WRIGHT C HYLTON
Form 4
June 15, 2012

FORM 4

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

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

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *
WRIGHT C HYLTON

(Last) (First) (Middle)

SURREY BANCORP, P.O. BOX 1227

(Street)

MOUNT AIRY, NC 27030

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SURREY BANCORP [SRYB]

3. Date of Earliest Transaction (Month/Day/Year)
06/14/2012

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director __X__ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chairman of the Board

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	06/14/2012		P	V	5,016	A	$ 8.5	410,134	D	
Common stock								67,588	I	Held by wife
Common stock								110,281	I	Held by foundation controlled by Mr. Wright
Series A preferred								21,875	D	

stock			
Series A preferred stock	14,286	I	Held by wife
Series D preferred stock	42,373	D	

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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
WRIGHT C HYLTON SURREY BANCORP P.O. BOX 1227 MOUNT AIRY, NC 27030	X	X	Chairman of the Board	

Signatures

Mark H. Towe POA for Hylton Wright	06/15/2012
**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).

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. es in connection with this offering and will solicit the exercise of rights and participation in the over-subscription right. This offering is not contingent upon any number of rights being exercised. We have agreed to pay the dealer manager a fee of $100,000 for its marketing services. In addition, we have agreed to reimburse the dealer manager for its expenses incurred in connection with this offering.

We have agreed to indemnify the dealer manager for, or contribute to losses arising out of, certain liabilities, including liabilities under the Securities Act of 1933, as amended. The dealer manager agreement also provides that the dealer manager will not be subject to any liability to us in rendering the services contemplated by the dealer manager agreement except for any act of bad faith or gross negligence of the dealer manager.

The principal business address of the dealer manager is: 30 Rockefeller Plaza, New York, NY 10020.

We have engaged Lazard Frères & Co. LLC as our financial advisor in connection with this offering and are obligated to pay a financial advisory fee of the greater of $1,000,000 and 0.5% of the gross proceeds of this offering, the Backstop Commitment and the Additional GS Purchase Commitment (against which will be credited the $100,000 dealer manager fee payable to Lazard Capital Markets LLC). The dealer manager, Lazard Frères & Co. LLC and their respective affiliates have provided in the past and may provide to us from time to time in the future in the ordinary course of their business certain financial advisory, investment banking and other services for which they will be entitled to receive fees. We have also agreed to retain Lazard Frères & Co. LLC as the Company's investment banker in connection with any other significant transaction involving us and any third party prior to the earlier of the termination or consummation of this offering. The relationship between Lazard Frères & Co. LLC and Lazard Capital Markets LLC is governed by a business alliance agreement between their respective parent companies, pursuant to which Lazard Frères & Co. LLC referred this offering to Lazard Capital Markets LLC.

Prior to the expiration of this offering, the dealer manager may independently offer for sale shares, including shares acquired through purchasing and exercising the rights, at prices it sets. The dealer manager may realize profits or losses independent of any fees described in this prospectus.

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THE INVESTMENT AGREEMENT

The Backstop Commitment

We have entered into an investment agreement with GS Direct, an affiliate of Goldman, Sachs & Co., under which GS Direct has agreed, subject to the terms and conditions therein, to purchase from us, at the subscription price, a number of shares of common stock equal to (x) 20,000,000 (the aggregate number of shares of common stock issuable upon the exercise of the rights issued in this offering) minus (y) the number of shares of common stock subscribed for and purchased as part of this offering, which transaction we refer to as the Backstop Commitment.

The Additional GS Purchase Commitment

In addition, subject to the terms and conditions in the Investment Agreement, in the event GS Direct acquires less than 10,000,000 shares of common stock in the Backstop Commitment (such number of shares less than 10,000,000, the "Shortfall Amount"), GS Direct has committed to purchase from us an additional number of shares of common stock equal to the Shortfall Amount at the subscription price, which commitment we refer to as the Additional GS Purchase Commitment. We have agreed to pay GS Direct a commitment fee equal to $850,000 in connection with the Additional GS Purchase Commitment.

Preferred Stock

In the event that, after giving effect to the Backstop Commitment, GS Direct would beneficially own greater than 27.9% (or such lesser amount as provided in the Investment Agreement) (the "Voting Cap Percentage") of the aggregate ordinary voting power of all shares of our voting stock, we have agreed to issue and sell to GS Direct, and GS Direct has agreed to purchase from us, shares of non-cumulative, non-voting Series C preferred stock (which is convertible into shares of common stock) (the "Preferred Stock") in lieu of shares of common stock issuable in the Backstop Commitment to the extent necessary to provide that following any purchase under the Investment Agreement, GS Direct would not beneficially own greater than the Voting Cap Percentage of the aggregate voting power of all shares of our voting stock. Each such share of Preferred Stock will be sold at a price equal to 100 times the subscription price, and the conversion rate of such shares of Preferred Stock to our common stock is one to one hundred (100), subject to adjustment as provided in the Certificate of Designation creating the Preferred Stock, which conversion rate, as in effect from time to time, we refer to as the Conversion Rate.

The Preferred Stock carries a liquidation preference of $0.25 per share and is entitled to dividends in an amount equal to the Conversion Rate multiplied by the amount per share paid on our common stock, if any. In addition, each share of Preferred Stock may be converted on any date, at the option of the holder thereof, into the number of shares of common stock equal to the Conversion Rate in effect at such time; provided only such number of shares of Preferred Stock may be converted to common stock as would not cause the holder to become the beneficial owner, directly or indirectly, of shares of our capital stock that would entitle it to exercise in excess of the Voting Cap Percentage of the aggregate ordinary voting power of all shares of our voting stock. Although we are not entitled to redeem the Preferred Stock at our election, we may, at our election, convert each and every share of the Preferred Stock into the number of shares of common stock equal to the Conversion Rate in effect on the date of such election at any time between the announcement of a bona fide proposal to be submitted to a stockholder vote and the record date for such vote if we have received the written advice of counsel that such counsel is unable to opine that the holders of the Preferred Stock would not be entitled to vote together as a separate class on such matter (provided that the primary purpose of such proposal is not to alter, amend or repeal in whole or in part, by merger or otherwise, the

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Certificate of Designation so as to adversely affect the powers, preferences or special rights of the shares of Preferred Stock).

Governance Arrangements

Under the Investment Agreement, from the Investment Agreement Closing until the earlier of (i) the date on which GS Direct ceases to beneficially own 10% or more of our total equity and (ii) the date on which our common stock ceases to be registered under Section 12 of the Exchange Act, the majority of our board of directors (which, per our charter, will have between 12 and 14 members at the Investment Agreement Closing) will be independent, and GS Direct will be entitled to nominate up to four people (each subject to review and approval of our nominating committee) to serve on our board of directors as follows:

- for so long as GS Direct owns 29.9% or more of our total equity, it has the right to nominate four people to serve on our board of directors;
- for so long as GS Direct owns less than 29.9% but at least 20% of our total equity, it has the right to nominate three people to serve on our board of directors;
- for so long as GS Direct owns less than 20% but at least 15% of our total equity, it has the right to nominate two people to serve on our board of directors; and
- for so long as GS Direct owns less than 15% but at least 10% of our total equity, it has the right to nominate one person to serve on our board of directors.

Effective as of the Investment Agreement Closing, the Company will cause to be elected to the board the number of GS Direct representatives (not to exceed two) that GS Direct would be entitled to nominate after giving effect to the closing based on the foregoing. The remaining GS Direct nominees, if any, will be nominated at the next annual meeting of stockholders of the company.

Our nominating committee will designate the remainder of the slate of directors, and we have agreed to recommend that our stockholders vote in favor of the slate of directors designated by the nominating committee (which shall include the GS Direct nominees), and GS Direct has agreed to vote in favor of (and against the removal of any director that was on) the slate of directors designated by the nominating committee.

If, for any reason, a person designated by GS Direct to serve as its nominee on our board of directors is not elected to our board of directors, we will exercise all authority under applicable law to cause such person to be elected to our board of directors. GS Direct has also agreed with us that, if, at any time, the number of people it is entitled to designate as its nominees on our board of directors would decrease based on its total equity ownership as set out above, it will use its reasonable best efforts to cause certain of its nominees on our board of directors to resign so that the number of its director nominees serving on our board of directors after such resignations equals the number of nominees it would have been entitled to designate had an election of directors taken place at such time, unless GS Direct advises us of its intention to purchase additional shares of voting stock and actually purchases a sufficient number of shares to maintain such entitlement within 90 days after giving us such notice.

Also during this time period, in the event GS Direct holds greater than 29.9% of the aggregate ordinary voting power of all shares of our voting stock (such excess, the "Excess Voting Stock"), on any matter submitted for a shareholder vote (except the election or removal of directors) GS Direct shall cause the Excess Voting Stock to be voted in the same proportion of all other voting stock voted with respect to such matter.

Finally, for as long as GS Direct is entitled to nominate at least one individual to serve on our board of directors under the Investment Agreement, we also have agreed to cause our board of

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directors to create and maintain a finance committee consisting of five members. Two of these members will be directors that were nominated by GS Direct for so long as GS Direct is entitled to nominate two or more people to serve on our board of directors. In the event that GS Direct is entitled to nominate only one person to serve on our board of directors, then that one person will be entitled to be a member of the finance committee. The other members of the committee will be non-GS Direct directors. The finance committee shall review and consider: (1) acquisitions of assets or voting securities in excess of $50,000,000, (2) mergers or change of control transactions involving us or our subsidiaries, (3) our liquidation, dissolution or reorganization, (4) the sale or other disposition of all or substantially all of our assets, (5) offerings or sales of certain voting securities for cash in an aggregate amount in excess of $50,000,000, other than issuances of securities upon conversion of convertible securities currently outstanding and other than pursuant to option and other incentive compensation plans, underwritten offerings or any merger, joint venture, business combination or other similar transaction, and any offerings of equity of any material subsidiary of the company and (6) material capital expenditures in excess of our capital expenditure budget, following which it shall make a non-binding recommendation to the full board of directors.

Standstill; Transfer Restrictions

The Investment Agreement also provides that, until the earlier of (i) the date on which GS Direct ceases to beneficially own 10% or more of our total equity (which term assumes conversion of the Preferred Stock into common stock at the applicable conversion rate) and (ii) the date on which our common stock ceases to be registered under Section 12 of the Exchange Act, subject to certain exceptions set forth in the Investment Agreement, GS Direct may not purchase or otherwise acquire or offer to acquire additional shares, or rights or options to acquire additional shares, of our voting stock, except pursuant to the Backstop Commitment and the Additional GS Purchase Commitment. However, should GS Direct's total equity ownership percentage decrease as a result of an issuance of voting stock by us (other than certain specified issuances), GS Direct has the right to acquire in the secondary market such additional number of shares of our common stock as necessary to maintain the percentage of total equity that it owned prior to such issuance. In addition, for the same period, GS Direct has agreed not to sell or otherwise transfer any of its shares of our common stock or Preferred Stock except to its affiliates or to persons that will not own, after such transfer, 10% or more of our voting stock or pursuant to registered underwritten offerings.

The foregoing restrictions shall not prohibit GS Direct from making an acquisition proposal directly to our board of directors, provided that, (1) in the event that our board of directors shall thereafter determine to commence a process with respect to a potential acquisition proposal, we shall permit GS Direct to participate in such process and (2) if pursuant to actions taken by our board of directors following receipt of the GS Direct proposal, our board of directors determinates to accept and recommend an alternative proposal that it believes is superior, GS Direct agrees to vote its shares with respect to such alternative proposal in the same proportion as all other shares are voted on such proposal.

Registration Rights

We have agreed to provide certain customary registration rights to GS Direct in connection with the shares of common stock it acquires under the Backstop Commitment and the Additional GS Purchase Commitment. Our obligations pursuant to the registration rights agreement, however, do not become effective until one year from the Investment Agreement Closing.

Closing Conditions

Closing of the transactions contemplated by the Investment Agreement is subject to satisfaction or waiver of customary conditions, including compliance with covenants and the accuracy of

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representations and warranties provided in the Investment Agreement, consummation of the rights offering and the receipt of all requisite approvals and authorizations of, filings in accordance with, and notifications to, or expiration or termination of any applicable waiting period under applicable antitrust, competition and merger control laws, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, and the competition or merger control laws of Germany and Austria. The Investment Agreement Closing also is subject to the satisfaction or waiver of the purchase commitment by our Chief Executive Officer, Ronald J. Kramer, to acquire at least 500,000 shares of common stock at a price per share equal to $8.50, which we refer to as the CEO Purchase Commitment. No financial advisory fees are payable with respect to the CEO Purchase Commitment.

We and GS Direct filed a Premerger Notification and Report Form under the HSR Act with the Federal Trade Commission, or the FTC, and the Antitrust Division of the Department of Justice, or the Antitrust Division, in connection with GS Direct's purchase of common stock under the Backstop Commitment and the Additional GS Purchase Commitment on August 18, 2008. We provided a revised response to one of the HSR Form items to the FTC on August 27, 2008. The required waiting period will expire at 11:59 p.m., New York City time, on September 26, 2008, unless earlier terminated by the FTC and the Antitrust Division or we receive a request for additional information or documentary material prior to that time. On August 19, 2008, the parties filed the required antitrust notification in Austria under Section 9 of the Cartel Act. The required waiting period will expire at 11:59 p.m. on September 16, 2008, unless earlier terminated or extended. On August 19, 2008, the parties filed their required premerger notification in Germany pursuant to Section 39 of the Act Against Restraints on Competition. The required waiting period will expire at 11:59 p.m. on September 19, 2008, unless earlier terminated or extended. On August 28, 2008, the parties filed the required notification under Article 8884/94 of the Brazilian Federal Law with the Brazilian antitrust authority, known as CADE. This filing is non-suspensive in nature.

Termination

The Investment Agreement may be terminated at any time prior to the closing of the Backstop Commitment and the Additional GS Purchase Commitment, if any:

- by mutual written agreement of GS Direct and us;
- by either party, in the event the Investment Agreement Closing does not occur by December 31, 2008;
- by either party, if any governmental entity shall have taken action prohibiting any of the contemplated transactions;
- by either party, if we enter into a definitive agreement with respect to a merger, joint venture, business combination or other similar transaction or direct or indirect acquisition of 50% or more of our total voting power or all or substantially all of our consolidated total assets that our board of directors determines in the exercise of its fiduciary duties is in the best interests of our stockholders (a "Superior Transaction") (subject to payment of the termination fee described below); and
- by us, if, in response to a notice we send to GS Direct of an event that would reasonably be expected to cause a breach of our representations and warranties in the Investment Agreement, we receive notice from GS Direct of its intent to reserve any rights it may have to not close due to such event.

We are required to pay GS Direct a termination fee equal to 3% of the product of the number of shares of common stock issuable upon exercise of the rights and the rights subscription price of $8.50, which is $5,100,000, in the event the Investment Agreement is terminated by reason of us entering into a definitive agreement with respect to a Superior Transaction.

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Expenses

We have agreed to reimburse GS Direct for all reasonable and actual out-of-pocket expenses it incurs in connection with the Investment Agreement and the transactions contemplated thereby up to a maximum amount of $1,500,000 if the Backstop Commitment and Additional GS Purchase Commitment, if any, are consummated or if the Investment Agreement is terminated due to circumstances other than (1) a failure to obtain antitrust and other competition regulatory approvals or (2) a failure to close by December 31, 2008 with GS Direct then in breach of the Investment Agreement. We have also agreed to reimburse GS Direct for 50% of all filing fees incurred in connection with antitrust and other competition filings required under the Investment Agreement.

Indemnification

We have agreed to indemnify GS Direct and its affiliates and each of their respective officers, directors, partners, employees, agents and representatives for losses arising out of the rights offering and this registration statement and prospectus (other than with respect to statements made in reliance on information provided to us in writing by GS Direct for use herein) and claims, suits or proceedings challenging the authorization, execution, delivery, performance or termination of this offering, the Investment Agreement and certain ancillary agreements and/or any of the transactions contemplated thereby (other than losses attributable to the acts, errors or omissions of GS Direct in violation of the Investment Agreement).

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion sets forth the material Federal income tax consequences of the receipt of rights in this offering and of the exercise, sale or other disposition and expiration of those rights to U.S. holders (as defined below) of our common stock that hold such stock as a capital asset for Federal income tax purposes. This discussion is based upon existing United States Federal income tax law, which is subject to differing interpretations or change (possibly with retroactive effect). This discussion applies only to U.S. holders and does not address all aspects of Federal income taxation that may be important to particular holders in light of their individual investment circumstances or to holders who may be subject to special tax rules, including, without limitation, holders of preferred stock, partnerships (including any entity or arrangement treated as a partnership for Federal income tax purposes), holders who are dealers in securities or foreign currency, foreign persons, insurance companies, tax-exempt organizations, non-U.S. holders, banks, financial institutions, broker-dealers, holders who hold common stock as part of a hedge, straddle, conversion, constructive sale or other integrated security transaction, or who acquired common stock pursuant to the exercise of compensatory stock options or otherwise as compensation, all of whom may be subject to tax rules that differ significantly from those summarized below.

We have not sought, and will not seek, a ruling from the Internal Revenue Service (the "IRS") regarding the Federal income tax consequences of this offering or the related share issuance. The following discussion does not address the tax consequences of this offering or the related share issuance under foreign, state, or local tax laws. Accordingly, each holder of common stock is urged to consult its tax advisor with respect to the particular tax consequences of this offering or the related share issuance to such holder.

For purposes of this description, a "U.S. holder" is a holder that is for U.S. federal income tax purposes:

a citizen or resident of the U.S.;

a corporation or other entity taxable as a corporation that is organized in or under the laws of the U.S. or any political subdivision thereof;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust (or the trust was in existence on August 20, 1996, and validly elected to continue to be treated as a U.S. trust).

Receipt of the Rights

The distribution of the rights should be a non-taxable stock dividend under Section 305(a) of the Internal Revenue Code of 1986, as amended (the "Code"). This position is not binding on the IRS, or the courts, however. If this position is finally determined by the IRS or a court to be incorrect, the fair market value of the rights would be taxable to holders of our common stock as a dividend to the extent of the holder's pro rata share of our earnings and profits.

The distribution of the rights would be taxable under Section 305(b) of the Code if it were a distribution or part of a series of distributions, including deemed distributions, that have the effect of the receipt of cash or other property by some of our stockholders and an increase in the proportionate interest of other of our stockholders in Griffon's assets or earnings and profits. Distributions having this effect are referred to as disproportionate distributions. Our outstanding convertible indebtedness, by its terms, will adjust as a result of the rights offering and we will adjust the terms of our outstanding

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stock options to prevent the rights offering from being part of a disproportionate distribution. The adjustments should prevent the distribution of the rights from being considered part of a disproportionate distribution. In addition, the terms of our restricted stock plan provide for the crediting of shares of restricted stock held by certain of our employees against the holder's employment tax obligations when those shares vest, and the terms of our stock options provide for the crediting of shares underlying such options against the holder's employment tax obligations when those options are exercised. While the holders of our restricted stock and stock options could be treated as receiving cash with respect to their shares in these transactions, the transactions are unlikely to cause the distribution of the rights to be considered part of a disproportionate distribution because of their infrequency, their resemblance to redemptions for U.S. federal income tax purposes, and their relatively small size.

The remaining description assumes that holders of our common stock will not be subject to U.S. federal income tax on the receipt of a right.

Tax Basis and Holding Period of the Rights

If the aggregate fair market value of the rights at the time they are distributed is less than 15% of the aggregate fair market value of our common stock at such time, the basis of the rights issued to you will be zero unless you elect to allocate a portion of your basis of previously owned common stock to the rights issued to you in this offering. However, if the aggregate fair market value of the rights at the time they are distributed is 15% or more of the aggregate fair market value of our common stock at such time, or if you elect to allocate a portion of your basis of previously owned common stock to the rights issued to you in this offering, then your basis in previously owned common stock will be allocated between such common stock and the rights based upon the relative fair market value of such common stock and the rights as of the date of the distribution of the rights. Thus, if such an allocation is made and the rights are later exercised, the basis in the common stock you originally owned will be reduced by an amount equal to the basis allocated to the rights. This election is irrevocable if made and would apply to all of the rights received pursuant to the rights offering. The election must be made in a statement attached to your Federal income tax return for the taxable year in which the rights are distributed.

The holding period for the rights received in the rights offering will include the holding period for the common stock with respect to which the rights were received.

Sale or Other Disposition of the Rights

If a U.S. holder sells or otherwise disposes of the rights received in the rights offering prior to the expiration date, the U.S. holder will recognize capital gain or loss equal to the difference between the amount of cash and the fair market value of any property received and the holder's tax basis, if any, in the rights sold or otherwise disposed of. Any capital gain or loss will be long-term capital gain or loss if the holding period for the rights, determined as described in " Tax Basis and Holding Period of the Rights" above, exceeds one year at the time of disposition.

Expiration of the Rights

If the rights expire without exercise while you continue to hold the shares of our common stock with respect to which the rights are received, you will recognize no loss and your tax basis in the common stock with respect to which the rights were received will equal its tax basis before receipt of the rights. If the rights expire without exercise after you have disposed of the shares of our common stock with respect to which the rights are received, you should consult your tax advisor regarding your ability to recognize a loss (if any) on the expiration of the rights.

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Exercise of the Rights; Tax Basis and Holding Period of the Shares

The exercise of the rights received in the offering will not result in any gain or loss to you. Generally, the tax basis of common stock acquired through exercise of the rights will be equal to the sum of:

- the subscription price per share; and
- the basis, if any, in the rights that you exercised, determined as described in " Tax Basis of the Rights" above.

The holding period for a share of common stock acquired upon exercise of a right begins with the date of exercise.

If you exercise the rights received in the offering after disposing of the shares of our common stock with respect to which the rights are received, you should consult your tax advisor regarding the potential application of the "wash sale" rules under Section 1091 of the Code.

Sale or Other Disposition of the Rights Shares

If a U.S. holder sells or otherwise disposes of the shares received as a result of exercising a right, such U.S. holder's gain or loss recognized upon that sale or other disposition will be a capital gain or loss assuming the share is held as a capital asset at the time of sale. This gain or loss will be long-term if the share has been held at the time of sale for more than one year.

Information Reporting and Backup Withholding

Payments made to you of proceeds from the sale of rights or rights shares may be subject to information reporting to the IRS and possible U.S. federal backup withholding. Backup withholding will not apply if you furnish a correct taxpayer identification number (certified on the IRS Form W-9) or otherwise establish that you are exempt from backup withholding. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability. You may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS and furnishing any required information.

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LEGAL MATTERS

The validity of the rights and the shares of common stock offered by this prospectus have been passed upon for us by Dechert LLP, New York, New York. Certain legal matters in connection with the offering will be passed upon for the dealer manager by Gibson Dunn & Crutcher LLP, New York, New York.

EXPERTS

The consolidated financial statements and schedules as of and for the years ended September 30, 2007 and 2006 incorporated in this prospectus by reference to the Current Report on Form 8-K dated August 19, 2008 have been so incorporated in reliance on the reports of Grant Thornton LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements for the year ended September 30, 2005 before the effects of the adjustments to retrospectively apply the discontinued operations described in Note 2 of the Current Report on Form 8-K dated August 19, 2008, incorporated by reference in this prospectus have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. The adjustments to those consolidated financial statements to retrospectively apply the discontinued operations described in Note 2 have been audited by Grant Thornton LLP, an independent registered public accounting firm. The consolidated financial statements for the year ended September 30, 2005 incorporated in this prospectus by reference to the Current Report on Form 8-K dated August 19, 2008, for the year ended September 30, 2007, have been so incorporated in reliance of the reports of (i) PricewaterhouseCoopers LLP which contains an explanatory paragraph relating to the Company's revision of its consolidated financial statements and solely with respect to those consolidated financial statements before the effects of the adjustments to retrospectively apply the discontinued operations described in Note 2 and (ii) Grant Thornton LLP solely with respect to the adjustments to those consolidated financial statements to retrospectively apply the discontinued operations described in Note 2, given on the authority of such firms as experts in auditing and accounting.

INCORPORATION BY REFERENCE

We "incorporate by reference" certain documents that we have filed with the SEC into this prospectus, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained directly in this prospectus. This prospectus incorporates by reference our:

Annual report on Form 10-K for the year ended September 30, 2007 filed with the SEC on November 29, 2007 (other than Items 6, 7 and 8, which are incorporated by reference in our Current Report on Form 8-K filed with the SEC on August 19, 2008);

Quarterly reports on Form 10-Q for the quarter ended December 31, 2007 filed with the SEC on February 11, 2008, for the quarter ended March 31, 2008 filed with the SEC on May 12, 2008 and for the quarter ended June 30, 2008 filed with the SEC on August 11, 2008;

Current reports on Form 8-K filed with the SEC on November 8, 2007, January 4, 2008, March 14, 2008, March 20, 2008, April 4, 2008, May 14, 2008, June 3, 2008, June 27, 2008, August 13, 2008, August 19, 2008, August 25, 2008, August 29, 2008, September 22, 2008 and October 1, 2008; and

The section entitled "Description of Capital Stock Common Stock" located on page 50 of Amendment No. 1 to our Registration Statement on Form S-4 filed with the SEC on June 9, 2004.

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We incorporate by reference the documents listed above and any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this prospectus and the termination of the offering of securities described in this prospectus; provided, however, that notwithstanding the foregoing, unless specifically stated to the contrary, none of the information that we disclose under Items 2.02 or 7.01 of any Current Report on Form 8-K that we may from time to time furnish to the SEC will be incorporated by reference into, or otherwise included in, this prospectus.

You may obtain documents incorporated by reference into this prospectus at no cost by writing or telephoning us at the following address:

Griffon Corporation
Attention: Patrick L. Alesia, Chief Financial Officer
100 Jericho Quadrangle
Jericho, New York 11753
(516) 938-5544

Any statements contained in a document incorporated by reference in this prospectus shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus (or in any other subsequently filed document which also is incorporated by reference in this prospectus) modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed to constitute a part of this prospectus except as so modified or superseded.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We make periodic filings and other filings required to be filed by us as a reporting company under sections 13 and 15(d) of the Exchange Act. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at *www.sec.gov* that contains the reports, proxy and information statements, and other information that we file with the SEC. Also visit us at *www.griffoncorp.com*. Information contained on our website is not incorporated into this prospectus and you should not consider information contained on our website to be part of this prospectus.

You may obtain copies of this prospectus and the documents incorporated by reference without charge by writing to our corporate secretary at 100 Jericho Quadrangle, Jericho, New York 11753. You may refer any questions regarding this rights offering to MacKenzie Partners, Inc., our information agent:

MacKenzie Partners, Inc.
105 Madison Avenue
New York, NY 10016
Collect: (212) 929-5500
Toll-free: (800) 322-2885
Email: rightsoffering@mackenziepartners.com

For information regarding replacement of lost rights certificates, you may contact American Stock Transfer & Trust Company, our subscription agent, by calling: (877) 248-6417 or (718) 921-8317 or contacting the subscription agent at the appropriate address below:

By Mail or Overnight Courier:
American Stock Transfer & Trust Company
Operations Center
Attn: Reorganization Department
6201 15th Avenue
Brooklyn, NY 11219

By Hand:
American Stock Transfer & Trust Company
Attn: Reorganization Department
59 Maiden Lane
New York, NY 10038

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GRIFFON CORPORATION

Up to 30,600,000 Shares of Common Stock
Issuable Upon Exercise of Rights to Subscribe for Such Shares at $8.50 per Share,
a Backstop Commitment and the Additional Purchase Commitments
Up to 125,000 Shares of Series C Preferred Stock

, 2008

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PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

The following table sets forth the expenses payable by us in connection with the offering of securities described in this registration statement. All amounts shown are estimates, except for the SEC registration fee. We will bear all expenses shown below.

SEC registration fee	$ 14,364
FINRA filing fee	37,050
NYSE listing fee	114,375
Accounting fees and expenses	670,000
Legal fees and expenses	1,650,000
Printing and engraving expenses	50,000
Other	3,964,211(1)
Total	$6,500,000(1)

(1) Assumes all of the 30,600,000 shares of common stock being registered are sold.

Item 15. Indemnification of Directors and Officers.

Our amended bylaws provide that all directors, officers, employees and agents of the registrant shall be entitled to be indemnified by us to the fullest extent permitted by Section 145 of the Delaware General Corporation Law. Under Section 145 of the Delaware General Corporation law, we are permitted to offer indemnification to our directors, officers, employees and agents. Our policy is to offer the fullest extent of indemnification permitted under Delaware law.

Section 145 of the Delaware General Corporation Law concerning indemnification of officers, directors, employees and agents is set forth below.

"Section 145. Indemnification of officers, directors, employees and agents; insurance.

(a) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

(b) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by

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the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(c) To the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this section, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(d) Any indemnification under subsections (a) and (b) of this section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsections (a) and (b) of this section. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

(e) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in this section. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the corporation deems appropriate.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

(g) A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under this section.

(h) For purposes of this section, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this section

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with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

(i) For purposes of this section, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this section.

(j) The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(k) The Court of Chancery is hereby vested with exclusive jurisdiction to hear and determine all actions for advancement of expenses or indemnification brought under this section or under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. The Court of Chancery may summarily determine a corporation's obligation to advance expenses (including attorneys' fees)."

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment of expenses incurred or paid by a director, officer or controlling person in a successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to the court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Article V, Section 4 of our amended bylaws provides:

"The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened pending or completed action, suit or proceeding by reason of the fact that he is or was a director, officer, employee or an agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against all expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the defense or settlement of such action, suit or proceeding, to the fullest extent and in the manner set forth in and permitted by the General Corporation Law of the State of Delaware, as from time to time in effect, and any other applicable law, as from time to time in effect. Such right of indemnification shall not be deemed exclusive of any other rights to which such director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of each such person.

The foregoing provisions of this Article shall be deemed to be a contract between the corporation and each director, officer, employee or agent who serves in such capacity at any time while this Article, and the relevant provisions of the General Corporation Law of the State of Delaware and other applicable law, if any, are in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts."

Pursuant to the Investment Agreement filed as Exhibit 10.1 to this registration statement, we have agreed to indemnify GS Direct, L.L.C. and GS Direct, L.L.C. has agreed to indemnify us against certain civil liabilities that may be incurred in connection with this offering, including certain liabilities under the Securities Act.

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Item 16. Exhibits.

The following exhibits are filed herewith or incorporated by reference herein:

Exhibit Number	Description
1.1	Form of Dealer Manager Agreement by and between Griffon Corporation and Lazard Capital Markets LLC**
4.1	Restated Certificate of Incorporation of Registrant, hereby incorporated by reference to Exhibit 3.1 of the Registrant's Annual Report on Form 10-K for the year ended September 30, 1995 (Commission File No. 1-06620) and Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (Commission File No. 1-06620)
4.2	Amended Bylaws of Registrant, hereby incorporated by reference to Exhibit 3 of the Registrant's Current Report on Form 8-K, filed May 14, 2008 (Commission File No. 1-06620)
4.3	Specimen Certificate for Shares of Common Stock of Registrant, hereby incorporated by reference to Exhibit 4.3 of the Registrant's Registration Statement on Form S-3, filed September 26, 2003 (Registration No. 333-109171)
4.4	Form of Subscription Certificate to Purchase Rights for Common Stock of Registrant**
4.5	Form of Notice to Stockholders who are Record Holders**
4.6	Form of Notice to Stockholders who are Acting as Nominees**
4.7	Form of Notice to Clients of Stockholders who are Acting as Nominees**
4.8	Form of Notice of Guaranteed Delivery**
4.9	Form of Registration Rights Agreement by and between Registrant and GS Direct, L.L.C., hereby incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed August 13, 2008 (Commission File No. 1-06620)
4.10	Form of Beneficial Owner Election Form**
4.11	Specimen Certificate for Shares of Series C Preferred Stock of Registrant**
4.12	Certificate of Designation for Series C Preferred Stock of Registrant, hereby incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed August 13, 2008 (Commission File No. 1-06620)
4.13	Form of Letter Certifying Intended Delivery*
5.1	Opinion of Dechert LLP**
10.1	Investment Agreement by and between Registrant and GS Direct, L.L.C., hereby incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed August 13, 2008 (Commission File No. 1-06620)
10.2	Form of Purchase Agreement by and between Griffon Corporation and Ronald J. Kramer**
23.1	Consent of Grant Thornton LLP*
23.2	Consent of PricewaterhouseCoopers LLP*
23.3	Consent of Dechert LLP (included in Exhibit 5.1 hereto)**
24.1	Powers of Attorney of the Chief Executive Officer, Chief Financial Officer and each director of Griffon Corporation (included on the signature page hereto)**

* Filed herewith.

** Previously filed.

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Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(a) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(b) The registrant undertakes in the event that the securities being registered are to be offered to existing stockholders pursuant to warrants or rights, and any securities not taken by shareholders are to be reoffered to the public, to supplement the prospectus, after the expiration of the subscription period, to set forth the results of the subscription offer, the transactions by the underwriters during the subscription period, the amount of unsubscribed securities to be purchased by underwriters, and the terms of any subsequent underwriting thereof. The registrant further undertakes that if any public offering by the underwriters of the securities being registered is to be made on terms differing from those set forth on the cover page of the prospectus, the registrant shall file a post-effective amendment to set forth the terms of such offering.

(c) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(d) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(e) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Jericho, State of New York, on October 1, 2008.

GRIFFON CORPORATION

By: /s/ RONALD J. KRAMER

Name: Ronald J. Kramer
Title: *Chief Executive Officer*

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ RONALD J. KRAMER Ronald J. Kramer	Chief Executive Officer *(Principal Executive Officer)*	October 1, 2008
/s/ PATRICK L. ALESIA Patrick L. Alesia	Vice President, Chief Financial Officer, Treasurer and Secretary *(Principal Financial and Accounting Officer)*	October 1, 2008
* Harvey R. Blau	Chairman of the Board	October 1, 2008
* Henry A. Alpert	Director	October 1, 2008
* Blaine V. Fogg	Director	October 1, 2008

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Signature	Title	Date
*		
Robert Harrison	Director	October 1, 2008
*		
Clarence A. Hill, Jr.	Director	October 1, 2008
*		
Donald J. Kutyna	Director	October 1, 2008
*		
James A. Mitarotonda	Director	October 1, 2008
*		
Martin S. Sussman	Director	October 1, 2008
*		
William H. Waldorf	Director	October 1, 2008
*		
Joseph J. Whalen	Director	October 1, 2008

*By: /s/ PATRICK L. ALESIA

Patrick L. Alesia
Attorney-in-Fact