206	n/a	14,063	—	14,063	271	n/a
ESOP Loans	(d)	21,504	—	21,504	26	n/a	22,723	—	22,723	32	n/a
Capital lease - real estate	(e)	9,764	—	9,764	213	5.000%	10,455	—	10,455	232	5.000%
Term loan due 2013	(f)	5,203	—	5,203	43	n/a	12,873	—	12,873	107	n/a
Revolver due 2013	(f)	—	—	—	—	n/a	—	—	—	—	n/a
Foreign lines of credit	(g)	4,078	—	4,078	—	n/a	2,064	—	2,064	—	n/a
Foreign term loan	(g)	915	—	915	8	n/a	2,693	—	2,693	19	n/a
Other long term debt	(h)	897	—	897	—	n/a	1,346	—	1,346	—	n/a
Totals		705,807	(14,116)	691,691	$ 12,218		716,217	(16,607)	699,610	$ 13,619	
less: Current portion		(13,384)	—	(13,384)			(17,703)	—	(17,703)		
Long-term debt		$ 692,423	$ (14,116)	$ 678,307			$ 698,514	$ (16,607)	$ 681,907		

		Three Months Ended June 30, 2013					Three Months Ended June 30, 2012				
		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	$ —	$ 406	$ 10,203
Revolver due 2016	(a)	n/a	179	—	131	310	n/a	440	—	157	597
Convert. debt due 2017	(b)	9.1%	1,000	846	110	1,956	9.2%	1,000	777	111	1,888
Real estate mortgages	(c)	4.9%	133	—	22	155	5.6%	142	—	22	164
ESOP Loans	(d)	2.8%	151	—	2	153	3.0%	177	—	2	179
Capital lease - real estate	(e)	5.3%	125	—	6	131	5.3%	136	—	6	142
Term loan due 2013	(f)	4.1%	58	—	22	80	3.4%	164	—	21	185
Revolver due 2013	(f)	n/a	16	—	—	16	n/a	—	—	—	—
Foreign lines of credit	(g)	13.6%	139	—	—	139	15.0%	26	—	—	26
Foreign term loan	(g)	10.8%	51	—	4	55	10.9%	101	—	8	109
Other long term debt	(h)		272	—	—	272		30	—	—	30
Capitalized interest			(191)	—	—	(191)		(591)	—	—	(591)
Totals			$ 11,730	$ 846	$ 703	$ 13,279		$ 11,422	$ 777	$ 733	$ 12,932

		Nine Months Ended June 30, 2013					Nine Months Ended June 30, 2012				
		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%	$ 29,391	$ —	$ 1,217	$ 30,608	7.4%	$ 29,391	$ —	$ 1,218	$ 30,609
Revolver due 2016	(a)	0.0%	603	—	444	1,047	n/a	440	—	466	906
Convert. debt due 2017	(b)	9.2%	3,000	2,491	332	5,823	9.2%	3,000	2,286	332	5,618
Real estate mortgages	(c)	4.9%	407	—	65	472	5.6%	436	—	65	501
ESOP Loans	(d)	2.9%	476	—	6	482	3.0%	532	—	4	536
Capital lease - real estate	(e)	5.3%	381	—	19	400	5.3%	417	—	19	436
Term loan due 2013	(f)	3.8%	232	—	66	298	4.8%	691	—	66	757
Revolver due 2013	(f)	n/a	51	—	—	51	n/a	—	—	—	—
Foreign lines of credit	(g)	12.0%	364	—	—	364	9.8%	182	—	—	182
Foreign term loan	(g)	10.5%	183	—	11	194	10.6%	151	—	7	158
Other long term debt	(h)		523	—	—	523		785	—	34	819
Capitalized interest			(816)	—	—	(816)		(1,522)	—	—	(1,522)
Totals			$ 34,795	$ 2,491	$ 2,160	$ 39,446		$ 34,503	$ 2,286	$ 2,211	$ 39,000

(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 28, 2013, Griffon amended and increased the amount available under its Revolving Credit Facility (“Credit Agreement”) from $200,000 to $225,000 and extended its maturity from March 17, 2016 to March 28, 2018. The facility includes a letter of credit sub-facility with a limit of $60,000, 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 an event of default under the Credit Agreement. Interest is payable on borrowings at either a LIBOR or base rate

benchmark rate, in each case without a floor, plus an applicable margin, which adjusts based on financial performance. The current margins are 1.25% for base rate loans and 2.25% for LIBOR loans. The Credit Agreement has certain financial maintenance tests including a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio as well as customary affirmative and negative covenants and events of default. The 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 Griffon's material domestic subsidiaries and are secured, on a first priority basis, by substantially all assets of the Company and the guarantors.

At June 30, 2013, there were $25,867 of standby letters of credit outstanding under the Credit Agreement; $199,133 was available, subject to certain covenants, 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 current conversion rate of the 2017 Notes is 67.8495 shares of Griffon's common stock per $1,000 principal amount of notes, corresponding to a conversion price of $14.74 per share. When a cash dividend is declared that would result in an adjustment to the conversion ratio of less than 1%, any adjustment to the conversion ratio is deferred until the first to occur of (i) actual conversion, (ii) the 42nd trading day prior to maturity of the notes, and (iii) such time as the cumulative adjustment equals or exceeds 1%. As of June 30, 2013, aggregate dividends since the last conversion price adjustment of $0.05 per share would have resulted in an adjustment to the conversion ratio of approximately 0.44%. At June 30, 2013 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.

(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 June 30, 2013, $18,223 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 June 30, 2013, $3,281 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) 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.

(g) In February 2012, Clopay do Brazil, a subsidiary of Plastics, borrowed $4,000 at a rate of 104.5% of Brazilian CDI (7.7% at June 30, 2013). 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 $5,000.

Interest on borrowings accrue at a rate of Brazilian CDI plus 6.0% (13.7%, at June 30, 2013). At June 30, 2013 there was approximately $4,100 borrowed under the lines.

In November 2012, Garant G.P. ("Garant") entered into a CAD $15,000 revolving credit facility. The facility accrues interest at LIBOR or the Bankers Acceptance Rate plus 1.3% per annum (1.49% and 2.45% as of June 30, 2013). The revolving facility matures in November 2015. Garant is required to maintain a certain minimum equity. At June 30, 2013, there were no borrowings under the revolving credit facility with CAD $15,000 available for borrowing.

(h) At September 30, 2012, Griffon had $532 of 4% convertible subordinated notes due 2023 ("2023 Notes") outstanding. On April 15, 2013, the 2023 Notes were redeemed at par plus accrued interest. Other long term debt also includes capital leases.

At June 30, 2013, 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. During the first, second and third quarters of 2013, the Board of Directors approved quarterly cash dividends of $0.025 per common share, which were paid on December 26, 2012, March 27, 2013, June 26, 2013, to holders of common stock as of close of business on November 29, 2012, February 27, 2013 and May 28, 2013, 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 August 6, 2013, the Board of Directors declared a quarterly cash dividend of $0.025 per share, payable on September 25, 2013 to shareholders of record as of the close of business on August 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 (as amended, the "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 June 30, 2013, 689,668 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 with vesting periods up to four years, 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.

During the second quarter of 2013, Griffon granted 278,330 restricted stock awards with vesting periods up to four years, 241,667 of which are also subject to certain performance conditions, with a total fair value of $3,333, or a weighted average fair value of $11.97 per share.

During the third quarter of 2013, Griffon granted 43,500 restricted stock awards with vesting periods up to four years, which are also subject to certain performance conditions, with a total fair value of $506 or a weighted average fair value of $11.63 per share.

For the three and nine months ended June 30, 2013, stock based compensation expense totaled $3,029 and $9,327, respectively. For the three and nine months ended June 30, 2012, stock based compensation expense totaled $2,691 and $7,599, 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, pursuant to the repurchase program. In the second quarter of 2013, Griffon purchased 881,998 shares of common stock, for a total of $10,265, or $11.64 per share pursuant to the repurchase program. In the third quarter of 2013, Griffon purchased 272,698 shares of common stock, for a total of $3,014, or $11.05 per share pursuant to the repurchase program. As of June 30, 2013, Griffon has purchased 3,230,771 shares of common stock, for a total of $32,299, or $10.00 per share; $17,701 remains under the $50,000 authorization.

In addition to the repurchases under the $50,000 program, during the third quarter, 53,459 shares, with a market value of $566, or $10.58 per share, were withheld to settle employee taxes due upon the vesting of restricted stock. For the nine months ended June 30, 2013, 432,116 shares, with a market value of $5,079, or $11.75 per share, were withheld to settle employee taxes due upon the vesting of restricted stock.

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 June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
Weighted average shares outstanding - basic	54,265	56,034	54,588	56,032
Incremental shares from stock based compensation	1,939	1,461	2,147	1,279
Weighted average shares outstanding - diluted	56,204	57,495	56,735	57,311
Anti-dilutive options excluded from diluted EPS computation	715	963	715	963

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 June 30, 2013	For the Three Months Ended June 30, 2012	For the Nine Months Ended June 30, 2013	For the Nine Months Ended June 30, 2012
Home & Building Products:				
ATT	$ 128,332	$ 130,311	$ 341,878	$ 362,374
CBP	112,285	106,910	314,651	309,825
Home & Building Products	240,617	237,221	656,529	672,199
Telephonics	129,997	101,116	347,678	319,621
Plastics	139,212	141,909	418,111	421,889
Total consolidated net sales	$ 509,826	$ 480,246	$ 1,422,318	$ 1,413,709

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

INCOME BEFORE TAXES	For the Three Months Ended June 30, 2013	For the Three Months Ended June 30, 2012	For the Nine Months Ended June 30, 2013	For the Nine Months Ended June 30, 2012
Segment operating profit:				
Home & Building Products	$ 11,549	$ 17,482	$ 22,655	$ 35,412
Telephonics	10,592	14,113	38,990	40,171
Plastics	5,401	3,506	8,959	7,879
Total segment operating profit	27,542	35,101	70,604	83,462
Net interest expense	(13,137)	(12,855)	(39,125)	(38,775)
Unallocated amounts	(6,573)	(7,253)	(22,140)	(20,041)
Loss on pension settlement	—	—	(2,142)	—
Income before taxes	$ 7,832	$ 14,993	$ 7,197	$ 24,646

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 June 30,		For the Nine Months Ended June 30,	
	2013	2012	2013	2012
Segment adjusted EBITDA:				
Home & Building Products	$ 21,478	$ 25,831	$ 56,272	$ 59,434
Telephonics	13,146	15,886	45,015	46,912
Plastics	12,161	10,117	33,832	27,462
Total Segment adjusted EBITDA	46,785	51,834	135,119	133,808
Net interest expense	(13,137)	(12,855)	(39,125)	(38,775)
Segment depreciation and amortization	(17,639)	(16,733)	(52,467)	(48,373)
Unallocated amounts	(6,573)	(7,253)	(22,140)	(20,041)
Restructuring charges	(1,604)	—	(12,048)	(1,795)
Acquisition costs	—	—	—	(178)
Loss on pension settlement	—	—	(2,142)	—
Income before taxes	$ 7,832	$ 14,993	$ 7,197	$ 24,646

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

DEPRECIATION and AMORTIZATION	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
Segment:	2013	2012	2013	2012
Home & Building Products	$ 9,075	$ 8,349	$ 27,092	$ 23,571
Telephonics	1,804	1,773	5,275	5,219
Plastics	6,760	6,611	20,100	19,583
Total segment depreciation and amortization	17,639	16,733	52,467	48,373
Corporate	110	99	320	295
Total consolidated depreciation and amortization	$ 17,749	$ 16,832	$ 52,787	$ 48,668
CAPITAL EXPENDITURES				
Segment:				
Home & Building Products	$ 6,534	$ 5,974	$ 22,352	$ 20,547
Telephonics	2,401	4,462	5,853	8,246
Plastics	5,947	7,037	17,648	28,811
Total segment	14,882	17,473	45,853	57,604
Corporate	9	17	33	91
Total consolidated capital expenditures	$ 14,891	$ 17,490	$ 45,886	$ 57,695

ASSETS	At June 30, 2013	At September 30, 2012
Segment assets:		
Home & Building Products	$ 945,087	$ 943,766
Telephonics	283,723	255,420
Plastics	415,692	430,395
Total segment assets	1,644,502	1,629,581
Corporate	100,924	173,088
Total continuing assets	1,745,426	1,802,669
Assets of discontinued operations	3,200	3,523

Consolidated total	$ 1,748,626	$ 1,806,192

NOTE 12 – DEFINED BENEFIT PENSION EXPENSE

Defined benefit pension expense was as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
Service cost	$ 51	$ 46	$ 149	$ 150
Interest cost	2,427	2,652	7,274	7,988
Expected return on plan assets	(3,139)	(2,918)	(9,413)	(8,782)
Amortization:				
Prior service cost	5	84	15	252
Recognized actuarial loss	840	718	2,520	2,154
Loss on pension settlement	—	—	2,142	—
Net periodic expense	$ 184	$ 582	$ 2,687	$ 1,762

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.

In the first quarter of 2013, 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 (Loss) 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.

In February 2013, the FASB issued new accounting guidance requiring enhanced disclosures for items reclassified out of accumulated other comprehensive income. The guidance does not amend any existing requirements for reporting net income or other comprehensive income in the financial statements. This guidance is effective prospectively for annual reporting periods beginning after December 15, 2012, with early adoption permitted. As this new guidance is related to presentation only, the implementation of this guidance in the first quarter of fiscal year 2014 will not have a material effect 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 June 30, 2013	At September 30, 2012
Assets of discontinued operations:		
Prepaid and other current assets	$ 554	$ 587
Other long-term assets	2,646	2,936
Total assets of discontinued operations	$ 3,200	$ 3,523
Liabilities of discontinued operations:		
Accrued liabilities, current	$ 1,690	$ 3,639
Other long-term liabilities	2,631	3,643
Total liabilities of discontinued operations	$ 4,321	$ 7,282

There was no Installation Services' operating unit revenue or income for the three or nine months ended June 30, 2013 or 2012.

NOTE 15 – RESTRUCTURING AND OTHER RELATED CHARGES

In January 2013, ATT announced its intention to 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 incurring pre-tax restructuring and related exit costs approximating $8,000, comprised of cash charges of $4,000 and non-cash, 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. ATT expects $20,000 in capital expenditures in connection with this initiative and, to date, has incurred $5,388 and $8,385 in restructuring costs and capital expenditures, respectively.

During the second quarter of 2013, BPC completed the consolidation of its Auburn, Washington facility into its Russia, Ohio facility.

HBP recognized $854 and $6,525, respectively, for the three and nine months ended June 30, 2013, and nil and $273, respectively, for the three and nine months ended June 30, 2012, in restructuring and other related exit costs. In 2013, restructuring and other related charges primarily related to one-time termination benefits, facility costs, other personnel costs and asset impairment charges related to the ATT and BPC plant consolidation initiatives. In 2012, restructuring and other related charges primarily related to one-time termination benefits and other personnel costs at ATT.

During the second quarter of 2013, PPC Europe announced plans to exit low margin products and eliminate approximately 80 positions, resulting in a restructuring cash charge of $4,773.

During the third quarter of 2013, Telephonics recognized $750 in restructuring costs in connection with the termination of a facility lease. The facility was vacated as a result of the headcount reductions and changes in organizational structure Telephonics undertook in the past two years. In the first quarter of 2012, 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	Non-cash Facility and Other	Total
Amounts incurred in:					
Quarter ended December 31, 2011	$ 1,538	$ 257	$ —	$ —	$ 1,795
Nine Months Ended June 30, 2012	$ 1,538	$ 257	$ —	$ —	$ 1,795
Quarter ended December 31, 2012	$ 994	$ 39	$ 75	$ —	$ 1,108
Quarter ended March 31, 2013	3,635	683	1,517	3,501	9,336
Quarter ended June 30, 2013	641	926	37	—	1,604
Nine Months Ended June 30, 2013	$ 5,270	$ 1,648	$ 1,629	$ 3,501	$ 12,048

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	5,270	1,648	1,629	8,547
Payments	(4,360)	(1,352)	(1,302)	(7,014)
Accrued liability at June 30, 2013	$ 4,410	$ 436	$ 327	$ 5,173

NOTE 16 – OTHER INCOME

For the quarters ended June 30, 2013 and 2012, Other income (expense) included $168 and ($707) respectively, of currency exchange gains (losses) in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries as well as $12 and ($39), respectively, of investment income (loss).

For the nine months ended June 30, 2013 and 2012, Other income (expense) included ($299) and ($1,375) respectively, of currency exchange gains (losses) in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries as well as $365 and $133, respectively, of investment income (loss).

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 June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
Balance, beginning of period	$ 7,424	$ 10,356	$ 8,856	$ 7,963
Warranties issued and changes in estimated pre-existing warranties	1,309	579	1,965	5,525
Actual warranty costs incurred	(1,342)	(1,174)	(3,430)	(3,727)
Balance, end of period	$ 7,391	$ 9,761	$ 7,391	$ 9,761

NOTE 18 — COMMITMENTS AND CONTINGENCIES

Legal and environmental

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

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

In April 2009, the DEC advised ISC's representatives that both the DEC and the New York State Department of Health had reviewed and accepted an August 2007 Remedial Investigation Report and an Additional Data Collection Summary Report dated January 30, 2009. With the acceptance of these reports, ISC completed the remedial investigation required under the Consent Order and was authorized, accordingly, by the DEC to conduct the Feasibility Study required by the Consent Order. Pursuant to the requirements of the Consent Order and its obligations thereunder, ISC, without acknowledging any responsibility to perform any remediation at the Site, submitted to the DEC in August 2009, a draft feasibility study which recommended for the soil, groundwater and sediment medias, remediation alternatives having a current net capital cost value, in the aggregate, of approximately $5,000. In February 2011, DEC advised ISC it 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, requiring cleanup and additional remediation under the oversight of the DEC. Demolition of the structures on the property has been substantially completed. The DEC has inspected the progress of the work and is satisfied with the results thus far. On February 12, 2013, the DEC issued comments to the Remedial Investigation Work Plan previously submitted by ATT in October 2011, and in response, ATT issued a Revised Remedial Investigation Work Plan. Completion of the remedial investigation is dependent on timing of the DEC approval; no additional comments have been provided by the DEC to date.

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 June 30, 2013 and September 30, 2012 and for the three and nine months ended June 30, 2013 and 2012. 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 June 30, 2013

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CURRENT ASSETS					
Cash and equivalents	$ 35,260	$ 23,036	$ 67,808	$ —	$ 126,104
Accounts receivable, net of allowances	—	230,970	73,943	(33,170)	271,743
Contract costs and recognized income not yet billed, net of progress payments	—	117,281	(8)	—	117,273
Inventories, net	—	161,642	57,395	292	219,329
Prepaid and other current assets	1,185	24,258	18,659	14,609	58,711
Assets of discontinued operations	—	—	554	—	554
Total Current Assets	36,445	557,187	218,351	(18,269)	793,714
PROPERTY, PLANT AND EQUIPMENT, net	987	246,079	101,374	—	348,440
GOODWILL	—	288,147	68,228	—	356,375
INTANGIBLE ASSETS, net	—	161,421	60,362	—	221,783
INTERCOMPANY RECEIVABLE	576,447	889,614	590,955	(2,057,016)	—
EQUITY INVESTMENTS IN SUBSIDIARIES	2,187,091	532,330	2,690,519	(5,409,940)	—
OTHER ASSETS	47,265	57,942	7,659	(87,198)	25,668
ASSETS OF DISCONTINUED OPERATIONS	—	—	2,646	—	2,646
Total Assets	$ 2,848,235	$ 2,732,720	$ 3,740,094	$ (7,572,423)	$ 1,748,626
CURRENT LIABILITIES					
Notes payable and current portion of long-term debt	$ 1,156	$ 1,070	$ 11,158	$ —	$ 13,384
Accounts payable and accrued liabilities	26,463	163,612	67,137	(18,561)	238,651
Liabilities of discontinued operations	—	—	1,690	—	1,690
Total Current Liabilities	27,619	164,682	79,985	(18,561)	253,725
LONG-TERM DEBT, net of debt discounts	656,230	9,277	12,800	—	678,307
INTERCOMPANY PAYABLES	20,519	817,784	1,187,936	(2,026,239)	—
OTHER LIABILITIES	64,419	176,856	27,512	(87,198)	181,589
LIABILITIES OF DISCONTINUED OPERATIONS	—	—	2,631	—	2,631
Total Liabilities	768,787	1,168,599	1,310,864	(2,131,998)	1,116,252
SHAREHOLDERS' EQUITY	2,079,448	1,564,121	2,429,230	(5,440,425)	632,374
Total Liabilities and Shareholders' Equity	$ 2,848,235	$ 2,732,720	$ 3,740,094	$ (7,572,423)	$ 1,748,626

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	21,968	2,426	47,472
Assets of discontinued operations	—	—	587	—	587
Total Current Assets	124,242	510,032	218,372	(26,431)	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	$ 3,669,063	$ (7,134,906)	$ 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 June 30, 2013

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 408,371	$ 114,005	$ (12,550)	$ 509,826
Cost of goods and services	—	317,156	95,461	(11,102)	401,515
Gross profit	—	91,215	18,544	(1,448)	108,311
Selling, general and administrative expenses	4,141	69,014	14,794	(1,604)	86,345
Restructuring and other related charges	—	1,565	39	—	1,604
Total operating expenses	4,141	70,579	14,833	(1,604)	87,949
Income (loss) from operations	(4,141)	20,636	3,711	156	20,362
Other income (expense)					
Interest income (expense), net	(3,559)	(6,982)	(2,596)	—	(13,137)
Other, net	12	2,767	(1,710)	(462)	607
Total other income (expense)	(3,547)	(4,215)	(4,306)	(462)	(12,530)
Income (loss) before taxes	(7,688)	16,421	(595)	(306)	7,832
Provision (benefit) for income taxes	(2,912)	6,744	397	—	4,229
Income (loss) before equity in net income of subsidiaries	(4,776)	9,677	(992)	(306)	3,603
Equity in net income (loss) of subsidiaries	8,685	(969)	9,677	(17,393)	—
Net income (loss)	$ 3,909	$ 8,708	$ 8,685	$ (17,699)	$ 3,603
Net income (loss)	$ 3,909	$ 8,708	$ 8,685	$ (17,699)	$ 3,603
Other comprehensive income (loss), net of taxes	211	1,092	(8,855)	—	(7,552)
Comprehensive income (loss)	$ 4,120	$ 9,800	$ (170)	$ (17,699)	$ (3,949)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended June 30, 2012

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 375,836	$ 120,457	$ (16,047)	$ 480,246
Cost of goods and services	—	270,653	104,030	(10,082)	364,601
Gross profit	—	105,183	16,427	(5,965)	115,645
Selling, general and administrative expenses	5,420	72,300	15,405	(5,682)	87,443
Total operating expenses	5,420	72,300	15,405	(5,682)	87,443
Income (loss) from operations	(5,420)	32,883	1,022	(283)	28,202
Other income (expense)					
Interest income (expense), net	(3,801)	(6,094)	(2,960)	—	(12,855)
Other, net	(40)	2,761	(2,613)	(462)	(354)

Total other income (expense)	(3,841)	(3,333)	(5,573)	(462)	(13,209)
Income (loss) before taxes	(9,261)	29,550	(4,551)	(745)	14,993
Provision (benefit) for income taxes	(4,824)	10,604	165	—	5,945
Income (loss) before equity in net income of subsidiaries	(4,437)	18,946	(4,716)	(745)	9,048
Equity in net income (loss) of subsidiaries	14,231	(4,694)	18,947	(28,484)	—
Net income (loss)	$ 9,794	$ 14,252	$ 14,231	$ (29,229)	$ 9,048
Net income (loss)	$ 9,794	$ 14,252	$ 14,231	$ (29,229)	$ 9,048
Other comprehensive income (loss), net of taxes	238	(10,190)	(8,052)	—	(18,004)
Comprehensive income (loss)	$ 10,032	$ 4,062	$ 6,179	$ (29,229)	$ (8,956)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Nine Months Ended June 30, 2013

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 1,109,275	$ 352,514	$ (39,471)	$ 1,422,318
Cost of goods and services	—	848,342	297,826	(35,328)	1,110,840
Gross profit	—	260,933	54,688	(4,143)	311,478
Selling, general and administrative expenses	15,419	198,601	45,327	(4,724)	254,623
Restructuring and other related charges	—	8,045	4,003	—	12,048
Total operating expenses	15,419	206,646	49,330	(4,724)	266,671
Income (loss) from operations	(15,419)	54,287	5,358	581	44,807
Other income (expense)					
Interest income (expense), net	(10,781)	(20,685)	(7,659)	—	(39,125)
Other, net	367	7,032	(4,498)	(1,386)	1,515
Total other income (expense)	(10,414)	(13,653)	(12,157)	(1,386)	(37,610)
Income (loss) before taxes	(25,833)	40,634	(6,799)	(805)	7,197
Provision (benefit) for income taxes	(12,672)	15,693	834	—	3,855
Income (loss) before equity in net income of subsidiaries	(13,161)	24,941	(7,633)	(805)	3,342
Equity in net income (loss) of subsidiaries	17,308	(7,565)	24,941	(34,684)	—
Net income (loss)	$ 4,147	$ 17,376	$ 17,308	$ (35,489)	$ 3,342
Net income (loss)	$ 4,147	$ 17,376	$ 17,308	$ (35,489)	$ 3,342
Other comprehensive income (loss), net of taxes	633	(41,047)	34,461	—	(5,953)
Comprehensive income (loss)	$ 4,780	$ (23,671)	$ 51,769	$ (35,489)	$ (2,611)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Nine Months Ended June 30, 2012

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 1,077,454	$ 379,617	$ (43,362)	$ 1,413,709
Cost of goods and services	—	804,521	325,917	(37,883)	1,092,555
Gross profit	—	272,933	53,700	(5,479)	321,154
Selling, general and administrative expenses	14,665	200,474	47,389	(5,867)	256,661
Restructuring and other related charges	—	1,779	16	—	1,795
Total operating expenses	14,665	202,253	47,405	(5,867)	258,456
Income (loss) from operations	(14,665)	70,680	6,295	388	62,698
Other income (expense)					
Interest income (expense), net	(10,545)	(18,156)	(10,074)	—	(38,775)

Other, net	135	8,350	(6,376)	(1,386)	723
Total other income (expense)	(10,410)	(9,806)	(16,450)	(1,386)	(38,052)
Income (loss) before taxes	(25,075)	60,874	(10,155)	(998)	24,646
Provision (benefit) for income taxes	(12,583)	23,401	265	—	11,083
Income (loss) before equity in net income of subsidiaries	(12,492)	37,473	(10,420)	(998)	13,563
Equity in net income (loss) of subsidiaries	27,053	(10,296)	37,473	(54,230)	—
Net income (loss)	$ 14,561	$ 27,177	$ 27,053	$ (55,228)	$ 13,563
Net income (loss)	$ 14,561	$ 27,177	$ 27,053	$ (55,228)	$ 13,563
Other comprehensive income (loss), net of taxes	714	22,778	(35,409)	—	(11,917)
Comprehensive income (loss)	$ 15,275	$ 49,955	$ (8,356)	$ (55,228)	$ 1,646

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Nine Months Ended June 30, 2013

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$ 4,147	$ 17,376	$ 17,308	$ (35,489)	$ 3,342
Net cash provided by (used in) operating activities	(67,628)	23,214	46,968	—	2,554
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment	(33)	(40,324)	(5,529)	—	(45,886)
Intercompany distributions	10,000	(10,000)	—	—	—
Proceeds from sale of investment	—	1,172	154	—	1,326
Net cash provided by (used in) investing activities	9,967	(49,152)	(5,375)	—	(44,560)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Purchase of shares for treasury	(25,689)	—	—	—	(25,689)
Proceeds from issuance of long-term debt	—	303	—	—	303
Payments of long-term debt	(1,751)	(772)	(10,319)	—	(12,842)
Change in short-term borrowings	—	—	2,408	—	2,408
Financing costs	(759)	—	—	—	(759)
Tax effect from exercise/vesting of equity awards, net	150	—	—	—	150
Dividend	(4,384)	—	—	—	(4,384)
Other, net	261	14,661	(14,661)	—	261
Net cash provided by (used in) financing activities	(32,172)	14,192	(22,572)	—	(40,552)
CASH FLOWS FROM DISCONTINUED OPERATIONS:					
Net cash used in discontinued operations	—	—	(486)	—	(486)
Effect of exchange rate changes on cash and equivalents	—	—	(506)	—	(506)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(89,833)	(11,746)	18,029	—	(83,550)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	125,093	34,782	49,779	—	209,654
CASH AND EQUIVALENTS AT END OF PERIOD	$ 35,260	$ 23,036	$ 67,808	$ —	$ 126,104

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Nine Months Ended June 30, 2012

	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$ 14,561	$ 27,177	$ 27,053	$ (55,228)	$ 13,563
Net cash provided by (used in) operating activities	(52,124)	48,598	33,873	—	30,347
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment	(91)	(51,582)	(6,022)	—	(57,695)
Acquired business, net of cash acquired	—	(22,432)	—	—	(22,432)
Intercompany distributions	10,000	(10,000)	—	—	—
Proceeds from sale of investment	—	183	98	—	281
Net cash provided by (used in) investing activities	9,909	(83,831)	(5,924)	—	(79,846)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Purchase of shares for treasury	(5,670)	—	—	—	(5,670)
Proceeds from issuance of long-term debt	—	491,372	4,000	(491,372)	4,000
Payments of long-term debt	(1,219)	(4,101)	(9,243)	—	(14,563)
Change in short-term borrowings	—	—	(1,262)	—	(1,262)
Intercompany debt	(23,000)	—	(468,372)	491,372	—
Financing costs	(65)	—	(32)	—	(97)
Tax effect from exercise/vesting of equity awards, net	834	—	—	—	834
Dividend	(3,564)	(219,516)	219,516	—	(3,564)
Other, net	67	(221,132)	221,132	—	67
Net cash provided by (used in) financing activities	(32,617)	46,623	(34,261)	—	(20,255)
CASH FLOWS FROM DISCONTINUED OPERATIONS:					
Net cash used in discontinued operations	—	—	(1,690)	—	(1,690)
Effect of exchange rate changes on cash and equivalents	—	—	327	—	327
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(74,832)	11,390	(7,675)	—	(71,117)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	178,448	15,164	49,417	—	243,029
CASH AND EQUIVALENTS AT END OF PERIOD	$ 103,616	$ 26,554	$ 41,742	$ —	$ 171,912

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

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

BUSINESS OVERVIEW

Griffon Corporation (the "Company" or "Griffon") is a diversified management and holding company 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, ATT announced its intention to 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 incurring pre-tax restructuring and related exit costs approximating $8,000, comprised of cash charges of $4,000 and non-cash, 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. ATT expects $20,000 in capital expenditures in connection with this initiative and, to date, has incurred $5,388 and $8,385 in restructuring costs and capital expenditures, respectively.

In the first quarter of 2013, 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 $22,432. The acquired business, which markets its products under the Southern Patio TM brand ("Southern Patio"), 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 June 30, 2013 was $509,826 compared to $480,246 in the prior year quarter. Net income was $3,603 or $0.06 per share, compared to $9,048 or $0.16 per share, in the prior year quarter.

The current quarter included:

- Restructuring charges of $1,604 ($994, net of tax or $0.02 per share); and
- Discrete tax benefits, net, of $1,495 or $0.03 per share.

The prior year quarter included a discrete tax benefit of $1,626, or $0.03 per share.

Excluding these items from the respective quarter results, net income would have been $3,102 or $0.06 per share in the current quarter compared to $7,422 or $0.13 per share in the prior year quarter.

Revenue for the nine months ended June 30, 2013 was $1,422,318 compared to $1,413,709 in the prior year period. Net income was $3,342 or $0.06 per share, compared to $13,563 or $0.24 per share, in the prior year.

Results for the nine months ended June 30, 2013 included:

- Restructuring charges of $12,048 ($7,502, net of tax or $0.13 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 $1,859 or $0.03 per share.

Results for the nine months ended June 30, 2012 included:

- Restructuring charges of $1,795 ($1,167, net of tax or $0.02 per share);
- Acquisition costs of $178 ($116, net of tax, or $0.00 per share); and
- Discrete tax benefits of $1,626 or $0.03 per share.

Excluding these items from the respective periods, net income would have been $10,377 or $0.18 per share in the nine months ended June 30, 2013 compared to $13,220 or $0.23 per share in the prior year period.

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 (LOSS) TO ADJUSTED INCOME
(Unaudited)

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2013	2012	2013	2012
Net income	$ 3,603	$ 9,048	$ 3,342	$ 13,563
Adjusting items, net of tax:				
Restructuring and related	994	—	7,502	1,167
Acquisition costs	—	—	—	116
Loss on pension settlement	—	—	1,392	—
Discrete tax benefits	(1,495)	(1,626)	(1,859)	(1,626)
Adjusted net income	$ 3,102	$ 7,422	$ 10,377	$ 13,220
Earnings per common share	$ 0.06	$ 0.16	$ 0.06	$ 0.24
Adjusting items, net of tax:				
Restructuring	0.02	—	0.13	0.02
Acquisition costs	—	—	—	0.00
Loss on pension settlement	—	—	0.02	—
Discrete tax benefits	(0.03)	(0.03)	(0.03)	(0.03)
Adjusted earnings per share	$ 0.06	$ 0.13	0.18	$ 0.23
Weighted-average shares outstanding (in thousands)	56,204	57,495	56,735	57,311

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

RESULTS OF OPERATIONS

Three and nine months ended June 30, 2013 and 2012

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 June 30,		For the Nine Months Ended June 30,	
	2013	2012	2013	2012
Segment adjusted EBITDA:				
Home & Building Products	$ 21,478	$ 25,831	$ 56,272	$ 59,434
Telephonics	13,146	15,886	45,015	46,912
Plastics	12,161	10,117	33,832	27,462
Total Segment adjusted EBITDA	46,785	51,834	135,119	133,808
Net interest expense	(13,137)	(12,855)	(39,125)	(38,775)
Segment depreciation and amortization	(17,639)	(16,733)	(52,467)	(48,373)
Unallocated amounts	(6,573)	(7,253)	(22,140)	(20,041)
Restructuring charges	(1,604)	—	(12,048)	(1,795)
Acquisition costs	—	—	—	(178)
Loss on pension settlement	—	—	(2,142)	—
Income before taxes	$ 7,832	$ 14,993	$ 7,197	$ 24,646

Home & Building Products

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2013		2012		2013		2012	
Revenue:								
ATT	$ 128,332		$ 130,311		$ 341,878		$ 362,374	
CBP	112,285		106,910		314,651		309,825	
Home & Building Products	$ 240,617		$ 237,221		$ 656,529		$ 672,199	
Segment operating profit	$ 11,549	4.8%	$ 17,482	7.4%	$ 22,655	3.5%	$ 35,412	5.3%
Depreciation and amortization	9,075		8,349		27,092		23,571	
Restructuring charges	854		—		6,525		273	
Acquisition costs	—		—		—		178	
Segment adjusted EBITDA	$ 21,478	8.9%	$ 25,831	10.9%	$ 56,272	8.6%	$ 59,434	8.8%

For the quarter ended June 30, 2013, revenue increased $3,396 or 1%, compared to the prior year quarter. ATT revenue decreased 2% in comparison to the prior year quarter primarily due to lower demand, driven by cold and wet weather conditions in North America. For the quarter, CBP revenue increased 5%, primarily due to higher volume and favorable mix.

For the quarter ended June 30, 2013, Segment operating profit was $11,549 compared to $17,482 in the prior year quarter. The decline resulted primarily from the lower ATT revenue, which also affected absorption of manufacturing expenses, partially offset by the benefit of higher volume and favorable mix at CBP. ATT also had manufacturing inefficiencies in connection with its plant consolidation initiative. These inefficiencies are expected to continue until the initiative is completed in 2014. Segment depreciation and amortization increased $726 from the prior year period and the current year quarter included $854 of restructuring charges primarily related to the previously announced manufacturing and operations consolidation initiative at ATT.

For the nine months ended June 30, 2013, revenue decreased $15,670, or 2%, compared to the prior year period. ATT revenue decreased 6%, mainly driven by cold and wet spring weather conditions in North America and reduced snow tool sales. For ATT, both 2012 and 2013 year to date sales were impacted by lack of snow and resultant reduced sales of snow tools; retailers held high levels of snow tool inventory carried over from the prior year, further affecting 2013 snow tool sales. For the nine months ended June 30, 2013, CBP revenue increased 2% from the prior year period, primarily due to somewhat higher volume and favorable mix.

For the nine months ended June 30, 2013, Segment operating profit was $22,655 compared to $35,412 in the prior year period. The current year period included $6,525 of restructuring charges primarily related to the previously announced manufacturing and operations consolidation initiative at ATT. Excluding restructuring charges, current year Segment operating profit was $29,180. The decrease from the prior year resulted from the impact of lower ATT revenue, which also affected absorption of manufacturing expenses and manufacturing inefficiencies arising in connection with the plant consolidation initiative, partially offset by reduced ATT warehouse and distribution costs, other cost control initiatives and $873 in Byrd Amendment receipts (anti-dumping compensation from the U.S. government). CBP higher volume, favorable mix and improved distribution and manufacturing efficiencies contributed to the reported profit. Segment depreciation and amortization increased $3,521 from the prior year period.

In January 2013, ATT announced its intention to 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 incurring pre-tax restructuring and related exit costs approximating $8,000, comprised of cash charges of $4,000 and non-cash, 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. ATT expects $20,000 in capital expenditures in connection with this initiative and, to date, has incurred $5,388 and $8,385 in restructuring costs and capital expenditures, respectively.

During the second quarter of 2013, BPC completed the consolidation of its Auburn, Washington facility into its Russia, Ohio facility.

HBP recognized $854 and $6,525, respectively, for the three and nine months ended June 30, 2013, and nil and $273, respectively, for the three and nine months ended June 30, 2012, in restructuring and other related exit costs. In 2013, restructuring and other related charges primarily related to one-time termination benefits, facility and other personnel costs, and asset impairment charges related to the ATT and BPC plant consolidation initiatives. In 2012, restructuring and other related charges primarily related to one-time termination benefits and other personnel costs at ATT.

Telephonics

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2013		2012		2013		2012	
Revenue	$ 129,997		$ 101,116		$ 347,678		$ 319,621	
Segment operating profit	$ 10,592	8.1%	$ 14,113	14.0%	$ 38,990	11.2%	$ 40,171	12.6%
Depreciation and amortization	1,804		1,773		5,275		5,219	
Restructuring charges	750		—		750		1,522	
Segment adjusted EBITDA	$ 13,146	10.1%	$ 15,886	15.7%	$ 45,015	12.9%	$ 46,912	14.7%

For the quarter ended June 30, 2013, revenue increased $28,881 or 29% compared to the prior year quarter. The current and prior year quarters included $20,033 and $2,733 respectively, of revenue related to electronic warfare programs where Telephonics serves as a contract manufacturer; excluding revenue from these programs, current quarter revenue increased 12% from the prior year quarter, primarily due to the timing of work performed on Multi-mode Surveillance Radar ("MMSR") contracts.

For the quarter ended June 30, 2013, Segment operating profit decreased $3,521, or 25%, and operating profit margin decreased 590 basis points compared to the prior year quarter. The decrease in Segment operating profit was primarily due to lower gross profit associated with product mix and a restructuring charge, which were partially offset by lower than anticipated expenditures associated with the timing of research and development ("R&D") initiatives and proposal efforts. The prior year quarter benefitted from higher gross profit and favorable manufacturing efficiencies, both of which were primarily due to an increased level of Light Airborne Multi-purpose Systems Multi Mode Radar ("LAMPS MMR") deliveries.

For the nine months ended June 30, 2013, revenue increased $28,057 or 9% compared to the prior year period. The current and prior year periods included $33,257 and $22,255, respectively, of revenue related to electronic warfare programs where Telephonics serves as a contract manufacturer; excluding revenue from these programs, current period revenue increased 6% from the prior year period, primarily due to the timing of work performed on MMSR contracts.

For the nine months ended June 30, 2013, Segment operating profit decreased $1,181, or 3%. Excluding the current and prior year restructuring charges, segment operating profit decreased 5% and operating margin decreased 160 basis points compared to the prior year period. The decrease was primarily due to lower gross profit associated with product mix, which was partially offset by lower than anticipated expenditures associated with the timing of R&D initiatives and proposal efforts. The prior year period also benefitted from the LAMPS MMR profitability discussed above.

During the third quarter of 2013, Telephonics recognized $750 in restructuring costs in connection with the termination of a facility lease. The facility was vacated as a result of the headcount reductions and changes in organizational structure Telephonics undertook in the past two years. 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 nine months ended June 30, 2012, 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.

During the current quarter, Telephonics was awarded several new contracts and incremental funding on existing contracts approximating $93,400. Contract backlog was $440,000 at June 30, 2013 with 67% expected to be realized in the next 12 months. Backlog was $451,000 at September 30, 2012 and $422,000 at June 30, 2012. 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 June 30,				Nine Months Ended June 30,			
	2013		2012		2013		2012	
Revenue	$ 139,212		$ 141,909		$ 418,111		$ 421,889	
Segment operating profit	$ 5,401	3.9%	$ 3,506	2.5%	$ 8,959	2.1%	$ 7,879	1.9%
Depreciation and amortization	6,760		6,611		20,100		19,583	
Restructuring charges	—		—		4,773		—	
Segment adjusted EBITDA	$ 12,161	8.7%	$ 10,117	7.1%	$ 33,832	8.1%	$ 27,462	6.5%

For the quarter ended June 30, 2013, revenue decreased $2,697, or 2%, compared to the prior year quarter. The decrease reflected lower volume (5%), a portion of which was attributable to Plastics exiting certain low margin products, partially offset by favorable mix (2%) and the pass through of higher resin costs in customer selling prices (1%). Plastics adjusts selling prices based on underlying resin costs on a delayed basis.

For the quarter ended June 30, 2013, Segment operating profit increased $1,895 compared to the prior year quarter. The increase was mainly due to product mix, continued efficiency improvements and a $500 favorable resin benefit.

For the nine months ended June 30, 2013, revenue decreased $3,778, or 1%, compared to the prior year period. Excluding the unfavorable impact of foreign exchange translation, revenue increased 1% mainly due to favorable mix (1%) and the pass through of higher resin costs in customer selling prices (1%), partially offset by lower volume (1%), a portion of which was attributable to Plastics exiting certain low margin products.

For the nine months ended June 30, 2013, Segment operating profit increased $1,080 compared to the prior year period. Excluding the restructuring charges, current year Segment operating profit increased $5,853 due to product mix and continued efficiency improvements, partially offset by approximately $4,700 unfavorable impact of higher resin costs, which had not yet been reflected in increased selling prices.

In February 2013, Plastics announced a restructuring project, primarily in Europe, to exit low margin products and eliminate approximately 80 positions, resulting in the incurrence of restructuring charges of $4,773, primarily related to one-time termination benefits and other personnel costs. This project is substantially complete.

Unallocated

For the quarter ended June 30, 2013, unallocated amounts totaled $6,573 compared to $7,253 in the prior year; for the nine months ended June 30, 2013, unallocated amounts totaled $22,140 compared to $20,041 in the prior year period. The fluctuations in the current quarter and nine month period compared to the respective prior year periods is primarily related to incentive and stock based compensation costs.

Segment Depreciation and Amortization

Segment depreciation and amortization increased $906 and $4,094, respectively, for the three and nine month periods ended June 30, 2013 in comparison to the comparable prior year periods primarily due to capital spending.

Other income (expense)

For the quarters ended June 30, 2013 and 2012, Other income (expense) included $168 and ($707) respectively, of currency exchange gains (losses) in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries as well as $12 and ($39), respectively, of investment income (loss).

For the nine months ended June 30, 2013 and 2012, Other income (expense) included ($299) and ($1,375) respectively, of currency exchange gains (losses) in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries as well as $365 and $133, respectively, of investment income (loss).

Provision for income taxes

The effective tax rates for the quarter and nine-month period ended June 30, 2013 were 54.0% and 53.6%, respectively, compared to 39.7% and 45.0% in the comparable prior year periods, respectively. The rates include discrete benefits in the current and prior year quarter of $1,495 and $1,626, respectively, and in the current and prior year nine-month periods of $1,859 and $1,626, respectively, primarily resulting from the release of previously established reserves for uncertain tax positions on conclusion of certain tax audits, and benefits arising on the filing of tax returns in various jurisdictions.

Excluding discrete items, the effective tax rates for the quarter and nine-month period ended June 30, 2013 were 73.1% and 79.4%, respectively, compared to 50.5% and 51.6% in the comparable prior year periods, respectively. Rates in all periods reflect the impact of permanent differences not deductible in determining taxable income, mainly limited deductibility of restricted stock, tax reserves and of changes in earnings mix between domestic and non-domestic operations, all of which are material relative to the level of pretax result.

Stock based compensation

For the three and nine months ended June 30, 2013, stock based compensation expense totaled $3,029 and $9,327, respectively. For the three and nine months ended June 30, 2012, stock based compensation expense totaled $2,691 and $7,599, respectively.

Discontinued operations – Installation Services

There was no revenue or income from discontinued operations of the Installation Services' business for the three and nine months ended June 30, 2013 and 2012.

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 include: cash flows from operating activities, capital expenditures, acquisitions, dispositions, bank lines of credit and the ability to attract long-term capital under satisfactory terms. Griffon 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	**Nine Months Ended June 30,**	
(in thousands)	**2013**	**2012**
Net Cash Flows Provided by (Used In):		
Operating activities	$ 2,554	$ 30,347
Investing activities	(44,560)	(79,846)
Financing activities	(40,552)	(20,255)

Cash provided by continuing operations for the nine months ended June 30, 2013 was $2,554 compared to $30,347 in the prior year. Current assets net of current liabilities, excluding short-term debt and cash, increased to $427,269 at June 30, 2013 compared to $360,881 at September 30, 2012, primarily due to increases in accounts receivable and contract costs and recognized income not yet billed, and a decrease in accrued liabilities, partially offset by a decrease in inventory.

During the nine months ended June 30, 2013, Griffon used cash for investing activities of $44,560 compared to $79,846 in the prior year; the October 2011 acquisition of Southern Patio for $22,432 was included in the prior year. Current year capital expenditures decreased $11,809 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 nine months ended June 30, 2013, cash used in financing activities totaled $40,552 compared to $20,255 in the prior year. During the first, second and third quarters of 2013, the Board of Directors approved quarterly cash dividends of $0.025 per common share, which were paid on December 26, 2012, March 27, 2013 and May 28, 2013, to holders of common stock as of close of business on November 29, 2012, February 27, 2013 and June 26, 2013, respectively. Griffon repurchased common stock of $25,689 and $5,670 in the nine months ended June 30, 2013 and 2012, respectively. At June 30, 2013, $17,701 remains under Griffon's Board authorized repurchase program.

On August 6, 2013, the Board of Directors declared a quarterly cash dividend of $0.025 per share, payable on September 25, 2013 to shareholders of record as of the close of business on August 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 nine months ended June 30, 2013:

- The United States Government and its agencies, through either prime or subcontractor relationships, represented 19% of Griffon's consolidated revenue and 78% of Telephonics' revenue.
- Procter & Gamble Co. represented 14% of Griffon's consolidated revenue and 46% of Plastics' revenue.
- The Home Depot represented 12% of Griffon's consolidated revenue and 25% of HBP's revenue.

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

Cash and Equivalents and Debt *(in thousands)*		**At June 30, 2013**		**At September 30, 2012**
Cash and equivalents	$	126,104	$	209,654
Notes payables and current portion of long-term debt		13,384		17,703
Long-term debt, net of current maturities		678,307		681,907
Debt discount		14,116		16,607
Total debt		705,807		716,217
Debt, net of cash and equivalents	**$**	**579,703**	**$**	**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 $594,000 on June 30, 2013 based upon quoted market prices (level 1 inputs).

On March 28, 2013, Griffon amended and increased the amount available under its Revolving Credit Facility ("Credit Agreement") from $200,000 to $225,000 and extended its maturity from March 17, 2016 to March 28, 2018. The facility includes a letter of credit sub-facility with a limit of $60,000, 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 an event of default under the Credit Agreement. Interest is payable on borrowings at either a LIBOR or base rate benchmark rate, in each case without a floor, plus an applicable margin, which adjusts based on financial performance. The current margins are 1.25% for base rate loans and 2.25% for LIBOR loans. The Credit Agreement has certain financial maintenance tests including a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio as well as customary affirmative and negative covenants and events of default. The 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 Griffon's material domestic subsidiaries and are secured, on a first priority basis, by substantially all assets of the Company and the guarantors.

At June 30, 2013, there were $25,867 of standby letters of credit outstanding under the Credit Agreement; $199,133 was available, subject to certain covenants, for borrowing at that date.

On December 21, 2009, Griffon issued $100,000 principal of 4% convertible subordinated notes due 2017 (the “2017 Notes”). The current conversion rate of the 2017 Notes is 67.8495 shares of Griffon’s common stock per $1,000 principal amount of notes, corresponding to a conversion price of $14.74 per share. When a cash dividend is declared that would result in an adjustment to the conversion ratio of less than 1%, any adjustment to the conversion ratio is deferred until the first to occur of (i) actual conversion, (ii) the 42nd trading day prior to maturity of the notes, and (iii) such time as the cumulative adjustment equals or exceeds 1%. As of June 30, 2013, aggregate dividends since the last conversion price adjustment of $0.05 per share would have resulted in an adjustment to the conversion ratio of approximately 0.44%. At June 30, 2013 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 $106,900 on June 30, 2013 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.

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 June 30, 2013, $18,223 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 June 30, 2013, $3,281 was outstanding.

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.

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.

In February 2012, Clopay do Brazil, a subsidiary of Plastics, borrowed $4,000 at a rate of 104.5% of Brazilian CDI (7.7% at June 30, 2013). 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 $5,000. Interest on borrowings accrue at a rate of Brazilian CDI plus 6.0% (13.7% at June 30, 2013). At June 30, 2013 there was approximately $4,100 borrowed under the lines.

In November 2012, Garant G.P. (“Garant”) entered into a CAD $15,000 revolving credit facility. The facility accrues interest at LIBOR or the Bankers Acceptance Rate plus 1.3% per annum (1.49% and 2.45% as of June 30, 2013). The revolving facility matures in November 2015. Garant is required to maintain a certain minimum equity. At June 30, 2013, there were no borrowings under the revolving credit facility with CAD $15,000 available for borrowing.

At September 30, 2012, Griffon had $532 of 4% convertible subordinated notes due 2023 (“2023 Notes”) outstanding. On April 15, 2013, the 2023 Notes were redeemed at par plus accrued interest.

At June 30, 2013, Griffon and its subsidiaries were in compliance with the terms and covenants of its credit and loan agreements.

During the nine months ended June 30, 2013 and 2012, Griffon used cash for discontinued operations of $486 and $1,690, 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 took 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 Griffon's operating companies; the potential impact of seasonal variations and uncertain weather patterns on certain of Griffon's businesses; political events that could impact the worldwide economy; a downgrade in Griffon's credit ratings; changes in international economic conditions including interest rate and currency exchange fluctuations; the reliance by certain of Griffon's businesses on particular third party suppliers and manufacturers to meet customer demands; the relative mix of products and services offered by Griffon's businesses, which impacts margins and operating efficiencies; short-term capacity constraints or prolonged excess capacity; unforeseen developments in contingencies, such as litigation; 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, Germany, Brazil, United Kingdom, Turkey, China, Sweden, Australia and Mexico; therefore, changes in the value of the currencies of these countries affect the financial position and cash flows when translated into U.S. Dollars. Griffon has generally accepted the exposure to exchange rate movements relative to its non-U.S. operations. Griffon may, from time to time, hedge its currency risk exposures. A change of 10% or less in the value of all applicable foreign currencies would not have a material effect on Griffon's financial position and cash flows.

Item 4 - Controls and Procedures

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

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

Limitations on the Effectiveness of Controls

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

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
April 1 - 30, 2013	70,428	$ 11.94	70,428	
May 1 - 31, 2013	53,459(2)	10.58	—	
June 1 - 30, 2013	202,270	10.75	202,270	
Total	326,157	$ 10.98	272,698	$ 17,701

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 June 30, 2013, $17,701 remained available for the purchase of Griffon common stock under this program.
2. Shares acquired by the Company from holders of restricted stock upon vesting of the restricted stock, to satisfy tax withholding obligations of the holders.

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

Indemnification Agreements.

In accordance with the Delaware General Corporation Law, Griffon's Certificate of Incorporation and Griffon's By-laws, on August 6, 2013, Griffon entered into a customary indemnification agreement with each of its directors and corporate officers. With respect to each of Griffon's directors, the indemnification agreement replaces the existing agreement between such director and Griffon.

The indemnification agreement provides that Griffon will indemnify each director and officer to the fullest extent permitted by applicable law, and includes provisions relating to the advancement of expenses incurred by or on behalf of each such director and officer. The form of the indemnification agreement is filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q, and is incorporated by reference herein.

Item 6 **Exhibits**

10.1	First Amendment to Amended and Restated Credit Agreement, dated as of June 11, 2013, to that certain Amended and Restated Credit Agreement, dated as of March 28, 2013, among Griffon Corporation, Deutsche Bank Securities Inc., as syndication agent, Wells Fargo Bank, National Association, HSBC Bank USA, N.A and RBS Citizens, N.A., as co-documentation agents, and JPMorgan Chase Bank, N.A., as administrative agent.
10.2	Form of Indemnification Agreement between Griffon Corporation and each of its directors and officers.
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: August 7, 2013

EXHIBIT INDEX

10.1	First Amendment to Amended and Restated Credit Agreement, dated as of June 11, 2013, to that certain Amended and Restated Credit Agreement, dated as of March 28, 2013, among Griffon Corporation, Deutsche Bank Securities Inc., as syndication agent, Wells Fargo Bank, National Association, HSBC Bank USA, N.A and RBS Citizens, N.A., as co-documentation agents, and JPMorgan Chase Bank, N.A., as administrative agent.
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Exhibit 10.1

FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "**Agreement**"), dated as of June 11, 2013, to that certain Amended and Restated Credit Agreement, dated as of March 28, 2013 (as amended, supplemented or otherwise modified through the date hereof, the "**Credit Agreement**") among GRIFFON CORPORATION, a Delaware corporation (the "**Borrower**") the several banks and other financial institutions or entities from time to time parties thereto (the " **Lenders**"), DEUTSCHE BANK SECURITIES INC., as syndication agent, WELLS FARGO BANK, NATIONAL ASSOCIATION, HSBC BANK USA, N.A, and RBS CITIZENS, N.A., as co-documentation agents, and JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the " **Administrative Agent**").

RECITALS:

WHEREAS, pursuant to Section 10.02 of the Credit Agreement, the Credit Agreement may be amended by a written document entered into by the Administrative Agent, with the consent of the Required Lenders;

WHEREAS, the Borrower has requested that the Credit Agreement be amended as set forth herein; and

WHEREAS, the Required Lenders are willing to agree to this Amendment on the terms set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. *Defined Terms*. Unless otherwise specifically defined herein, each term used herein (including in the recitals above) has the meaning assigned to such term in the Credit Agreement.

Section 2. *Amendment to Credit Agreement.*

2.1 *Amendments to Section 7.07 (Restricted Payments)* . Clause (h) of Section 7.07 of the Credit Agreement is hereby amended by deleting the phrase "within 90 days of the Restatement Effective Date," and replacing it with "on or prior to December 31, 2013".

Section 3. *Conditions*. This Agreement shall become effective on the date (the " Amendment Effective Date") on which all of the following conditions precedent have been satisfied or waived:

(a) the Administrative Agent shall have received this Agreement, duly executed and delivered by a duly authorized officer of each of (A) the Borrower, (B) the Administrative Agent and (C) the Required Lenders;

(b) the Administrative Agent shall have received all fees and other amounts due and payable on or prior to the date hereof, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses (including fees, charges and disbursements of counsel) required to be reimbursed or paid by any Loan Party hereunder or under any Loan Document;

(c) the representations and warranties of the Borrower set forth in the Credit Agreement, and of each Loan Party in each of the Loan Documents to which it is a party, shall be true and correct in all material respects on and as of the Amendment Effective Date; provided that any representation and warranty that expressly relates to a given date shall be true and correct in all material respects as of such given date; and

(d) no Default shall have occurred and be continuing.

Section 4. *Representations and Warranties.* The Borrower hereby represents and warrants that (a) each of the representations and warranties of the Borrower set forth in the Credit Agreement, and of each Loan Party in each of the Loan Documents to which it is a party, are true and correct in all material respects as if made on and as of the Amendment Effective Date (or to the extent that any representation and warranty expressly relates to a given date, as of such given date); provided that each reference to the Credit Agreement therein shall be deemed to be a reference to the Credit Agreement after giving effect to this Agreement and (b) at the time of and immediately after giving effect to this Agreement, no Default has occurred and is continuing.

Section 5. *Governing Law.* This Agreement shall be construed in accordance with and governed by the law of the State of New York.

Section 6. *Effect of This Agreement.* Except as expressly set forth herein, this Agreement shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of any Lender or the Administrative Agent under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances.

Section 7. *Counterparts.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8. *Miscellaneous.* This Agreement shall constitute a Loan Document for all purposes of the Credit Agreement. The Borrower shall pay all reasonable fees, costs and expenses of the Administrative Agent incurred in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated hereby.

[*remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

GRIFFON CORPORATION

By: /s/ Thomas D. Gibbons
Name: Thomas D. Gibbons
Title: Treasurer

JPMORGAN CHASE BANK, N.A., as Administrative Agent and a Lender

By: /s/ Alicia Schreibstein
Name: Alicia Schreibstein
Title: Vice President

DEUTSCHE BANK AG NEW YORK BRANCH, as a Lender

By: /s/ Michael Getz
Name: Michael Getz
Title: Vice President

By: /s/ Marcus M. Tarkington
Name: Marcus M. Tarkington
Title: Director

WELLS FARGO BANK, N.A., as a Lender

By: /s/ David Lewing
Name: David Lewing
Title: Sr. Vice President

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

By: /s/ Aidan R. Spoto
Name: Aidan R. Spoto
Title: VP, Relationship Manager

RBS CITIZENS, N.A., as a Lender

By: /s/ Colin Monaghan
Name: Colin Monaghan
Title: Vice President

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

By: /s/ Steven J. Melicharek
Name: Steven J. Melicharek
Title: Senior Vice President

Manufacturers and Traders Trust Company, as a Lender

By: /s/ William Terraglio
Name: William Terraglio
Title: Vice President

Exhibit 10.2

FORM OF INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT, made and entered into as of the [●] day of [**month**], [**year**] ("Agreement"), by and between **GRIFFON CORPORATION,** a Delaware corporation (the "Corporation", which term shall include any one or more of its subsidiaries where appropriate), and **[director/officer]** ("Indemnitee"):

WHEREAS, highly competent persons are becoming more reluctant to serve publicly-held corporations as directors or as officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to, and activities on behalf of, such corporations; and

WHEREAS, the statutes and judicial duties regarding the duties of officers and directors are often difficult to apply, ambiguous or conflicting and therefore fail to provide such directors and officers with adequate and reliable knowledge of legal risks to which they are exposed or information regarding the proper cause of action to take; and

WHEREAS, the Board of Directors of the Corporation (the "Board of Directors") has determined that the difficulty in attracting and retaining such persons is detrimental to the best interests of the Corporation's stockholders and that the Corporation should act to assure such persons that there will be increased certainty of such protection in the future; and

WHEREAS, the Corporation believes it is unfair for the directors and officers to assume the risk of huge judgments and other expenses which may occur in cases in which the director or officer acted in good faith; and

WHEREAS, Section 145 of the General Corporation Law of Delaware ("Section 145") under which the Corporation is organized, empowers the Corporation to indemnify its officers and directors by agreement and expressly provides that the indemnification provided by Section 145 is not exclusive; and

WHEREAS, it is reasonable, prudent and necessary for the Corporation contractually to obligate itself to indemnify such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Corporation free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the By-Laws and Certificate of Incorporation of the Corporation and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee is willing to serve, continue to serve and/or to take on additional service for or on behalf of the Corporation on the condition that he be so indemnified.

NOW, **THEREFORE**, in consideration of the premises and the covenants contained herein, the Corporation and Indemnitee do hereby covenant and agree as follows:

---

1. DEFINITIONS FOR PURPOSES OF THIS AGREEMENT:

(a) "Change in Control" means a change in control of the Corporation of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item or similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Act"), whether or not the Corporation is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Corporation representing 20% or more of the combined voting power of the Corporation's then outstanding securities without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person attaining such percentage interest; (ii) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than two-thirds of the Board of Directors thereafter; (iii) during any period of twenty-four (24) consecutive months, not including any period prior to the date hereof, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least two-thirds of the Board of Directors; or (iv) the stockholders of the Corporation approve a plan of complete liquidation of the Corporation or an agreement for the sale or disposition by the Corporation (in one transaction or a series of transactions) of all or substantially all of the Corporation's assets.

(b) "Corporate Status" describes the status of a person who is or was a director, officer, employee or agent of the Corporation, any of its direct or indirect subsidiaries (including a person acting in such capacity prior to such entity becoming a direct or indirect subsidiary of the Corporation), or any other corporation, partnership, joint venture, trust, limited liability company, employee benefit plan or other enterprise which such person is or was serving at the request of the Corporation.

(c) "Disinterested Director" means a director of the Corporation who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) "Expenses" includes all direct and indirect costs, fees and expenses of any type or nature whatsoever (including, without limitation, all attorneys' fees, experts' fees, court costs, transcript costs, fees of experts, witness fees, travel expenses, fees of private investigators and professional advisors, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, fax transmission charges, secretarial services and all other disbursements, obligations or expenses and reasonable compensation for time spent by the Indemnitee for which he is not otherwise compensated by the Corporation or any third party, provided that the rate of compensation and estimated time involved is approved in advance by the Board of Directors), actually and reasonably incurred by the Indemnitee in connection with either investigating, defending, being a witness in or participating in (including during discovery

and on appeal), or appealing, a Proceeding, or preparing to do any of the foregoing, or prosecuting an action or proceeding, or preparing to prosecute an action or proceeding, including appeals, to establish or enforce a right to indemnification or advancement of Expenses under this Agreement, Section 145 or otherwise. Expenses as defined herein, shall not include amounts paid in settlement by or on behalf of the Indemnitee, nor any judgments, fines or penalties actually levied against the Indemnitee, but shall include, without limitation, the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent.

(e) "Independent Counsel" means any law firm or member of a law firm that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (A) the Corporation, its subsidiaries or affiliates, or Indemnitee in any matter material to such parties, or (B) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or Indemnitee in an action to determine Indemnitee's rights under this Agreement arising on or after the date of this Agreement, regardless of when the Indemnitee's act or failure to act occurred. The Corporation agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to indemnify such counsel fully against any and all expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) "Potential Change in Control" shall be deemed to have occurred if (i) the Corporation enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; (ii) a person (including the Corporation) publicly announces a intention to take or to consider taking actions which if consummated would constitute a Change in Control; (iii) any person, other than a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or a corporation owned, directly or indirectly, by the shareholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation, who is or becomes the beneficial owner, directly or indirectly, of securities of the Corporation representing 9.5% or more of the combined voting power of the Corporation's then outstanding Voting Securities, increases his beneficial ownership of such securities by five percentage points or more over the percentage so owned by such person, unless such acquisition was approved in advance by the Board; or (iv) the Board of Directors adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(g) "Proceeding" includes any threatened, pending or completed inquiry, action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other actual, threatened, or completed proceeding, whether civil, criminal, administrative or investigative and whether or not based upon events occurring or actions taken before the date hereof, or any inquiry or investigation that could lead to, and any appeal related to, any such action, suit, arbitration, alternative dispute resolution mechanism, investigation, administrative hearing or other proceeding.

(h) References to "fines" shall include any excise tax assessed on Indemnitee with respect to any employee benefit plan; references to "serving at the request of the Corporation" shall include any service as a director, officer, employee, agent or fiduciary of the

Corporation which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Agreement.

2. SERVICES BY INDEMNITEE.

Indemnitee agrees to serve or continue to serve as a director or officer of the Corporation so long as he is duly appointed or elected and qualified in accordance with the applicable provisions of the By-Laws of the Corporation or the By-Laws of any subsidiary of the Corporation or until such time as he tenders his resignation in writing. This Agreement shall not impose any obligation on the Indemnitee or the Corporation to continue the Indemnitee's position with the Corporation beyond any period otherwise applicable, nor to create any right to continued employment of the Indemnitee in any capacity.

3. GENERAL.

Subject to Section 15 of this Agreement the Corporation shall indemnify, and shall advance Expenses to Indemnitee as provided in this Agreement and to the fullest extent permitted by law in effect on the date hereof and to such greater extent as applicable law may thereafter from time to time permit, in connection with any Proceeding as to which Indemnitee is, was or is threatened to be made a party (or is a witness or otherwise participates) by reason of his Corporate Status.

4. PROCEEDINGS OTHER THAN PROCEEDINGS BY OR IN THE RIGHT OF THE CORPORATION.

Indemnitee shall be entitled to the rights of indemnification provided in this Section 4 if, by reason of his Corporate Status, he is, or is threatened to be made, a party to any Proceeding, other than a Proceeding by or in the right of the Corporation. Pursuant to this Section 4, Indemnitee shall be indemnified against Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with any such Expenses, judgments, fines, penalties and amounts paid in settlement) incurred by the Indemnitee in connection with such Proceeding or any claim, issue or matter therein, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful.

5. PROCEEDINGS BY OR IN THE RIGHT OF THE CORPORATION.

Indemnitee shall be entitled to the rights of indemnification provided in this Section 5, if, by reason of his Corporate Status, he is, or is threatened to be made, a party to any threatened, pending or completed Proceeding brought by or in the right of the Corporation to procure a judgment in its favor. Pursuant to this Section, Indemnitee shall be indemnified against Expenses incurred by him or on his behalf in connection with such Proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests

of the Corporation. Notwithstanding the foregoing, no indemnification against such Expenses shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation if such indemnification is not permitted by the laws of the State of Delaware or other applicable law; provided, however, that if permitted by applicable law indemnification against Expenses nevertheless shall be made by the Corporation in such event to the extent that the Court of Chancery of the State of Delaware, or the court in which such Proceeding shall have been brought or is pending, shall determine despite the adjudication of liability.

6. INDEMNIFICATION FOR EXPENSES.

(a) EXPENSES OF A PARTY WHO IS WHOLLY OR PARTLY SUCCESSFUL. To the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified against all Expenses actually incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Corporation shall indemnify Indemnitee against all Expenses incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section, but without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal or withdrawal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter. The provisions of this Section apply notwithstanding any other provision of this Agreement to the contrary, provided in no event shall Indemnitee be entitled to indemnification under this Section 6(a) with respect to a claim, issue or matter to the extent applicable law prohibits such indemnification.

(b) EXPENSES OF A WITNESS OR NON-PARTY. To the extent that Indemnitee is, by reason of his Corporate Status, a witness or otherwise participates in any Proceeding at a time when he is not a party in the Proceeding, the Corporation shall indemnify him against all Expenses incurred by him or on his behalf in connection therewith.

7. ADVANCE OF EXPENSES.

The Corporation shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding to which Indemnitee was or is a party (or is a witness or otherwise participates) by reason of his Corporate Status, whether brought by or in the right of the Corporation within twenty days after the receipt by the Corporation of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall evidence or reflect the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by an undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it is determined ultimately that Indemnitee is not entitled to be indemnified against such Expenses. Any required reimbursement of Expenses by Indemnitee shall be made by Indemnitee to the Corporation within 30 days following a final decision by a court of competent jurisdiction that Indemnitee would not be entitled to indemnification. Advances shall be made without regard to Indemnitee’s ability to repay the Expenses. Any advances and undertakings to repay pursuant to this Section 7 shall be unsecured and interest free.

8. PROCEDURE FOR DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION.

It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the General Corporation Law of Delaware and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. Promptly upon receipt of such a request for indemnification, the Secretary of the Corporation shall advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 8(a) hereof, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case as follows: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee (unless Indemnitee shall request that such determination be made by the Board of Directors, in which case the determination shall be made in the manner provided below in clauses (ii) or (iii)); (ii) if a Change of Control shall not have occurred, (A) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors, or (B) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, if such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee; or (iii) if applicable, as provided in Section 9(b) of this Agreement. The Corporation will promptly advise Indemnitee in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including, if a determination is made that Indemnitee is not entitled to indemnification, a description of any reason or basis for which indemnification has been denied. If it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating shall be borne by the Corporation (regardless of the determination as to Indemnitee's entitlement to indemnification) and the Corporation hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(c) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 8(b) of this Agreement, then, (i) if no Change of Control shall have occurred, the Independent Counsel shall be selected by a majority vote of Disinterested Directors, or if there are no Disinterested Directors then by a majority vote of the

Board of Directors, and the Corporation shall give written notice to Indemnitee advising him of the identity of the Independent Counsel so selected; (ii) if a Change of Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board of Directors, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Corporation advising it of the identity of the Independent Counsel so selected. In either event, (i) such notice selecting Independent counsel sent by the Indemnitee or the Corporation, as the case may be (the "Selecting Party") to the Corporation or the Indemnitee, as the case may be (the "Other Party"), shall be accompanied by a written affirmation of the Independent Counsel so selected that it satisfies the requirements of the definition of "Independent Counsel" in this Agreement and that such counsel agrees to serve in such capacity and (ii) the Other Party may, within 7 days after such written notice of selection shall have been given by the Selecting Party, deliver to the Selecting Party a written objection to such selection. Such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirement of "Independent Counsel" as defined in this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. If such written objection is timely made, the Independent Counsel so selected may not serve as Independent Counsel unless and until a court has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 8(a) hereof in which determination of entitlement to such indemnification is to be made by Independent Counsel pursuant to Section 8(b) of this Agreement, no Independent Counsel shall have been selected (or has been selected and objected to), either the Corporation or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which shall have been made by the Other Party to the Selecting Party's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the Court or by such other person as the Court shall designate, and the person with respect to whom an objection is favorably resolved or the person so appointed shall act as Independent Counsel under Section 8(b) hereof. The Corporation shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with the performance of his responsibilities pursuant to Section 8(b) hereof, and the Corporation shall pay all reasonable fees and Expenses incident to the implementation of the procedures of this Section 8(c), regardless of the manner in which such Independent Counsel was selected or appointed. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12 of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

9. PRESUMPTIONS AND EFFECT OF CERTAIN PROCEEDINGS.

(a) If a Change of Control shall have occurred, in making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall presume that the Indemnitee is entitled to indemnification under this Agreement if the Indemnitee has submitted a request for indemnification in accordance with Section 8(a) of this Agreement, and the Corporation shall have the burden of proof to overcome that presumption in connection with the making of any determination contrary to that presumption by any person, persons or entity. No determination by the Corporation (including

by its directors or any Independent Counsel) that Indemnitee has not satisfied any applicable standard of conduct may be used as a defense to any legal proceedings brought by Indemnitee to secure indemnification or advance payment of Expenses by the Corporation or create a presumption that Indemnitee has not met any applicable standard of conduct.

(b) If within 30 days after receipt by the Corporation of the request for indemnification, the Board of Directors shall not have made a determination under Section 8(b)(i) or 8(b)(ii)(A) with regard thereto, the requisite determination of entitlement to indemnification shall be deemed to have been made in favor of the Indemnitee who then shall be entitled to such indemnification; provided, however, that such 30-day period may be extended for a reasonable time, not to exceed an additional fifteen (15) days, if the Board of Directors in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto. The foregoing provisions of this Section 9(b) shall not apply if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 8(b)(i) or 8(b)(ii)(B) of this Agreement.

(c) For purposes of this Agreement, and without creating any presumption as to a lack of good faith if the following circumstances do not exist, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Corporation, including financial statements, or on information, opinions, reports or statements supplied to Indemnitee by the officers of the Corporation in the course of their duties, or on the advice of legal counsel for the Corporation or on information or records given or reports made to the Corporation by an independent certified public accountant, legal counsel or by an appraiser or other expert selected with reasonable care by the Company. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

(d) The termination of any Proceeding or of any claim, issue or matter therein by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Corporation or, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that his conduct was unlawful.

10. NOTICE AND DEFENSE OF PROCEEDING OR CLAIM.

(a) Indemnitee shall promptly notify the Corporation in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document or communication relating to any Proceeding for which Indemnitee may be entitled to indemnification or advancement of Expenses hereunder; provided, however, that any failure of Indemnitee to so notify the Corporation shall not adversely affect Indemnitee's rights under this Agreement except to the extent the Corporation shall have been materially prejudiced as a direct result of such failure. The Corporation shall promptly notify Indemnitee in writing as to the pendency of any Proceeding that the Corporation reasonably expects may involve a claim against

Indemnitee for which Indemnitee is entitled to indemnification or advancement of Expenses hereunder; provided, however, that any failure of the Corporation to so notify Indemnitee shall not adversely affect the Corporation's rights under this Agreement except to the extent the Indemnitee shall have been materially prejudiced as a direct result of such failure.

(b) In the event the Corporation shall be obligated to pay the Expenses of any Proceeding against the Indemnitee, the Corporation, if appropriate, shall be entitled to assume the defense of such Proceeding, with counsel reasonably acceptable to the Indemnitee, upon the delivery to the Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Corporation, the Corporation will not be liable to the Indemnitee under this Agreement for any fees of counsel subsequently incurred by the Indemnitee with respect to the same Proceeding, provided that (i) the Indemnitee shall have the right to employ his counsel in such Proceeding at the Indemnitee's expense; and (ii) if (A) the employment of counsel by the Indemnitee has been previously authorized in writing by the Corporation, (B) counsel to Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Corporation and the Indemnitee in the conduct of any such defense, or (C) the Corporation shall not, in fact, have employed counsel to assume the defense of such Proceeding, the Expenses of the Indemnitee's counsel (but not more than one law firm plus, if applicable, local counsel in respect of any such Claim) shall be at the expense of the Corporation.

11. ESTABLISHMENT OF A TRUST.

(a) In the event of a Potential Change in Control, the Corporation, upon written request by the Indemnitee, shall create a trust for the benefit of the Indemnitee and from time to time upon written request of the Indemnitee shall fund such trust in an amount sufficient to satisfy any and all Expenses which at the time of each such request it is reasonably anticipated will be incurred in connection with a Proceeding for which the Indemnitee is entitled to rights of indemnification under Section 4 or 5 hereof, and any and all judgments, fines, penalties and settlement amounts of any and all Proceedings for which the Indemnitee is entitled to rights of indemnification under Section 4 or 5 hereof from time to time actually paid or claimed, reasonably anticipated or proposed to be paid. The amount or amounts to be deposited in the trust pursuant to the foregoing funding obligation shall be determined by the party who would be required to make the determination of the Indemnitee's right to indemnification under Section 8(b) hereof (the "Reviewing Party"). The terms of the trust shall provide that upon a Change in Control (i) the trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnitee, (ii) the trustee shall advance, within two business days of a request by the Indemnitee, any and all Expenses to the Indemnitee (and the Indemnitee hereby agrees to reimburse the trust under the circumstances under which the Indemnitee would be required to reimburse the Corporation under Section 7 hereof), (iii) the trust shall continue to be funded by the Corporation in accordance with the funding obligation set forth above, (iv) the trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (v) all unexpended funds in such trust shall revert to the Corporation upon a final determination by the Reviewing Party or a court of competent jurisdiction, as the case may be, that Indemnitee has been fully indemnified under the terms of this Agreement. The trustee shall be an institutional trustee with a highly regarded

reputation chosen by the Indemnitee. Nothing in this Section 11 shall relieve the Corporation of any of its obligations under this Agreement.

(b) Nothing contained in this Section 11 shall prevent the Board of Directors of the Corporation in its discretion at any time and from time to time, upon request of the Indemnitee, from providing security to the Indemnitee for the Corporation's obligations hereunder through an irrevocable line of credit, funded trust as described in Section 11(a) above, or other collateral. Any such security, once provided to the Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

12. REMEDIES OF INDEMNITEE.

(a) In the event that any one or more of the following events shall have occurred: (i) a determination is made pursuant to Section 8 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement; (ii) Expenses are not advanced timely in accordance with Section 7 of this Agreement; (iii) the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 8(b) of this Agreement and such determination shall not have been made and delivered in a written opinion within 90 days after receipt by the Corporation of the request for indemnification; (iv) payment of indemnification is not made pursuant to Section 6 of this Agreement within ten days after receipt by the Corporation of a written request therefor; (v) payment of indemnification is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 9(b) of this Agreement; and/or (vi) the Corporation fails to comply with its obligations under Section 11(a) of this Agreement with regard to the establishment or funding of a trust for Expenses, the Indemnitee shall be entitled to an adjudication of his entitlement to such indemnification, advancement of Expenses or the establishment and funding of the trust in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12. The Corporation shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) Whenever a determination is made pursuant to Section 8 of this Agreement that Indemnitee is not entitled to indemnification, the judicial proceeding or arbitration commenced pursuant to this Section 12 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. If a Change of Control shall have occurred, the Corporation shall have the burden of proving that Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, in any judicial proceeding or arbitration commenced pursuant to this Section 12.

(c) If a determination shall have been made or deemed to have been made pursuant to Section 8 of this Agreement that Indemnitee is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding or arbitration

commenced pursuant to this Section 12 absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Corporation shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Agreement.

(e) In the event that Indemnitee, pursuant to this Section 12 seeks a judicial adjudication or an award in arbitration to enforce his rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any and all expenses (of the types described in the definition of Expenses in this Agreement) actually incurred by him in connection with obtaining such judicial adjudication or arbitration, but only if he prevails therein. If it shall be determined in said judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

13. NON-EXCLUSIVITY; DURATION OF AGREEMENT; INSURANCE; SUBROGATION.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Corporation's certificate of incorporation or By-Laws, governing documents or corporate formation documents of any direct or indirect subsidiaries of the Corporation or any other entity as may be applicable, any other agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment or alteration of the Corporation's certificate of incorporation or By-Laws or any provision thereof shall adversely affect Indemnitee's rights hereunder. To the extent that there is a change in the DGCL or other applicable law (whether by statute or judicial decision) that allows greater indemnification by agreement than would be afforded currently under the Corporation's Certificate of Incorporation or By-Laws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by virtue of this Agreement the greater benefit so afforded by such change. All agreements and obligations of the Corporation contained herein shall continue during the period Indemnitee serves as director, officer, employee or agent of the Corporation, any of its direct or indirect subsidiaries, or any other corporation, partnership, joint venture, trust, limited liability company, employee benefit plan or other enterprise which Indemnitee is or was serving at the request of the Corporation, and thereafter shall survive so long as Indemnitee shall be subject to any possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement) by reason of his Corporate Status, whether or not he is acting in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of

Indemnitee and his heirs, executors and administrators. The Corporation shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place.

(b) (i) To the extent that the Corporation maintains an insurance policy or policies providing liability insurance for directors and officers of the Corporation, Indemnitee shall be covered by such policy or policies in accordance with the terms thereof to the maximum extent of the coverage available for any such director or officer under such policy or policies. The Corporation shall take all necessary or appropriate action to cause such insurers to pay on behalf of the Indemnitee all amounts payable as a result of the commencement of a proceeding in accordance with the terms of such policy.

(ii) For a period of six years after the date the Indemnitee shall have ceased to serve as an officer or director of the Corporation, the Corporation will provide officers and directors liability insurance for Indemnitee on terms no less favorable than the terms of the liability insurance which the Corporation then provides to the current officers and directors.

(c) [Except as provided in Section 13(f),]* In the event of any payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights.

(d) [Except as provided in Section 13(f),]* The Corporation shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee otherwise actually has received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Corporation shall have no obligation to indemnify Indemnitee under this Agreement for amounts paid in settlement of a Proceeding without the Corporation's prior written consent. The Corporation shall not settle any Proceeding in any manner that would impose any fine or other obligation on Indemnitee without Indemnitee's prior written consent. Neither the Corporation nor Indemnitee shall unreasonably withhold their consent to any proposed settlement.

[(f) The Corporation hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by Goldman, Sachs & Co. and/or certain of its affiliates (collectively, the "Sponsor Indemnitors"). The Corporation hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Sponsor Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the Charter or the Bylaws (or any other agreement between the Corporation and Indemnitee), without regard to any rights Indemnitee may have against the Sponsor Indemnitors, and (iii) that it irrevocably waives, relinquishes and releases the Sponsor Indemnitors from any and all claims against the Sponsor Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Corporation further agrees that no advancement or payment by the Sponsor Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Corporation shall affect the foregoing and the Sponsor Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Corporation. The Corporation and Indemnitee agree that the Sponsor Indemnitors are express third party beneficiaries of the terms of this Section 13(f).]*

14. SEVERABILITY.

If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any

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* To be included in indemnification agreement(s) between the Corporation and the Sponsor Indemnitors' designee(s).

Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

15. EXCEPTION TO RIGHT OF INDEMNIFICATION OR ADVANCEMENT OF EXPENSES.

Notwithstanding any other provision of this Agreement to the contrary, Indemnitee shall not be entitled to indemnification or advancement of Expenses under this Agreement (a) with respect to any Proceeding, or any claim herein, brought or made by him against the Corporation or its directors, officers, employees or other indemnitees (other than any claims to enforce Indemnitee's rights under this Agreement) unless (i) the Board of Directors authorized the Proceeding (or any part of any Proceeding) prior to its initiation, (ii) such proceeding arises in connection with any counterclaim that the Corporation or its directors, officers, employees or other indemnitees assert against Indemnitee or any affirmative defense that the Corporation or its directors, officers, employees or other indemnitees raise, which, by any doctrine of issue or claim preclusion, could result in liability to Indemnitee, or (iii) the Corporation provides the indemnification or advancement of expenses, in its sole discretion, pursuant to the powers vested in the Corporation under applicable law, (b) for the disgorgement of profits arising from the purchase and sale by Indemnitee of securities of the Corporation in violation of Section 16(b) of the Act, as amended, or similar provisions of state statutory law or common law, (c) the payment to the Corporation of profits arising from the purchase and sale by the Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act of 2002, or (d) if a final decision by a court of competent jurisdiction determines that such indemnification is prohibited by applicable law.

16. HEADINGS.

The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

17. MODIFICATION AND WAIVER.

This Agreement may be amended from time to time to reflect changes in Delaware law or for other reasons. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

18. ENFORCEMENT.

The Corporation agrees that its execution of this Agreement shall constitute a stipulation by which it shall be irrevocably bound in any court or arbitration in which a proceeding by Indemnitee for enforcement of his rights hereunder shall have been commenced, continued or appealed, that its obligations set forth in this Agreement are unique and special, and that failure of the Corporation to comply with the provisions of this Agreement will cause irreparable and irremediable injury to Indemnitee, for which a remedy at law will be inadequate. As a result, in addition to any other right or remedy he may have at law or in equity with respect to breach of this Agreement, Indemnitee shall be entitled to injunctive or mandatory relief directing specific performance by the Corporation of its obligations under this Agreement.

19. NOTICES.

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand to the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid.

(a) If to Indemnitee, to:

[name]
[address]

(b) If to the Corporation, to:

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

or to such other address as may have been furnished to Indemnitee by the Corporation or to the Corporation by Indemnitee, as the case may be.

20. GOVERNING LAW; VENUE.

The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 12 of this Agreement, any "action or proceeding" (as such term is defined below) arising out of or relating to this Agreement shall be filed in and litigated solely before the Court of Chancery located in the State of Delaware and each party to this Agreement: (a) generally and unconditionally accepts the exclusive jurisdiction of the aforesaid courts and venue therein, and waives to the fullest extent provided by law any defense or objection to such jurisdiction and venue based upon the doctrine of "*forum non conveniens*"; and (b) generally and unconditionally consents to service of process in any such action or proceeding by delivery of certified or registered mailing of the summons and complaint in accordance with the notice provisions of this Agreement. For purposes of this Section 20, the term "action or proceeding" is defined as any and all claims, suits, actions, hearings, arbitrations or other similar proceedings, including appeals and petitions therefrom, whether formal or

informal, governmental or non-governmental, or civil or criminal. The foregoing consent to jurisdiction shall not constitute general consent to service of process in the state for any purpose except as provided above, and shall not be deemed to confer rights on any person other than the parties to this Agreement.

21. ENTIRE AGREEMENT.

This Agreement and the documents expressly referred to herein constitute the entire agreement between the parties hereto with respect to the matters covered hereby, and any other prior or contemporaneous oral or written understandings or agreements between the parties hereto with respect to the matters covered hereby, including negotiations relating to, and prior drafts of, this Agreement, are expressly superseded by this Agreement. The provisions of the prior sentence of this Section 21 is not intended to effect the continued applicability of the first sentence of Section 13 hereof.

22. COUNTERPARTS.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument, notwithstanding that both parties are not signatories to the original or same counterpart. Signatures signed and delivered by fax or email will be considered original signatures.

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

ATTEST:

GRIFFON CORPORATION

By:______________________________

INDEMNITEE:

By:______________________________

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: August 7, 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: August 7, 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: August 7, 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: August 7, 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.