Dugle Lynn A
Form 4
May 31, 2012

# FORM 4

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

| OMB APPROVAL | |
|---|---|
| OMB Number: | 3235-0287 |
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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Dugle Lynn A

(Last) (First) (Middle)

870 WINTER STREET

(Street)

WALTHAM, MA 02451

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
RAYTHEON CO/ [RTN]

3. Date of Earliest Transaction (Month/Day/Year)
05/29/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1.Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 05/29/2012 | | F | | 1,385 | D | $ 50.18 | 55,047 | D | |
| Common Stock | 05/29/2012 | | F | | 1,360 | D | $ 50.18 | 53,687 | D | |
| Common Stock | 05/29/2012 | | F | | 479 | D | $ 50.18 | 53,208 | D | |
| Common Stock | | | | | | | | 63 (1) | I | 401(k) |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**
**(*e.g.*, puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | |

# Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---|---|---|---|
| | Director | 10% Owner | Officer | Other |
| Dugle Lynn A<br>870 WINTER STREET<br>WALTHAM, MA 02451 | | | Vice President | |

# Signatures

| | |
|---|---|
| Dana Ng, Attorney-in-fact | 05/31/2012 |
| **Signature of Reporting Person | Date |

# Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

**(1)** The Reporting Person indirectly beneficially owns 63 shares of the Issuer's Common Stock based on funds in the Reporting Person's Savings and Investment Plan Account divided by $50.18, the closing price of the Issuer's Common Stock on May 29, 2012.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. style="font-family:inherit;font-size:10pt;">

Cash and equivalents
$

3,589

$
12,108

$
34,271

$
—

$
49,968

Accounts receivable, net of allowances
—

173,229

56,542

(23,889
)

205,882

Contract costs and recognized income not yet billed, net of progress payments
—

122,655

268

—

122,923

Inventories, net
—

Explanation of Responses:

262,064

72,398

—

334,462

Prepaid and other current assets
20,530

28,850

11,782

(4,336
)

56,826

Assets of discontinued operations
—

—

1,360

—

1,360

Total Current Assets
24,119

598,906

176,621

(28,225
)

771,421

PROPERTY, PLANT AND EQUIPMENT, net
1,064

283,657

91,389

—

376,110

GOODWILL
—

284,875

71,537

—

356,412

INTANGIBLE ASSETS, net
—

151,299

60,173

—

211,472

INTERCOMPANY RECEIVABLE
575,596

974,449

273,821

(1,823,866
)

—

EQUITY INVESTMENTS IN SUBSIDIARIES
752,342

642,949

1,746,165

(3,141,456
)

—

OTHER ASSETS
42,072

33,002

9,444

(59,320
)

25,198

ASSETS OF DISCONTINUED OPERATIONS
—

—

2,576

—

2,576

Total Assets
$
1,395,193

$
2,969,137

$
2,431,726

$
(5,052,867
)

$
1,743,189

CURRENT LIABILITIES

Notes payable and current portion of long-term debt
$
2,202

$
2,287

$
10,700

$
—

$
15,189

Accounts payable and accrued liabilities
33,681

185,267

68,020

(23,609
)

263,359

Liabilities of discontinued operations
—

2,033

—

2,033

Total Current Liabilities
35,883

187,554

80,753

(23,609
)

280,581

LONG-TERM DEBT, net
813,902

20,373

51,753

—

886,028

INTERCOMPANY PAYABLES
58,957

949,455

787,779

(1,796,191
)

—

OTHER LIABILITIES
58,072

125,825

26,840

(66,170
)

144,567

LIABILITIES OF DISCONTINUED OPERATIONS
—

—

3,634

—

3,634

Total Liabilities
966,814

1,283,207

950,759

(1,885,970
)

1,314,810

SHAREHOLDERS’ EQUITY
428,379

1,685,930

1,480,967

(3,166,897
)

428,379

Total Liabilities and Shareholders’ Equity
$
1,395,193

$
2,969,137

$
2,431,726

$
(5,052,867
)

$
1,743,189

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CONDENSED CONSOLIDATING BALANCE SHEETS
At September 30, 2015

| | Parent Company | Guarantor Companies | Non-Guarantor Companies | Elimination | Consolidation |
|---|---|---|---|---|---|
| CURRENT ASSETS | | | | | |
| Cash and equivalents | $2,440 | $10,671 | $ 38,890 | $— | $52,001 |
| Accounts receivable, net of allowances | — | 178,830 | 61,772 | (21,847) | 218,755 |
| Contract costs and recognized income not yet billed, net of progress payments | — | 103,879 | 16 | — | 103,895 |
| Inventories, net | — | 257,929 | 67,880 | — | 325,809 |
| Prepaid and other current assets | 23,493 | 27,584 | 12,488 | (8,479) | 55,086 |
| Assets of discontinued operations | — | — | 1,316 | — | 1,316 |
| Total Current Assets | 25,933 | 578,893 | 182,362 | (30,326) | 756,862 |
| PROPERTY, PLANT AND EQUIPMENT, net | 1,108 | 286,854 | 92,010 | — | 379,972 |
| GOODWILL | — | 284,875 | 71,366 | — | 356,241 |
| INTANGIBLE ASSETS, net | — | 152,412 | 61,425 | — | 213,837 |
| INTERCOMPANY RECEIVABLE | 542,297 | 904,840 | 263,480 | (1,710,617) | — |
| EQUITY INVESTMENTS IN SUBSIDIARIES | 745,262 | 644,577 | 1,740,889 | (3,130,728) | — |
| OTHER ASSETS | 41,774 | 30,203 | 9,959 | (59,590) | 22,346 |
| ASSETS OF DISCONTINUED OPERATIONS | — | — | 2,175 | — | 2,175 |
| Total Assets | $1,356,374 | $2,882,654 | $ 2,423,666 | $(4,931,261) | $1,731,433 |
| CURRENT LIABILITIES | | | | | |
| Notes payable and current portion of long-term debt | $2,202 | $3,842 | $ 10,549 | $— | $16,593 |
| Accounts payable and accrued liabilities | 30,158 | 222,758 | 72,843 | (20,951) | 304,808 |
| Liabilities of discontinued operations | — | — | 2,229 | — | 2,229 |
| Total Current Liabilities | 32,360 | 226,600 | 85,621 | (20,951) | 323,630 |
| LONG-TERM DEBT, net | 752,839 | 17,116 | 57,021 | — | 826,976 |
| INTERCOMPANY PAYABLES | 76,477 | 831,345 | 775,120 | (1,682,942) | — |
| OTHER LIABILITIES | 64,173 | 126,956 | 28,428 | (72,634) | 146,923 |
| LIABILITIES OF DISCONTINUED OPERATIONS | — | — | 3,379 | — | 3,379 |
| Total Liabilities | 925,849 | 1,202,017 | 949,569 | (1,776,527) | 1,300,908 |
| SHAREHOLDERS’ EQUITY | 430,525 | 1,680,637 | 1,474,097 | (3,154,734) | 430,525 |
| Total Liabilities and Shareholders’ Equity | $1,356,374 | $2,882,654 | $ 2,423,666 | $(4,931,261) | $1,731,433 |

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CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended December 31, 2015

| ($ in thousands) | Parent Company | Guarantor Companies | Non-Guarantor Companies | Elimination | Consolidation |
|---|---|---|---|---|---|
| Revenue | $— | $389,260 | $ 112,732 | $(7,843 ) | $494,149 |
| Cost of goods and services | — | 298,384 | 87,896 | (8,236 ) | 378,044 |
| Gross profit | — | 90,876 | 24,836 | 393 | 116,105 |
| Selling, general and administrative expenses | 6,397 | 65,948 | 19,046 | (92 ) | 91,299 |
| Total operating expenses | 6,397 | 65,948 | 19,046 | (92 ) | 91,299 |
| Income (loss) from operations | (6,397 ) | 24,928 | 5,790 | 485 | 24,806 |
| Other income (expense) | | | | | |
| Interest income (expense), net | (2,256 ) | (7,789 ) | (1,967 ) | — | (12,012 ) |
| Other, net | 193 | 1,016 | (169 ) | (485 ) | 555 |
| Total other income (expense) | (2,063 ) | (6,773 ) | (2,136 ) | (485 ) | (11,457 ) |
| Income (loss) before taxes | (8,460 ) | 18,155 | 3,654 | — | 13,349 |
| Provision (benefit) for income taxes | (5,797 ) | 8,817 | 1,733 | — | 4,753 |
| Income (loss) before equity in net income of subsidiaries | (2,663 ) | 9,338 | 1,921 | — | 8,596 |
| Equity in net income (loss) of subsidiaries | 11,259 | 1,929 | 9,338 | (22,526 ) | — |
| Net income (loss) | $8,596 | $11,267 | $ 11,259 | $(22,526 ) | $8,596 |
| Net Income (loss) | $8,596 | $11,267 | $ 11,259 | $(22,526 ) | $8,596 |
| Other comprehensive income (loss), net of taxes | (3,978 ) | 139 | (4,117 ) | 3,978 | (3,978 ) |
| Comprehensive income (loss) | $4,618 | $11,406 | $ 7,142 | $(18,548 ) | $4,618 |

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CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended December 31, 2014

| ($ in thousands) | Parent Company | Guarantor Companies | Non-Guarantor Companies | Elimination | Consolidation |
|---|---|---|---|---|---|
| Revenue | $— | $378,114 | $ 138,881 | $(14,835 ) | $502,160 |
| Cost of goods and services | — | 289,370 | 108,274 | (13,473 ) | 384,171 |
| Gross profit | — | 88,744 | 30,607 | (1,362 ) | 117,989 |
| Selling, general and administrative expenses | 5,520 | 69,557 | 20,099 | (1,280 ) | 93,896 |
| Income (loss) from operations | (5,520 ) | 19,187 | 10,508 | (82 ) | 24,093 |
| Other income (expense) | | | | | |
| Interest income (expense), net | (1,904 ) | (7,427 ) | (2,306 ) | — | (11,637 ) |
| Other, net | 46 | 1,295 | (1,874 ) | 82 | (451 ) |
| Total other income (expense) | (1,858 ) | (6,132 ) | (4,180 ) | 82 | (12,088 ) |
| Income (loss) before taxes | (7,378 ) | 13,055 | 6,328 | — | 12,005 |
| Provision (benefit) for income taxes | (3,481 ) | 7,737 | 278 | — | 4,534 |
| Income (loss) before equity in net income of subsidiaries | (3,897 ) | 5,318 | 6,050 | — | 7,471 |
| Equity in net income (loss) of subsidiaries | 11,368 | 6,036 | 5,318 | (22,722 ) | — |
| Net income (loss) | $7,471 | $11,354 | $ 11,368 | $(22,722 ) | $7,471 |
| | | | | | |
| Net Income (loss) | $7,471 | $11,354 | $ 11,368 | $(22,722 ) | $7,471 |
| Other comprehensive income (loss), net of taxes | (16,183 ) | (4,580 ) | (10,831 ) | 15,411 | (16,183 ) |
| Comprehensive income (loss) | $(8,712 ) | $6,774 | $ 537 | $(7,311 ) | $(8,712 ) |

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Three Months Ended December 31, 2015

| | Parent Company | Guarantor Companies | Non-Guarantor Companies | Elimination | Consolidation |
|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Net income (loss) | $8,596 | $11,267 | $11,259 | $(22,526) | $8,596 |
| Net cash provided by (used in) operating activities: | (48,165) | 29,701 | (1,132) | — | (19,596) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Acquisition of property, plant and equipment | (54) | (22,017) | (2,947) | — | (25,018) |
| Investment in unconsolidated joint venture | — | (2,726) | — | — | (2,726) |
| Proceeds from sale of investments | 715 | — | | — | 715 |
| Proceeds from sale of assets | — | 472 | 12 | — | 484 |
| Net cash provided by (used in) investing activities | 661 | (24,271) | (2,935) | — | (26,545) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |
| Purchase of shares for treasury | (10,910) | — | — | — | (10,910) |
| Proceeds from long-term debt | 62,000 | 2,215 | 15,659 | — | 79,874 |
| Payments of long-term debt | (2,551) | (524) | (21,051) | — | (24,126) |
| Change in short-term borrowings | — | — | (147) | — | (147) |
| Tax benefit from exercise/vesting of equity awards, net | 2,291 | — | — | — | 2,291 |
| Dividends paid | (2,281) | — | — | — | (2,281) |
| Other, net | 104 | (5,684) | 5,684 | — | 104 |
| Net cash provided by (used in) financing activities | 48,653 | (3,993) | 145 | — | 44,805 |
| CASH FLOWS FROM DISCONTINUED OPERATIONS: | | | | | |
| Net cash used in discontinued operations | — | — | (387) | — | (387) |
| Effect of exchange rate changes on cash and equivalents | — | — | (310) | — | (310) |
| NET DECREASE IN CASH AND EQUIVALENTS | 1,149 | 1,437 | (4,619) | — | (2,033) |
| CASH AND EQUIVALENTS AT BEGINNING OF PERIOD | 2,440 | 10,671 | 38,890 | — | 52,001 |
| CASH AND EQUIVALENTS AT END OF PERIOD | $3,589 | $12,108 | $34,271 | $— | $49,968 |

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Three Months Ended December 31, 2014

| | Parent Company | Guarantor Companies | Non-Guarantor Companies | Elimination | Consolidation |
|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Net income (loss) | $7,471 | $11,354 | $ 11,368 | $(22,722) | $7,471 |
| Net cash provided by (used in) operating activities: | 1,703 | (19,874) | 10,121 | — | (8,050) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Acquisition of property, plant and equipment | (12) | (16,534) | (2,375) | — | (18,921) |
| Intercompany distributions | 10,000 | (10,000) | — | — | — |
| Proceeds from sale of assets | — | 5 | 102 | — | 107 |
| Net cash provided by (used in) investing activities | 9,988 | (26,529) | (2,273) | — | (18,814) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |
| Purchase of shares for treasury | (13,170) | — | — | — | (13,170) |
| Proceeds from long-term debt | 10,000 | — | 279 | — | 10,279 |
| Payments of long-term debt | (10,551) | (432) | (312) | — | (11,295) |
| Change in short-term borrowings | — | — | (1,201) | — | (1,201) |
| Financing costs | (29) | — | — | — | (29) |
| Tax benefit from exercise/vesting of equity awards, net | 342 | — | — | — | 342 |
| Dividends paid | (1,910) | — | — | — | (1,910) |
| Other, net | 102 | 21,832 | (21,832) | — | 102 |
| Net cash provided by (used in) financing activities | (15,216) | 21,400 | (23,066) | — | (16,882) |
| CASH FLOWS FROM DISCONTINUED OPERATIONS: | | | | | |
| Net cash used in discontinued operations | — | — | (380) | — | (380) |
| Effect of exchange rate changes on cash and equivalents | — | — | (1,713) | — | (1,713) |
| NET DECREASE IN CASH AND EQUIVALENTS | (3,525) | (25,003) | (17,311) | — | (45,839) |
| CASH AND EQUIVALENTS AT BEGINNING OF PERIOD | 6,813 | 31,522 | 54,070 | — | 92,405 |
| CASH AND EQUIVALENTS AT END OF PERIOD | $3,288 | $6,519 | $ 36,759 | $— | $46,566 |

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

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

BUSINESS OVERVIEW

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

Griffon currently conducts its operations through three reportable segments:

- Home & Building Products ("HBP") consists of two companies, The AMES Companies, Inc. (“AMES”) and Clopay Building Products Company, Inc. (“CBP”):
  - AMES is a global provider of non-powered landscaping products for homeowners and professionals.
  - CBP is a leading manufacturer and marketer of residential, commercial and industrial garage doors to professional dealers and major home center retail chains.
- Telephonics Corporation ("Telephonics") designs, develops and manufactures high-technology integrated information, communication and sensor system solutions for military and commercial markets worldwide.
- Clopay Plastic Products Company, Inc. ("PPC") 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.

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

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

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

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

2011.

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

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

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

From August 2011 through December 31, 2015, Griffon repurchased 17,183,640 shares of its common stock, for a total of $210,362 or $12.24 per share. This included the repurchase of 12,739,196 shares on the open market, as well as the December 10, 2013 repurchase of 4,444,444 shares from GS Direct for $50,000, or $11.25 per share. In each of August 2011, May 2014, March 2015, and July 2015, Griffon’s Board of Directors authorized the repurchase of up to $50,000 of Griffon’s outstanding common stock. Under these programs, the Company may purchase shares in the open market, including pursuant to a 10b5-1 plan, or in privately negotiated transactions. At December 31, 2015, $50,696 in the aggregate remains under the March 2015 and July 2015 Board authorizations.

Since September 2008, Griffon's Employee Stock Ownership Plan ("ESOP") has purchased 4,013,459 shares of Griffon's common stock, for a total of $44,973 or $11.21 per share. At December 31, 2015, the ESOP holds allocated and unallocated shares totaling 5,477,604, or 11% of Griffon's outstanding shares, with a related loan balance of $35,987, net of issuance costs.

On November 17, 2011, the Company began declaring quarterly dividends. During the first quarter of 2016, and during 2015, 2014 and 2013, the Company declared and paid dividends per share of $0.05, $0.16, $0.12 and $0.10, respectively, for a total of $22,033 dividends paid during the period.

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

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

In January 2016, Griffon launched its new website: www.griffon.com.

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

OVERVIEW

Revenue for the quarter ended December 31, 2015 was $494,149 compared to $502,160 in the prior year quarter, a decrease of 2%. Excluding the unfavorable impact of foreign currency, revenue increased 3%, primarily from continued growth at CBP and increased revenue at Telephonics, partially offset by the impact of a mild winter on AMES and lower PPC volume. Net income was $8,596 or $0.19 per share, compared to $7,471 or $0.16 per share, in the prior year quarter. The current and prior year results included discrete tax benefits, net of $399 or $0.01 per share compared to discrete tax provisions, net of $349 or $0.01 per share.

Excluding the discrete tax items from the respective quarterly results, net income would have been $8,197 or $0.18 per share in the current quarter compared to $7,820 or $0.16 per share in the prior year quarter. Excluding the negative impact of foreign currency and the discrete tax benefits, net income in the current year quarter would have been $9,715 or $0.21 per share.

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

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

| | For the Three Months Ended December 31, | |
|---|---|---|
| | 2015 | 2014 |
| Net income | $8,596 | $7,471 |
| Adjusting items, net of tax: | | |
| Discrete tax provisions (benefits) | (399) | 349 |
| Adjusted net income | $8,197 | $7,820 |
| Diluted income per common share | $0.19 | $0.16 |
| Adjusting items, net of tax: | | |
| Discrete tax provisions (benefits) | (0.01) | 0.01 |
| Adjusted earnings per common share | $0.18 | $0.16 |
| Weighted-average shares outstanding (in thousands) | 45,384 | 48,136 |

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.

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RESULTS OF OPERATIONS

Quarters ended December 31, 2015 and 2014

Griffon evaluates performance and allocates resources based on each segment's operating results before interest income and expense, income taxes, depreciation and amortization, unallocated amounts (mainly corporate overhead), restructuring charges and acquisition-related expenses, as applicable (“Segment adjusted EBITDA”). Griffon believes this information is useful to investors for the same reason. The following table provides a reconciliation of Segment operating profit to Income before taxes:

| | For the Three Months Ended December 31, | |
|---|---|---|
| | 2015 | 2014 |
| Segment operating profit: | | |
| Home & Building Products | $21,159 | $16,369 |
| Telephonics | 7,813 | 7,517 |
| PPC | 6,017 | 8,020 |
| Total segment operating profit | 34,989 | 31,906 |
| Net interest expense | (12,012) | (11,637) |
| Unallocated amounts | (9,628) | (8,264) |
| Income before taxes | $13,349 | $12,005 |

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

| | For the Three Months Ended December 31, | |
|---|---|---|
| | 2015 | 2014 |
| Segment adjusted EBITDA: | | |
| Home & Building Products | $29,829 | $24,470 |
| Telephonics | 10,344 | 10,032 |
| PPC | 11,785 | 14,551 |
| Total Segment adjusted EBITDA | 51,958 | 49,053 |
| Net interest expense | (12,012) | (11,637) |
| Segment depreciation and amortization | (16,969) | (17,147) |
| Unallocated amounts | (9,628) | (8,264) |
| Income before taxes | $13,349 | $12,005 |

Home & Building Products

| | For the Three Months Ended December 31, | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| Revenue: | | | | |
| AMES | $118,290 | | $133,110 | |
| CBP | 142,908 | | 138,600 | |
| Home & Building Products | $261,198 | | $271,710 | |
| Segment operating profit | $21,159 | 8.1 % | $16,369 | 6.0 % |
| Depreciation and amortization | 8,670 | | 8,101 | |
| Segment adjusted EBITDA | $29,829 | 11.4 % | $24,470 | 9.0 % |

For the quarter ended December 31, 2015, revenue decreased $10,512 or 4%, compared to the prior year quarter. Excluding a $9,900 or 4% unfavorable foreign currency impact, revenue was consistent with the prior year quarter. AMES revenue decreased

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11% primarily due to reduced snow tool sales in both Canada and North America as a result of warmer seasonal weather conditions, partially offset by improved pots and planter and wheelbarrow sales; foreign currency was 6% unfavorable. CBP revenue increased 3% due to favorable mix and increased volume; foreign currency was 1% unfavorable.

For the quarter ended December 31, 2015, Segment operating profit increased 29% to $21,159 compared to $16,369 in the prior year quarter, driven by AMES operational efficiency improvements and cost control measures, and increased volume and favorable mix at CBP. The operational efficiency improvement primarily resulted from the AMES plant consolidation initiative that commenced in January 2013 and was completed at the end of the prior year first quarter. The current quarter included an unfavorable impact from foreign currency of $2,300 or 14%. Segment depreciation and amortization increased $569 from the prior year quarter.

Telephonics

| | For the Three Months Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| Revenue | $109,037 | | | $90,658 | | |
| Segment operating profit | $7,813 | 7.2 | % | $7,517 | 8.3 | % |
| Depreciation and amortization | 2,531 | | | 2,515 | | |
| Segment adjusted EBITDA | $10,344 | 9.5 | % | $10,032 | 11.1 | % |

For the quarter ended December 31, 2015, revenue increased $18,379 or 20% compared to the prior year quarter, primarily due to the timing of work performed on maritime surveillance radars and deliveries of wireless intercommunication systems, partially offset by cost growth recognized on certain components for airport surveillance radar and secure digital communication contracts.

For the quarter ended December 31, 2015, Segment operating profit increased $296 or 4%, and operating profit margin decreased 110 basis points, compared to the prior year quarter, primarily due to increased profit on the increased revenue, partially offset by unfavorable program mix and the cost growth, as noted above.

During the quarter ended December 31, 2015, Telephonics was awarded several new contracts and incremental funding on existing contracts approximating $125,100. Contract backlog was $459,000 at December 31, 2015, with 70% expected to be fulfilled in the next 12 months. Backlog was $442,000 at September 30, 2015 and $496,000 at December 31, 2014. Backlog is defined as unfilled firm orders for products and services for which funding has been both authorized and appropriated by the customer or Congress, in the case of the U.S. government agencies.

In December 2015, Telephonics invested an additional $2,726 increasing its equity stake from 26% to 49% in Mahindra Telephonics Integrated Systems (MTIS), a joint venture with Mahindra Defence Systems, a Mahindra Group Company. MTIS is an aerospace and defense manufacturing and development facility in Prithla, India.

Plastic Products Company

| | For the Three Months Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| Revenue | $123,914 | | | $139,792 | | |
| Segment operating profit | $6,017 | 4.9 | % | $8,020 | 5.7 | % |
| Depreciation and amortization | 5,768 | | | 6,531 | | |
| Segment adjusted EBITDA | $11,785 | 9.5 | % | $14,551 | 10.4 | % |

For the quarter ended December 31, 2015, revenue decreased $15,878, or 11%, compared to the prior year quarter, primarily due to the unfavorable impact of foreign currency of $11,600 or 8%, decreased volume, primarily due to prior year product rationalizations of 2% and an unfavorable impact from the pass through of resin costs in customer selling prices of 1%. PPC adjusts selling prices based on underlying resin costs on a delayed basis.

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For the quarter ended December 31, 2015, Segment operating profit decreased $2,003 or 25% compared to the prior year quarter, primarily due to decreased volume and operational inefficiencies experienced in Europe from bringing down equipment for maintenance, partially offset by the change in the impact of resin pricing pass through of $1,750. The impact of foreign currency was not material. Segment depreciation decreased $763 from the prior year quarter.

Unallocated

For the quarter ended December 31, 2015, unallocated amounts totaled $9,628 compared to $8,264 in the prior year with the increase primarily related to compensation and incentive costs.

Segment Depreciation and Amortization

Segment depreciation and amortization decreased $178 for the quarter ended December 31, 2015 compared to the prior year periods, primarily due to assets fully amortizing, partially offset by the onset of depreciation for new assets placed in service.

Other Expense

For the quarters ended December 31, 2015 and 2014, Other income (expense) included $431 and ($540), respectively, of net currency exchange gains and 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 $192 and $46, respectively, of net investment income.

Provision for income taxes

The effective tax rate for the quarter ended December 31, 2015 was 35.6% compared to 37.8% in the comparable prior year quarter. The current and prior year tax rates reflect the impact of permanent differences not deductible in determining taxable income, changes in earnings mix between domestic and non-domestic operations, and tax reserves.

The quarter ended December 31, 2015 included net tax benefits of $399 from discrete items primarily resulting from the retroactive extension of the federal R&D credit signed into law December 18, 2015. The comparable prior year quarter included $349 of discrete provisions that resulted from the provision for taxes on repatriation of foreign earnings, partially offset by the benefit of the retroactive extension of the federal R&D credit signed into law December 19, 2014, and release of a valuation allowance.

Excluding discrete items, the effective tax rate for the quarter ended December 31, 2015 was 38.6% compared to 34.9% in the comparable prior year quarter.

Stock based compensation

For the quarters ended December 31, 2015 and 2014, stock based compensation expense totaled $3,066 and $2,577, respectively.

Comprehensive income (loss)

For the quarter ended December 31, 2015, total other comprehensive income, net of taxes, of $3,978, included a $3,349 loss from foreign currency translation adjustments primarily due to the weakening of the Euro, Canadian and Brazilian currencies, all in comparison to the U.S. Dollar, $386 benefit from pension amortization of actuarial losses and a $1,015 loss on cash flow hedges.

For the quarter ended December 31, 2014, total other comprehensive loss, net of taxes, of $16,183, included a $15,500 loss from foreign currency translation adjustments primarily due to the weakening of the Euro, Canadian, Australian and Brazilian currencies, all in comparison to the U.S. Dollar, a $353 benefit from pension amortization of actuarial losses, a $74 loss on cash flow hedges and $962 loss on available-for-sale securities.

Discontinued operations – Installation Services

There was no revenue or income from the Installation Services' business for the quarters ended December 31, 2015 and 2014.

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## LIQUIDITY AND CAPITAL RESOURCES

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

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

| Cash Flows from Continuing Operations | For the Three Months Ended December 31, | |
|---|---|---|
| (in thousands) | 2015 | 2014 |
| Net Cash Flows Provided by (Used In): | | |
| Operating activities | $(19,596) | $(8,050) |
| Investing activities | (26,545) | (18,814) |
| Financing activities | 44,805 | (16,882) |

Cash used in continuing operations for the quarter ended December 31, 2015 was $19,596 compared to $8,050 in the prior year quarter. Current assets net of current liabilities, excluding short-term debt and cash, increased to $456,061 at December 31, 2015 compared to $397,824 at September 30, 2015, primarily due to increased settlement of accounts payable and accrued expenses, increases in inventory and contract costs and recognized income not yet billed, partially offset by increased collections of accounts receivable.

During the quarter ended December 31, 2015, Griffon used cash for investing activities of $26,545 compared to $18,814 in the prior year. Capital expenditures for the quarter ended December 31, 2015 totaled $25,018, an increase of $6,097 from the prior year. In December 2015, Telephonics invested an additional $2,726 increasing its equity stake from 26% to 49% in Mahindra Telephonics Integrated Systems (MTIS), a joint venture with Mahindra Defence Systems, a Mahindra Group Company. MTIS is an aerospace and defense manufacturing and development facility in Prithla, India.

During the quarter ended December 31, 2015, cash provided by financing activities totaled $44,805 compared to cash used in financing activities of $16,882 in the prior year. The inflow of cash provided by financing activities in the current year compared to an outflow of cash used in the prior year principally reflects the changes in the Revolving Credit Facility (the "Credit Agreement") net borrowings in 2016 compared to 2015. At December 31, 2015, outstanding borrowings under the Credit Agreement were $95,000 compared to outstanding borrowings of $25,000 in the prior year. At December 31, 2015, we had $901,217 of debt outstanding compared to $796,313 outstanding at December 31, 2014, net of debt discount and issuance costs. On March 20, 2015 Griffon's Board of Directors authorized the repurchase of up to $50,000 of Griffon's outstanding common stock; on July 29, 2015, an additional $50,000 was authorized. Under these programs, the Company may purchase shares in the open market, including pursuant to a 10b5-1 plan, or in privately negotiated transactions. During the quarter ended December 31, 2015, Griffon purchased 432,419 shares of common stock under both the March 2015 and July 2015 programs, for a total of $7,230 or $16.72 per share. In addition, during the quarter ended December 31, 2015, 186,539 shares, with a market value of $3,552, or $19.04 per share, were withheld to settle employee taxes due upon the vesting of restricted stock, and were added to treasury stock. At December 31, 2015, $50,696 remains under current Board repurchase authorizations.

During the quarter ended December 31, 2015, the Board of Directors approved a quarterly cash dividend of $0.05 per share, paid on December 23, 2015 to shareholders of record as of close of business on December 3, 2015. On January 28, 2016, the Board of Directors declared a quarterly cash dividend of $0.05 per share, payable on March 23, 2016 to shareholders of record as of the close of business on February 25, 2016.

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. PPC customers are generally substantial industrial companies whose payments have been steady, reliable and made in accordance with the terms governing such sales. PPC sales satisfy orders that are received in advance of production, in which payment terms are established in advance. With respect to HBP, there have been no material adverse impacts on payment for sales.

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A small number of customers account for, and are expected to continue to account for, a substantial portion of Griffon's consolidated revenue. For the quarter ended December 31, 2015:

- The United States Government and its agencies, through either prime or subcontractor relationships, represented 17% of Griffon's consolidated revenue and 76% of Telephonics' revenue.
- Procter & Gamble Co. represented 13% of Griffon's consolidated revenue and 53% of PPC revenue.
- The Home Depot represented 11% of Griffon's consolidated revenue and 21% of HBP's revenue.

No other customer exceeded 10% 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<br>(in thousands) | December 31,<br>2015 | September 30,<br>2015 |
|---|---|---|
| Cash and equivalents | $49,968 | $52,001 |
| Notes payables and current portion of long-term debt | 15,189 | 16,593 |
| Long-term debt, net of current maturities | 886,028 | 826,976 |
| Debt discount and issuance costs | 15,974 | 17,630 |
| Total debt | 917,191 | 861,199 |
| Debt, net of cash and equivalents | $867,223 | $809,198 |

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

The Senior Notes are senior unsecured obligations of Griffon guaranteed by certain domestic subsidiaries, and subject to certain covenants, limitations and restrictions. On June 18, 2014, Griffon exchanged all of the Senior Notes for substantially identical Senior Notes registered under the Securities Act of 1933 via an exchange offer. The fair value of the Senior Notes approximated $570,000 on December 31, 2015 based upon quoted market prices (level 1 inputs).

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

On March 13, 2015, Griffon amended its Revolving Credit Facility ("Credit Agreement") to increase the credit facility from $225,000 to $250,000, extend its maturity date from March 28, 2019 to March 13, 2020, and modify certain other provisions of the facility. The facility includes a letter of credit sub-facility with a limit of $50,000 (decreased from $60,000), and a multi-currency sub-facility of $50,000. Borrowings under the Credit Agreement may be repaid and re-borrowed at any time, subject to final maturity of the facility, or the occurrence or event of default under the Credit Agreement. Interest is payable on borrowings at either a LIBOR or base rate benchmark rate, in each case without a floor, plus an applicable margin, which adjusts based on financial performance. Current margins are 1.00% for base rate loans and 2.00% for LIBOR loans. The Credit Agreement has certain financial maintenance tests including a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio, as well as customary affirmative and negative covenants and events of default. The negative covenants place limits on Griffon's ability to, among other things, incur indebtedness, incur liens, and make restricted payments and investments. The Credit Agreement also has a minimum liquidity covenant that requires cash and available borrowings under the Credit Agreement in the aggregate to equal or exceed $100,000 during the six month period prior to maturity of the 2017 Notes (which mature on January 15, 2017); such covenant will no longer apply after payment in full of the 2017 Notes. Borrowings under the Credit Agreement are guaranteed by Griffon’s material domestic subsidiaries and are secured, on a first priority basis, by substantially all domestic assets of the Company and the guarantors and a pledge of not greater than 65% of the equity interest in each of Griffon’s material, first-tier foreign subsidiaries (except that a lien on the assets of Griffon's material domestic subsidiaries securing a limited amount of the debt under the credit agreement relating to Griffon's Employee Stock Ownership Plan ("ESOP") ranks pari passu with the lien granted on such assets under the Credit Agreement). At December 31, 2015, outstanding borrowings

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and standby letters of credit were $95,000 and $15,922, respectively, under the Credit Agreement; $139,078 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 69.3811 shares of Griffon’s common stock per $1 principal amount of notes, corresponding to a conversion price of $14.41 per share. Prior to July 15, 2016, if for at least 20 trading days out of the last 30 trading days during any fiscal quarter the closing price of Griffon's common stock is 130% or greater than the conversion price on each such trading day, then at any time during the immediately subsequent fiscal quarter any holder has the option to convert such holder's notes (and the Company is required to notify the trustee under the notes, and the holders of the notes, that this condition to conversion has been met). At any time on or after July 15, 2016, any holder has the option to convert such holder's notes into shares of Griffon common stock. Griffon has the intent and ability to settle the principal component of any conversion of notes in cash. When a cash dividend is declared that would result in an adjustment to the conversion ratio of less than 1%, any adjustment to the conversion ratio is deferred until the first to occur of (i) actual conversion; (ii) the 42nd trading day prior to maturity of the notes; and (iii) such time as the cumulative adjustment equals or exceeds 1%. As of December 31, 2015, aggregate dividends since the last conversion price adjustment of $0.13 per share would have resulted in an adjustment to the conversion ratio of approximately 0.77%. At both December 31, 2015 and 2014, the 2017 Notes had a capital in excess of par component, net of tax, of $15,720. The fair value of the 2017 Notes approximated $128,375 on December 31, 2015 based upon quoted market prices (level 1 inputs). These notes are classified as long term debt as Griffon has the intent and ability to refinance the principal amount of the notes with borrowings under the Credit Agreement.

In September 2015, Griffon entered into a $32,280 mortgage loan secured by four properties occupied by Griffon's subsidiaries, refinancing two existing real estate mortgages and providing new mortgages on two existing real estate properties. The loans mature in September 2025, are collateralized by the specific properties financed and are guaranteed by Griffon. The loans bear interest at a rate of LIBOR plus 1.50%. At December 31, 2015, $31,284 was outstanding, net of issuance costs.

In December 2013, Griffon’s ESOP entered into an agreement that refinanced the two existing ESOP loans into one new Term Loan in the amount of $21,098 (the "Agreement"). The Agreement also provided for a Line Note with $10,000 available to purchase shares of Griffon common stock in the open market. In July 2014, Griffon's ESOP entered into an amendment to the existing Agreement which provided an additional $10,000 Line Note available to purchase shares in the open market. During 2014, the Line Notes were combined with the Term Loan to form one new Term Loan. The Term Loan bears interest at LIBOR plus 2.38% or the lender’s prime rate, at Griffon’s option. The Term Loan requires quarterly principal payments of $551, with a balloon payment of approximately $30,137 due at maturity on December 31, 2018. During 2014, 1,591,117 shares of Griffon common stock, for a total of $20,000 or $12.57 per share, were purchased with proceeds from the Line Notes. As of December 31, 2015, $35,987, net of issuance costs, was outstanding under the Term Loan. The Term Loan is secured by shares purchased with the proceeds of the loan and with a lien on a specific amount of Griffon assets (which lien ranks pari passu with the lien granted on such assets under the Credit Agreement) and is guaranteed by Griffon.

In October 2006, CBP entered into a capital lease totaling $14,290 for real estate in Troy, Ohio. The lease matures in 2022, bears interest at a fixed rate of 5.0%, is secured by a mortgage on the real estate and is guaranteed by Griffon. At December 31, 2015, $7,111 was outstanding, net of issuance costs.

In September 2015, Clopay Europe GMBH (“Clopay Europe”) entered into a EUR 5,000 ($5,463 as of December 31, 2015) revolving credit facility and a EUR 15,000 ($16,389 as of December 31, 2015) term loan. The term loan is payable in twelve quarterly installments of EUR 1,250, bears interest at a fixed rate of 2.5% and matures in September 2018. The revolving facility matures in November 2016, but is renewable upon mutual agreement with the bank. The revolving credit facility accrues interest at EURIBOR plus 1.75% per annum (1.75% at December 31, 2015). The revolver and the term loan are both secured by substantially all of the assets of Clopay Europe and its subsidiaries. Griffon guarantees the revolving facility and term loan. The term loan had an outstanding balance of EUR 13,750 ($15,023) and the revolver had no borrowings outstanding at December 31, 2015. Clopay Europe is required to maintain a certain minimum equity to assets ratio and is subject to a maximum debt leverage ratio (defined as the ratio of total debt to EBITDA).

Clopay do Brazil maintains lines of credit of R$12,800 ($3,278 as of December 31, 2015). Interest on borrowings accrues at a rate of Brazilian CDI plus 6.0% (20.14% at December 31, 2015). At December 31, 2015 there was approximately R$7,083 ($1,814 as of December 31, 2015) borrowed under the lines. PPC guarantees the loan and lines.

In November 2012, Garant G.P. (“Garant”) entered into a CAD $15,000 revolving credit facility.  The facility accrues interest at LIBOR (USD) or the Bankers Acceptance Rate (CDN) plus 1.3% per annum (1.73% LIBOR USD and 2.16% Bankers Acceptance Rate CDN as of December 31, 2015). The revolving facility matures in October 2016. Garant is required to maintain a certain

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minimum equity. At December 31, 2015, there was CAD $5,184 ($3,739 as of December 31, 2015) borrowed under the revolving credit facility with CAD $9,816 ($7,079 as of December 31, 2015) available for borrowing.

In December 2013 and May 2014, Griffon Australia Holdings Pty Ltd (formerly known as Northcote Holdings Australia Pty Ltd) entered into two unsecured term loans in the outstanding amounts of AUD 12,500 and AUD 20,000. The AUD 12,500 term loan requires quarterly interest payments with principal due upon maturity in December 2016. The AUD 20,000 term loan requires quarterly principal payments of AUD 625, with a balloon payment due upon maturity in May 2017. The loans accrue interest at Bank Bill Swap Bid Rate "BBSY" plus 2.8% per annum (4.86% at December 31, 2015 for each loan). As of December 31, 2015, Griffon had an outstanding combined balance of AUD 31,249 ($22,778 as of December 31, 2015) on the term loans, net of issuance costs.

A subsidiary of Northcote Holdings Pty Ltd also maintains a line of credit of AUD 5,000 ($3,644 as of December 31, 2015),which accrues interest at BBSY plus 2.50% per annum (4.56% at December 31, 2015). At December 31, 2015, there were no outstanding borrowings under the line. The assets of a subsidiary of Northcote Holdings Pty Ltd secures the AUD 5,000 line of credit.

At December 31, 2015, Griffon and its subsidiaries were in compliance with the terms and covenants of its credit and loan agreements.

In each of March 2015 and July 2015, Griffon's Board of Directors authorized the repurchase of up to $50,000 of Griffon's outstanding common stock. Under both programs, the Company may, from time to time, purchase shares of its common stock in the open market, including pursuant to a 10b5-1 plan, or in privately negotiated transactions. During the quarter ended December 31, 2015, Griffon purchased 432,419 shares of common stock under the March 2015 program, for a total of $7,230 or $16.72 per share.

From August 2011 through December 31, 2015, Griffon repurchased 17,183,640 shares of its common stock, for a total of $210,362 or $12.24 per share, inclusive of the December 10, 2013 repurchase of 4,444,444 shares of its common stock for $50,000 from GS Direct. As of December 31, 2015, $50,696 remains in the aggregate under the March 2015 and July 2015 Board authorizations.

Subject to certain exceptions, if GS Direct intends to sell its remaining shares of Griffon common stock at any time prior to December 31, 2016, it will first negotiate in good faith to sell such shares to the Company.

On November 17, 2011, the Company began declaring quarterly dividends. During 2015, the Company declared and paid dividends per share of $0.16. During the quarter ended December 31, 2015, the Board of Directors approved a quarterly cash dividends of $0.05 per share. The Company currently intends to pay dividends each quarter; however, payment of dividends is determined by the Board of Directors at its discretion based on various factors, and no assurance can be provided as to the payment of future dividends.

On January 28, 2016, the Board of Directors declared a quarterly cash dividend of $0.05 per share, payable on March 23, 2016 to shareholders of record as of the close of business on February 25, 2016.

During the quarters ended December 31, 2015 and 2014, Griffon used cash for discontinued operations of $387 and $380, respectively, primarily related to settling remaining Installation Services liabilities and environmental costs.

CRITICAL ACCOUNTING POLICIES

The preparation of Griffon's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on assets, liabilities, revenue and expenses. These estimates can also affect supplemental information contained in public disclosures of Griffon, including information regarding contingencies, risk and its financial condition. These estimates, assumptions and judgments are evaluated on an ongoing basis and based on historical experience, current conditions and various other assumptions, and form the basis for estimating the carrying values of assets and liabilities, as well as identifying and assessing the accounting treatment for commitments and contingencies. Actual results may materially differ from these estimates. There have been no changes in Griffon's critical accounting policies from September 30, 2015.

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, 2015. 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.

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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.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, especially “Management’s Discussion and Analysis”, contains certain “forward-looking statements” within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements relate to, among other things, income (loss), earnings, cash flows, revenue, changes in operations, operating improvements, industries in which Griffon Corporation (the “Company” or “Griffon”) operates and the United States and global economies. Statements in this Form 10-Q that are not historical are hereby identified as “forward-looking statements” and may be indicated by words or phrases such as “anticipates,” “supports,” “plans,” “projects,” “expects,” “believes,” “should,” “would,” “hope,” “forecast,” “management is of the opinion,” “may,” “will,” “estimates,” “intends,” “explores,” “opportunities,” the neg these expressions, use of the future tense and similar words or phrases. Such forward-looking statements are subject to inherent risks and uncertainties that could cause actual results to differ materially from those expressed in any forward-looking statements. These risks and uncertainties include, among others: current economic conditions and uncertainties in the housing, credit and capital markets; Griffon’s ability to achieve expected savings from cost control, integration and disposal initiatives; the ability to identify and successfully consummate and integrate value-adding acquisition opportunities; increasing competition and pricing pressures in the markets served by Griffon’s operating companies; the ability of Griffon’s operating companies to expand into new geographic and product markets and to anticipate and meet customer demands for new products and product enhancements and innovations; reduced military spending by the government on projects for which Griffon’s Telephonics Corporation supplies products, including as a result of continuing budgetary cuts resulting from sequestration and other government actions; the ability of the federal government to fund and conduct its operations; increases in the cost of raw materials such as resin and steel; changes in customer demand or loss of a material customer at one of Griffon’s operating companies; the potential impact of seasonal variations and uncertain weather patterns on certain of Griffon’s businesses; political events that could impact the worldwide economy; a downgrade in Griffon’s credit ratings; changes in international economic conditions including interest rate and currency exchange fluctuations; the reliance by certain of Griffon’s businesses on particular third party suppliers and manufacturers to meet customer demands; the relative mix of products and services offered by Griffon’s businesses, which impacts margins and operating efficiencies; short-term capacity constraints or prolonged excess capacity; unforeseen developments in contingencies, such as litigation and environmental matters; unfavorable results of government agency contract audits of Telephonics Corporation; Griffon’s ability to adequately protect and maintain the validity of patent and other intellectual property rights; the cyclical nature of the businesses of certain of Griffon’s operating companies; and possible terrorist threats and actions and their impact on the global economy. Additional important factors that could cause the statements made in this Quarterly Report on Form 10-Q or the actual results of operations or financial condition of Griffon to differ are discussed under the caption “Item 1A. Risk Factors” and “Special Notes Regarding Forward-Looking Statements” in Griffon’s Annual Report on Form 10-K for the year ended September 30, 2015. 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 Germany, Canada, Brazil, Australia and China; 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.

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Item 4 - Controls and Procedures

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

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

Limitations on the Effectiveness of Controls

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

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PART II - OTHER INFORMATION

Item 1 Legal Proceedings
None

Item 1A Risk Factors
In addition to the other information set forth in this report, carefully consider the factors discussed in Item 1A to Part I in Griffon's Annual Report on Form 10-K for the year ended September 30, 2015, which could materially affect Griffon's business, financial condition or future results. The risks described in Griffon's Annual Report on Form 10-K are not the only risks facing Griffon. Additional risks and uncertainties not currently known to Griffon or that Griffon currently deems to be immaterial also may materially adversely affect Griffon's business, financial condition and/or operating results.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

(c)

ISSUER PURCHASES OF EQUITY SECURITIES

| Period | (a) Total Number of Shares (or Units) Purchased | | (b) Average Price Paid Per Share (or Unit) | (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1) | (d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs(1) |
|---|---|---|---|---|---|
| October 1 - 31, 2015 | 184,019 | | $15.84 | 184,019 | |
| November 1 - 30, 2015 | 75,700 | | 16.79 | 75,700 | |
| December 1 - 31, 2015 | 359,239 | (2) | 18.72 | 172,700 | |
| Total | 618,958 | | $17.63 | 432,419 | $50,696 |

1. On each of March 20, 2015 and July 30, 2015, the Company's Board of Directors authorized the repurchase of up to $50,000 of Griffon common stock; as of December 31 2015, an aggregate of $50,696 remained available for the purchase of Griffon common stock under both the March 20, 2015 and July 30, 2015 $50,000 Board authorizations.
2. Includes (a) 172,700 shares purchased by the Company in open market purchases pursuant to a stock buyback plan authorized by the Company's Board of Directors; and (b) 186,539 shares acquired by the Company from holders of restricted stock upon vesting of the restricted stock, to satisfy tax-withholding obligations of the holders.

Item 3 Defaults Upon Senior Securities
None

Item 4 Mine Safety Disclosures
None

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Item 5 Other Information

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

Griffon Corporation Amended and Restated 2016 Equity Incentive Plan

On January 29, 2016, the stockholders of Griffon Corporation ("Griffon") approved the Griffon Corporation 2016 Equity Incentive Plan ("Incentive Plan") at the annual meeting of stockholders. Any employee or non-employee director of, or consultant to, Griffon and its subsidiaries is eligible to participate in the Incentive Plan. The Incentive Plan is administered by the Compensation Committee of Griffon's Board of Directors (the "Committee"). The Committee may award restricted stock and restricted stock units and establish the applicable restrictions. The Committee may award stock options in the form of nonqualified stock options or incentive stock options, or stock appreciation rights, each with a maximum term of ten years. In addition, the Committee may grant performance awards, deferred stock and other stock-based awards, with performance awards payable to, or exercisable by, the participant upon the achievement of performance goals during performance periods. The maximum number of shares as to which stock options and stock awards may be granted under the Incentive Plan is 2,350,000 plus (i) any shares reserved for issuance under the 2011 Equity Incentive Plan as of the effective date of the Incentive Plan (as of December 31, 2015, there were 53,246 shares reserved for issuance under the 2011 Equity Incentive Plan), and (ii) any shares underlying awards outstanding on such effective date under the 2011 Incentive Plan that are subsequently canceled or forfeited. The maximum number of shares that may be awarded to a participant in any fiscal year shall not exceed 2,000,000 with respect to options or 1,000,000 with respect to any award other than an option award. If any award is forfeited, terminates or expires unexercised, the shares of common stock subject to such award will again be available for future grant.

Effective as of the approval of the Incentive Plan by our stockholders on January 29, 2016, Griffon will not grant any new awards under its former equity plans. Any grants outstanding under such former equity plans will continue under their terms.

This summary description of the Incentive Plan is qualified in its entirety by reference to (i) the description of the Incentive Plan included in Griffon's Proxy Statement relating to its 2016 Annual Meeting of Shareholders filed with the Securities and Exchange Commission ("SEC") on December 17, 2015 (the "Proxy Statement"), and (ii) the actual Incentive Plan, a form of which was included as Exhibit A to the Proxy Statement, each of which is incorporated herein by reference.

Griffon Corporation 2016 Performance Bonus Plan

On January 29, 2016, the stockholders of Griffon approved the Griffon Corporation 2016 Performance Bonus Plan ("Bonus Plan") at the annual meeting of stockholders. Any employee of Griffon is eligible to participate in the Bonus Plan. The Bonus Plan will be administered by the Committee. All awards under the Bonus Plan will be paid in cash, and will be based on a performance period, which may be of any length, as determined by the Committee. The Committee will determine a target bonus opportunity or range of bonus opportunities for each participant based on the attainment of one or more performance goals established by the Committee. Performance goals must be based on one or more of the performance criteria enumerated in the Bonus Plan. The maximum aggregate amount of all incentive compensation bonuses payable to any participant under the Bonus Plan in any single fiscal year shall not exceed $7,500,000.

The Bonus Plan is designed to qualify any awards payable to our Chief Executive Officer and Griffon's four other most highly compensated executive officers ("Covered Employees") as "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code. In general, Section 162(m) disallows a tax deduction to a public company for any compensation paid to a Covered Employee in excess of $1 million per year, unless the compensation qualifies as performance-based compensation. In general, these requirements include the establishment of objective performance goals for the payment of such compensation by a committee of the Board of Directors composed solely of two or more outside directors, stockholder approval of the material terms of such compensation prior to payment, and certification by the committee that the performance goals for the payment of such compensation have been achieved.

This summary description of the Bonus Plan is qualified in its entirety by reference to (i) the description of the Bonus Plan included in the Proxy Statement, and (ii) the actual Bonus Plan, a form of which was included as Exhibit B to the Proxy Statement, each of which is incorporated herein by reference.

Submission of Matters to a Vote of Security Holders

On January 29, 2016, Griffon Corporation ("Griffon") held its 2016 Annual Meeting of Stockholders. Of the 48,256,558 shares of common stock outstanding and entitled to vote, 46,027,959 shares, or 95.4%, were represented at the meeting in person or by proxy, and therefore a quorum was present. The final results for each of the matters submitted to a vote of stockholders at the Annual Meeting are as follows:

Item No. 1: All of the Board's nominees for Class III directors were elected to serve until Griffon's 2019 Annual Meeting of Stockholders, by the votes set forth below:

| Nominee | For | Withheld | Broker Non-Votes |
|---|---|---|---|
| Henry A. Alpert | 40,412,974 | 3,592,204 | 2,022,781 |
| Blaine V. Fogg | 40,872,780 | 3,132,398 | 2,022,781 |
| Louis J. Grabowsky | 43,031,500 | 973,678 | 2,022,781 |
| William H. Waldorf | 42,286,084 | 1,719,094 | 2,022,781 |

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

| For | Against | Abstain | Broker Non-votes |
|---|---|---|---|
| 37,273,883 | 5,936,649 | 794,644 | 2,022,783 |

Item No. 3: The stockholders approved the Griffon Corporation 2016 Equity Incentive Plan, by the votes set forth below:

| For | Against | Abstain | Broker Non-votes |
|---|---|---|---|
| 35,405,740 | 8,241,271 | 358,166 | 2,022,782 |

Item No. 4: The stockholders approved the Griffon Corporation 2016 Performance Bonus Plan, by the votes set forth below:

| For | Against | Abstain | Broker Non-votes |
|---|---|---|---|
| 41,932,572 | 1,552,597 | 520,006 | 2,022,784 |

Item No. 5: The stockholders ratified the appointment of Grant Thornton LLP as Griffon's independent registered public accounting firm for fiscal 2016, by the votes set forth below:

| For | Against | Abstain |
|---|---|---|
| 45,740,308 | 137,240 | 150,411 |

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| Item 6 | Exhibits |
| 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”. |

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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/ Brian G. Harris
Brian G. Harris
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: January 29, 2016

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EXHIBIT INDEX

| | |
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