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GRIFFON CORP  
Form SC 13D/A  
May 31, 2007

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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SCHEDULE 13D  
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO  
RULE 13d-2(a)

Under the Securities Exchange Act of 1934  
(Amendment No. 4)\*

Griffon Corporation

-----  
(Name of Issuer)

Common Stock, par value \$0.25 per share

-----  
(Title of Class of Securities)

398433102

-----  
(CUSIP Number)

Marc Weingarten, Esq.  
Schulte Roth & Zabel LLP  
919 Third Avenue  
New York, New York 10022  
(212) 756-2000

-----  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

May 30, 2007

-----  
(Date of Event which Requires  
Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box. [ ]

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

(Continued on following pages)

(Page 1 of 10 Pages)

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\* The remainder of this cover page shall be filled out for a reporting person's



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2,535,040

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES\*

[ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

8.5%

14 TYPE OF REPORTING PERSON\*

IA; CO

\* SEE INSTRUCTIONS

CUSIP NO. 398433102

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PAGE 3 OF 10 PAGES

1 NAME OF REPORTING PERSON  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

CLINTON MULTISTRATEGY MASTER FUND, LTD.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a) [ ]

(b) [ ]

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT  
TO ITEMS 2(d) or 2(e) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

CAYMAN ISLANDS

7 SOLE VOTING POWER

-0-

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON WITH

8 SHARED VOTING POWER

2,251,560

9 SOLE DISPOSITIVE POWER

-0-

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10 SHARED DISPOSITIVE POWER

2,251,560

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

2,251,560

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

[ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.5%

14 TYPE OF REPORTING PERSON\*

CO

\* SEE INSTRUCTIONS

CUSIP NO. 398433102

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PAGE 4 OF 10 PAGES

1 NAME OF REPORTING PERSON  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

CLINTON SPECIAL OPPORTUNITIES MASTER FUND, LTD.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a) [ ]

(b) [ ]

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

[ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

CAYMAN ISLANDS

7 SOLE VOTING POWER

-0-

NUMBER OF  
SHARES

8 SHARED VOTING POWER

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BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH 283,480

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9 SOLE DISPOSITIVE POWER

-0-

---

10 SHARED DISPOSITIVE POWER

283,480

---

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

283,480

---

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\* [ ]

---

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.0%

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14 TYPE OF REPORTING PERSON\*

CO

\* SEE INSTRUCTIONS

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1 NAME OF REPORTING PERSON  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

GEORGE E. HALL

---

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]  
(b) [ ]

---

3 SEC USE ONLY

---

4 SOURCE OF FUNDS\*

AF

---

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) [ ]

---

6 CITIZENSHIP OR PLACE OF ORGANIZATION

UNITED STATES

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|   |    |                          |           |
|---|----|--------------------------|-----------|
|   | 7  | SOLE VOTING POWER        |           |
|   |    |                          | -0-       |
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON WITH | 8  | SHARED VOTING POWER      |           |
|   |    |                          | 2,535,040 |
|   | 9  | SOLE DISPOSITIVE POWER   |           |
|   |    |                          | -0-       |
|   | 10 | SHARED DISPOSITIVE POWER |           |
|   |    |                          | 2,535,040 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

2,535,040

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

[ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

8.5%

14 TYPE OF REPORTING PERSON\*

IN

\* SEE INSTRUCTIONS

-----  
CUSIP NO. 398433102  
-----

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PAGE 6 OF 10 PAGES  
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1 NAME OF REPORTING PERSON  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

CONRAD BRINGSJORD

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a) [ ]

(b) [ ]

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

AF

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

[ ]



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Item 3 of the Schedule 13D is hereby amended and restated as follows:

Funds for the purchase of the Shares reported herein were derived from available capital of CMSF and CSO. A total of approximately \$60.5 million was paid to acquire such Shares.

### ITEM 4. PURPOSE OF TRANSACTION.

Item 4 of the Schedule 13D is hereby amended by the addition of the following:

On May 30, 2007, CGI delivered a letter to the Issuer's board of directors stating that, as it had not received a meaningful response from the Issuer's management and advisors with respect to CGI's desire for a transaction to maximize shareholder value of the Issuer, CGI wished to outline a proposal directly to the Board. The letter proposed a \$25.00 per share public recapitalization, led by CGI, where up to 50% of the outstanding shares would be purchased through a tender offer. CGI outlined the proposed financing for the recapitalization, indicating that it had discussed the financing with several major financial institutions and believed that the financing was easily obtainable. The proposal was subject to certain conditions, including various changes in governance, receipt of financing, and retention of a restructuring firm to manage the Issuer on an interim basis to reduce costs. A copy of this letter is attached hereto as Exhibit E and is incorporated herein by reference.

### ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

Paragraphs (a), (b) and (c) of Item 5 of the Schedule 13D are hereby amended and restated as follows:

(a) As of the close of business on May 30, 2007, the Reporting Persons beneficially owned an aggregate of 2,535,040 Shares, constituting approximately 8.5% of the Shares outstanding.

The aggregate percentage of Shares beneficially owned by the Reporting Persons is based upon 29,824,276 Shares outstanding, which is the total number of Shares outstanding as of April 30, 2007 as reported in the Issuer's Quarterly Report on Form 10-Q for the period ended March 31, 2007.

(b) By virtue of investment management agreements with each of CMSF and CSO, CGI has the power to vote or direct the voting, and to dispose or direct the disposition, of all of the 2,251,560 Shares held by CMSF and the 283,480 Shares held by CSO. By virtue of his direct and indirect control of CGI, George E. Hall is deemed to have shared voting power and shared dispositive power with respect to all Shares as to which CGI has voting power or dispositive power. By virtue of his position as managing director and senior portfolio manager of CGI, Conrad Bringsjord is also deemed to have shared voting power and shared dispositive power with respect to all Shares as to which CGI has voting power or dispositive power. Accordingly, CGI, George E. Hall and Conrad Bringsjord are deemed to have shared voting and shared dispositive power with respect to an aggregate of 2,535,040 Shares.

(c) Information concerning transactions in the Shares effected by the Reporting Persons since the most recent filing on Schedule 13D is set forth in Schedule B hereto and is incorporated herein by reference. Unless otherwise indicated, all of such transactions were effected in the open market.

### Item 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.





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CLINTON GROUP, INC.

By: /s/ Francis Ruchalski

-----  
Name: Francis Ruchalski  
Title: Comptroller

CLINTON MULTISTRATEGY MASTER FUND, LTD.

By: Clinton Group, Inc. its investment  
manager

By: /s/ Francis Ruchalski

-----  
Name: Francis Ruchalski  
Title: Comptroller

CLINTON SPECIAL OPPORTUNITIES MASTER FUND, LTD.

By: Clinton Group, Inc. its investment  
manager

By: /s/ Francis Ruchalski

-----  
Name: Francis Ruchalski  
Title: Comptroller

/s/ George E. Hall

-----  
George E. Hall

/s/ Conrad Bringsjord

-----  
Conrad Bringsjord

-----  
CUSIP NO. 398433102  
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SCHEDULE 13D

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SCHEDULE B

TRANSACTIONS IN THE SHARES BY THE REPORTING PERSONS SINCE THE MOST RECENT FILING  
ON SCHEDULE 13D

Clinton Multistrategy Master Fund, Ltd.

| Trade Date | Shares Purchased (Sold) | Price Per Share (\$) |
|------------|-------------------------|----------------------|
| -----      | -----                   | -----                |
| 05/10/2007 | 20,900                  | 22.62                |
| 05/10/2007 | 4,400                   | 22.59                |
| 05/11/2007 | 1,000                   | 22.49                |
| 05/14/2007 | 4,000                   | 22.19                |
| 05/15/2007 | 4,600                   | 21.84                |
| 05/16/2007 | 1,000                   | 21.67                |
| 05/21/2007 | 3,000                   | 21.87                |

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|            |       |       |
|------------|-------|-------|
| 05/22/2007 | 1,500 | 21.92 |
| 05/24/2007 | 3,000 | 21.82 |
| 05/24/2007 | 3,100 | 21.76 |
| 05/25/2007 | 2,900 | 21.66 |
| 05/30/2007 | 8,829 | 21.84 |

Exhibit E

LETTER TO THE ISSUER'S BOARD OF DIRECTORS

May 30, 2007

Board of Directors  
Griffon Corporation  
100 Jericho Quadrangle  
Jericho, New York 11753

To Griffon Board Members:

We have recently attempted to discuss with management and its advisors an outline of a PROPOSED \$25.00 PER SHARE PUBLIC RECAPITALIZATION of Griffon Corporation ("Griffon" or the "Company"). Unfortunately, to date, we have not received a meaningful response with respect to the proposal. Therefore, we would like to outline our transaction to the Board of Directors with the hope that we will ultimately receive a favorable response to our proposal. We would appreciate a response within two weeks so that we can expeditiously finalize our due diligence with respect to arranging financing as well as appropriately addressing structural issues with the Company.

We propose a \$25.00 per share public recapitalization, led by Clinton Group Inc., where up to 50% of shares outstanding are purchased through a tender offer. Each existing shareholder would be entitled to have a minimum of 50% of their current holdings purchased if proration is required.

The sources of financing for the recapitalization are expected to be as follows:

- o \$395 million 1st lien bank financing
- o \$130 million 2nd lien bank financing
- o Approximately \$65 million incremental capital from Clinton Group, or its affiliates and co-investors.

At less than 5.0x total debt to EBITDA, we believe this is a reasonable and flexible debt financing proposal for the Company. We have been in discussions with several major financial institutions regarding the debt financing, and believe this financing to be easily obtainable. Compared to relevant corporate refinancing and leveraged buyout transactions in the current marketplace, this capital structure is actually conservative.

- o The proposal is contingent on:
  - o Clinton Group initially appointing a majority of the directors to the board, who will be subject to annual elections thereafter;
  - o Adoption of the governance modifications articulated in our previous letter, including board declassification, to be implemented for the benefit of all shareholders;
  - o Mr. Blau to be designated Non-Executive Chairman with any associated change of control payments deferred until he no longer remains a member of the Board of Directors;
  - o Engagement of a restructuring firm to manage the Company on an interim

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- o basis focusing on cost reductions related to corporate overhead, segment SG&A, manufacturing, distribution, product sourcing, product rationalization and other areas designed to greatly improve the profitability of Griffon's businesses. We have been in contact with a firm who is willing to commence this engagement on an expedited basis;
- o Completion of due diligence, and funding, by major financial institutions with whom we have had discussions regarding financing terms and structure; and

- o Equity incentive plans created for the management teams of the individual subsidiaries.

We believe that undergoing a levered recapitalization by utilizing the strength of the Company's balance sheet, coupled with executing a turnaround in Griffon's struggling business segments and rationalization of corporate overhead, will ultimately create tremendous value on a per share basis over the long-term.

Offering both attractive rates and favorable terms, the current debt financing markets further suggest that now is the opportune time to employ leverage to reduce the Company's cost of capital while executing on a strategy that will provide existing shareholders with partial monetization of their shares at a premium to today's market price and the upside in Griffon's "turnaround."

Based on our analysis of comparable companies, it seems that the cost structure of Griffon can be reduced dramatically. If significant annual cost savings are outlined and a plan is undertaken by the restructuring firm to realize such savings in the near-term, then we believe the stock of Griffon should trade well north of the \$25 tender price and offer significant long-term upside. For example, using a conservative 15x P/E multiple on a tax effected \$20 million of savings divided by a share count reduced by 43% (through the recapitalization and Clinton Group's incremental equity investment) YIELDS IN EXCESS OF \$9.00 PER SHARE OF INCREMENTAL VALUE.

We look forward to hearing your response to our proposal and meeting with members of the board and its advisors to discuss our proposal in detail.

Clinton Group Inc.

/s/ Conrad Bringsjord

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Conrad Bringsjord

cc: Dusty Philip  
Goldman Sachs