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

GraybaR

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2015

or

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

For the transition period from __________ to __________

Commission File Number: 000-00255

GRAYBAR ELECTRIC COMPANY, INC.
(Exact name of registrant as specified in its charter)

New York	**13-0794380**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
34 North Meramec Avenue, St. Louis, Missouri	**63105**
(Address of principal executive offices)	*(Zip Code)*

(314) 573 - 9200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files).

YES ☒ NO ☐

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ NO ☒

Common Stock Outstanding at April 30, 2015: 15,975,905
(Number of Shares)

Graybar Electric Company, Inc. and Subsidiaries
Quarterly Report on Form 10-Q
For the Period Ended March 31, 2015
(Unaudited)

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

Graybar Electric Company, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	(Unaudited)	
	Three Months Ended March 31,	
(Stated in thousands, except per share data)	**2015**	2014
Gross Sales	**$ 1,399,863**	$ 1,318,121
Cash discounts	**(6,085)**	(5,321)
Net Sales	**1,393,778**	1,312,800
Cost of merchandise sold	**(1,134,752)**	(1,063,343)
Gross Margin	**259,026**	249,457
Selling, general and administrative expenses	**(232,067)**	(219,925)
Depreciation and amortization	**(10,309)**	(9,677)
Other income, net	**4,342**	729
Income from Operations	**20,992**	20,584
Interest expense, net	**(513)**	(390)
Income before Provision for Income Taxes	**20,479**	20,194
Provision for income taxes	**(7,985)**	(8,844)
Net Income	**12,494**	11,350
Less: Net income attributable to noncontrolling interests	**(34)**	(29)
Net Income attributable to Graybar Electric Company, Inc.	**$ 12,460**	$ 11,321
Net Income per share of Common Stock	**$ 0.78**	$ 0.71
Cash Dividends per share of Common Stock	**$ 0.30**	$ 0.30
Average Common Shares Outstanding	**16,023**	15,969

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of the Condensed Consolidated Financial Statements.

Graybar Electric Company, Inc. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	(Unaudited)	
	Three Months Ended March 31,	
(Stated in thousands)	**2015**	2014
Net Income	**$ 12,494**	$ 11,350
Other Comprehensive Income		
Foreign currency translation	**(6,359)**	(2,598)
Pension and postretirement benefits liability adjustment (net of tax of $(1,845), and $(1,752), respectively)	**2,898**	2,753
Total Other Comprehensive (Loss) Income	**(3,461)**	155
Comprehensive Income	**$ 9,033**	$ 11,505
Less: Comprehensive (loss) income attributable to noncontrolling interests, net of tax	**(189)**	(95)
Comprehensive Income attributable to Graybar Electric Company, Inc.	**$ 9,222**	$ 11,600

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of the Condensed Consolidated Financial Statements.

Graybar Electric Company, Inc. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS

(Stated in thousands, except share and per share data)		**March 31, 2015**		December 31, 2014
ASSETS		(Unaudited)		
Current Assets				
Cash and cash equivalents	**$**	**50,674**	$	33,758
Trade receivables (less allowances of $6,896 and $7,073, respectively)		**853,937**		920,796
Merchandise inventory		**499,783**		461,139
Other current assets		**33,340**		44,711
Total Current Assets		**1,437,734**		1,460,404
Property, at cost				
Land		**77,801**		67,879
Buildings		**437,171**		429,406
Furniture and fixtures		**259,244**		253,918
Software		**84,834**		84,488
Capital leases		**29,893**		25,135
Total Property, at cost		**888,943**		860,826
Less – accumulated depreciation and amortization		**(457,598)**		(452,163)
Net Property		**431,345**		408,663
Other Non-current Assets		**65,029**		70,046
Total Assets	**$**	**1,934,108**	$	1,939,113
LIABILITIES				
Current Liabilities				
Short-term borrowings	**$**	**95,820**	$	66,342
Current portion of long-term debt		**7,777**		6,241
Trade accounts payable		**701,610**		726,632
Accrued payroll and benefit costs		**103,827**		127,191
Other accrued taxes		**19,491**		18,300
Other current liabilities		**73,202**		69,148
Total Current Liabilities		**1,001,727**		1,013,854
Postretirement Benefits Liability		**70,009**		69,565
Pension Liability		**135,287**		140,981
Long-term Debt		**11,707**		11,595
Other Non-current Liabilities		**25,094**		21,137
Total Liabilities		**1,243,824**		1,257,132
SHAREHOLDERS' EQUITY				

	Shares at					
Capital Stock	**March 31, 2015**	December 31, 2014				
Common, stated value $20.00 per share						
Authorized	**50,000,000**	50,000,000				
Issued to voting trustees	**13,497,274**	13,159,559				
Issued to shareholders	**2,745,417**	2,714,853				
In treasury, at cost	**(197,399)**	(14,482)				
Outstanding Common Stock	**16,045,292**	15,859,930		**320,906**		317,199
Advance Payments on Subscriptions to Common Stock				**468**		—
Retained Earnings				**521,317**		513,672
Accumulated Other Comprehensive Loss				**(155,431)**		(152,193)
Total Graybar Electric Company, Inc. Shareholders' Equity				**687,260**		678,678
Noncontrolling Interests				**3,024**		3,303
Total Shareholders' Equity				**690,284**		681,981
Total Liabilities and Shareholders' Equity			**$**	**1,934,108**	$	1,939,113

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of the Condensed Consolidated Financial Statements.

Graybar Electric Company, Inc. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited) Three Months Ended March 31,	
(Stated in thousands)	**2015**	2014
Cash Flows from Operations		
Net Income	**$ 12,494**	$ 11,350
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and amortization	**10,309**	9,677
Deferred income taxes	**(1,283)**	(395)
Net gains on disposal of property	**(3,699)**	(70)
Net income attributable to noncontrolling interests	**(34)**	(29)
Changes in assets and liabilities:		
Trade receivables	**66,859**	45,979
Merchandise inventory	**(38,644)**	(9,938)
Other current assets	**11,659**	(2,381)
Other non-current assets	**4,167**	3,479
Trade accounts payable	**(25,022)**	20,932
Accrued payroll and benefit costs	**(23,364)**	(17,526)
Other current liabilities	**780**	(9,777)
Other non-current liabilities	**3,450**	(6,016)
Total adjustments to net income	**5,178**	33,935
Net cash provided by operations	**17,672**	45,285
Cash Flows from Investing Activities		
Proceeds from disposal of property	**8,312**	89
Capital expenditures for property	**(34,706)**	(8,991)
Net cash used by investing activities	**(26,394)**	(8,902)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term borrowings	**29,478**	(3,452)
Repayment of long-term debt	**(908)**	—
Principal payments under capital leases	**(2,202)**	(914)
Sale of common stock	**7,833**	7,050
Purchases of common stock	**(3,658)**	(5,505)
Purchases of noncontrolling interests' common stock	**(90)**	(272)
Dividends paid	**(4,815)**	(4,792)
Net cash provided (used) by financing activities	**25,638**	(7,885)
Net Increase in Cash	**16,916**	28,498
Cash, Beginning of Year	**33,758**	34,665
Cash, End of Period	**$ 50,674**	$ 63,163
Non-cash Investing and Financing Activities		
Acquisitions of equipment under capital leases	**$ 4,758**	$ 817
Acquisition of software and maintenance under financing arrangement	**—**	6,254

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of the Condensed Consolidated Financial Statements.

Graybar Electric Company, Inc. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited, stated in thousands)

	Graybar Electric Company, Inc. Shareholders' Equity					
	Common Stock	**Common Stock Subscribed, Unissued**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Noncontrolling Interests**	**Total Shareholders' Equity**
December 31, 2013	$ 317,767	$ —	$ 489,740	$ (140,363)	$ 3,637	$ 670,781
Net income			11,321		29	11,350
Other comprehensive income				279	(124)	155
Stock issued	6,607					6,607
Stock purchased	(5,505)				(272)	(5,777)
Advance payments		443				443
Dividends declared			(4,792)			(4,792)
March 31, 2014	$ 318,869	$ 443	$ 496,269	$ (140,084)	$ 3,270	$ 678,767

	Graybar Electric Company, Inc. Shareholders' Equity					
	Common Stock	**Common Stock Subscribed, Unissued**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Noncontrolling Interests**	**Total Shareholders' Equity**
December 31, 2014	$ 317,199	$ —	$ 513,672	$ (152,193)	$ 3,303	$ 681,981
Net income			12,460		34	12,494
Other comprehensive income				(3,238)	(223)	(3,461)
Stock issued	7,365					7,365
Stock purchased	(3,658)				(90)	(3,748)
Advance payments		468				468
Dividends declared			(4,815)			(4,815)
March 31, 2015	$ 320,906	$ 468	$ 521,317	$ (155,431)	$ 3,024	$ 690,284

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of the Condensed Consolidated Financial Statements.

Graybar Electric Company, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Stated in thousands, except share and per share data)
(Unaudited)

1. DESCRIPTION OF THE BUSINESS

Graybar Electric Company, Inc. (“Graybar”, “Company”, "we", "our", or "us") is a New York corporation, incorporated in 1925. We are engaged in the distribution of electrical and communications and data networking products, and a provider of related supply chain management and logistics services. We primarily serve customers in the construction, and commercial, institutional and government ("CIG"), as well as the industrial and utility vertical markets, with products and services that support new construction, infrastructure updates, building renovation, facility maintenance, repair and operations ("MRO"), and original equipment manufacturers ("OEM"). All products sold by us are purchased by us from others, and we neither manufacture nor contract to manufacture any products that we sell. Our business activity is primarily with customers in the United States (“U.S.”). We also have subsidiary operations with distribution facilities in Canada and Puerto Rico.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Our accounting policies conform to generally accepted accounting principles in the U.S. ("GAAP”) and are applied on a consistent basis among all years presented. Significant accounting policies are described below.

Basis of Presentation

The unaudited condensed consolidated financial statements included herein have been prepared by Graybar pursuant to the rules and regulations of the United States Securities and Exchange Commission (the “Commission”) applicable to interim financial reporting. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations, although we believe that our disclosures are adequate to make the information presented not misleading. The preparation of financial statements in accordance with GAAP requires the use of estimates and assumptions that affect reported amounts. Our condensed consolidated financial statements include amounts that are based on management’s best estimates and judgments. Actual results could differ from those estimates. Certain reclassifications were made to prior year amounts to conform to the 2015 presentation. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto and Management’s Discussion and Analysis of Financial Condition and Results of Operations as of and for the year ended December 31, 2014, included in our latest Annual Report on Form 10-K.

In the opinion of management, this quarterly report includes all adjustments, consisting of normal recurring accruals and adjustments, necessary for the fair presentation of the financial statements presented. Results for interim periods are not necessarily indicative of results to be expected for the full year.

Principles of Consolidation

The consolidated financial statements include the accounts of Graybar and its subsidiary companies. All material intercompany balances and transactions have been eliminated. The ownership interests that are held by owners other than the Company in subsidiaries consolidated by the Company are accounted for and reported as noncontrolling interests.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Subsequent Events

We have evaluated subsequent events through the time of the filing of this Quarterly Report on Form 10-Q with the Commission. No material subsequent events have occurred since March 31, 2015 that require recognition or disclosure in these financial statements.

Revenue Recognition

Revenue is recognized when evidence of a customer arrangement exists, prices are fixed and determinable, product title, ownership and risk of loss transfers to the customer, and collectability is reasonably assured. Revenues recognized are primarily for product sales, but also include freight and handling charges. Our standard shipping terms are FOB shipping point, under which product title passes to the customer at the time of shipment. We also earn revenue for services provided to customers for supply chain management and logistics services. Service revenue is recognized when services are rendered and completed. Revenue is reported net of all taxes assessed by governmental authorities as a result of revenue-producing transactions, primarily sales tax.

Outgoing Freight Expenses

We record certain outgoing freight expenses as a component of selling, general and administrative expenses.

Cash and Cash Equivalents

We account for cash on hand, deposits in banks, and other short-term, highly liquid investments with an original maturity of three months or less as cash and cash equivalents.

Allowance for Doubtful Accounts

We perform ongoing credit evaluations of our customers, and a significant portion of our trade receivables is secured by mechanic's lien or payment bond rights. We maintain allowances to reflect the expected uncollectability of trade receivables based on past collection history and specific risks identified in the receivables portfolio. Although actual credit losses have historically been within management's expectations, additional allowances may be required if the financial condition of our customers were to deteriorate.

Merchandise Inventory

Our inventory is stated at the lower of cost (determined using the last-in, first-out ("LIFO") cost method) or market. LIFO accounting is a method of accounting that, compared with other inventory accounting methods, generally provides better matching of current costs with current sales.

We make provisions for obsolete or excess inventories as necessary to reflect reductions in inventory value.

Vendor Allowances

Our agreements with many of our suppliers provide for us to earn volume incentives based on purchases during the agreement period. Based on the provisions of our vendor agreements, we develop vendor accrual rates by estimating the point at which we will have completed our performance under the agreement and the deferred amounts will be earned. We perform analysis and review historical trends to ensure the deferred amounts earned are appropriately recorded. Certain vendor agreements contain purchase volume incentives that provide for increased funding when graduated purchase volumes are met. Amounts accrued throughout the year are based on estimates of future activity levels, and could be materially impacted if actual purchase volumes differ. Changes in the estimated amount of incentives are treated as changes in estimate and are recognized in earnings in the period in which the change in estimate occurs. In the event that the operating performance of our suppliers were to decline, however, there can be no assurance that amounts earned would be paid or that the volume incentives would continue to be included in future agreements.

Property and Depreciation

Property, plant and equipment are recorded at cost. Depreciation is expensed on a straight-line basis over the estimated useful lives of the related assets. Interest costs incurred to finance expenditures for major long-term construction projects are capitalized as part of the asset's historical cost and included in property, plant and equipment, then depreciated over the useful life of the asset. Leasehold improvements are amortized over the term of the lease or the estimated useful life of the improvement, whichever is shorter. Expenditures for maintenance and repairs are charged to expense when incurred, while the costs of significant improvements, which extend the useful life of the underlying asset, are capitalized.

Credit Risk

Financial instruments that potentially expose us to concentrations of credit risk consist primarily of trade receivables. We perform ongoing credit evaluations of our customers, and a significant portion of our trade receivables may be protected by mechanic's lien or payment bond rights. We maintain allowances for potential credit losses and such losses historically have been within management's expectations.

Fair Value

We endeavor to utilize the best available information in measuring fair value. GAAP has established a fair value hierarchy, which prioritizes the inputs used in measuring fair value. The tiers in the hierarchy include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own data inputs and assumptions. We have used fair value measurements to value our pension plan assets.

Foreign Currency Exchange Rate

The functional currency for our Canadian subsidiary is the Canadian dollar. Accordingly, its balance sheet amounts are translated at the exchange rates in effect at the end of each reporting period and its statements of income amounts are translated at the average rates of exchange prevailing during the current period. Currency translation adjustments are included in accumulated other comprehensive loss.

Goodwill

Our goodwill is not amortized, but rather tested annually for impairment. Goodwill is reviewed annually in the fourth quarter and/or when circumstances or other events might indicate that impairment may have occurred. We first perform a qualitative assessment of goodwill impairment. The qualitative assessment considers several factors including the excess fair value over carrying value as of the last quantitative impairment test, the length of time since the last fair value measurement, the current carrying value, market conditions, actual performance compared to forecasted performance, and the current business outlook. If the qualitative assessment indicates that it is more likely than not that goodwill is impaired, the reporting unit is quantitatively tested for impairment. If a quantitative assessment is required, the fair value is determined using a variety of assumptions including estimated future cash flows of the reporting unit and applicable discount rates.

Income Taxes

We recognize deferred tax assets and liabilities to reflect the future tax consequences of events that have been recognized in the financial statements or tax returns. Uncertainty exists regarding tax positions taken in previously filed tax returns still subject to examination and positions expected to be taken in future returns. A deferred tax asset or liability results from the temporary difference between an item's carrying value as reflected in the financial statements and its tax basis, and is calculated using enacted applicable tax rates. We assess the likelihood that our deferred tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not likely, a valuation allowance is established. Changes in the valuation allowance, when recorded, are included in the provision for income taxes in the consolidated financial statements. We classify interest expense and penalties as part of our provision for income taxes based upon applicable federal and state interest/underpayment percentages.

Other Postretirement Benefits

We account for postretirement benefits other than pensions by accruing the costs of benefits to be provided over the employees' periods of active service. These costs are determined on an actuarial basis. Our consolidated balance sheets reflect the funded status of postretirement benefits.

Pension Plan

We sponsor a noncontributory defined benefit pension plan accounted for by accruing the cost to provide the benefits over the employees' periods of active service. These costs are determined on an actuarial basis. Our consolidated balance sheets reflect the funded status of the defined benefit pension plan.

New Accounting Standards

No new accounting standards that were issued or became effective during 2015 have had or are expected to have a material impact on our consolidated financial statements except those noted below:

In February 2015, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU" or "Update") 2015-02, "Consolidation". The amendments in this Update affect reporting entities that are required to evaluate whether they should consolidate certain legal entities. All legal entities are subject to reevaluation under the revised consolidation model. This ASU is effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. We do not expect the adoption of this Update to have a material impact on the our results of operations, financial position, or cash flows.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers", which provides guidance on a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, including industry-specific guidance. Public business entities must implement the new guidance for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that year. Earlier application is not permitted. The Update will be effective for public business entities for annual reporting periods, including interim reporting periods, beginning after December 15, 2017. In April 2015, the FASB proposed to defer the effective date of the Update for one year.

The new standard provides for two alternative implementation methods. The first is to apply the new standard retrospectively to each prior reporting period presented. This method allows the use of certain practical expedients. The second method is to apply the new standard retrospectively in the year of initial adoption and record a cumulative effect adjustment for the impact of adjusting contracts open at the date of adoption. Under this transition method, we would apply this guidance retrospectively only to contracts that are not completed contracts at the date of initial application (which for us will be January 1, 2018 under the proposed deferral). We would then recognize the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings. This method also requires us to disclose comparative information for the year of adoption.

We continue to determine which method we will use to implement the new standard and to assess the impact the new standard is expected to have on the consolidated financial statements or on other matters or aspects of our business.

3. INCOME TAXES

We determine our deferred tax assets and liabilities based upon the difference between the financial statement and tax bases of our assets and liabilities, calculated using enacted applicable tax rates. We then assess the likelihood that our deferred tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not likely, we establish a valuation allowance. Changes in the valuation allowance, when recorded, are included in the provision for income taxes in the condensed consolidated financial statements.

We classify interest expense and penalties as part of our provision for income taxes based upon applicable federal and state interest/underpayment percentages. We have accrued $1,079 and $1,065 in interest and penalties at March 31, 2015 and December 31, 2014, respectively. Interest was computed on the difference between the provision for income taxes recognized in accordance with GAAP and the amount of benefit previously taken or expected to be taken in our federal, state, and local income tax returns.

Our federal income tax returns for the tax years 2011 and forward are available for examination by the United States Internal Revenue Service ("IRS"). The statute of limitation for the 2011 federal return will expire on September 15, 2015, unless extended by consent. Our state income tax returns for 2010 through 2014 remain subject to examination by various state authorities with the latest period closing on December 31, 2019. We have not extended the statutes of limitations in any state jurisdictions with respect to years prior to 2010.

Our unrecognized tax benefits of $3,177 and $3,104 at March 31, 2015 and December 31, 2014, respectively, are uncertain tax positions that would impact our effective tax rate if recognized. We are periodically engaged in tax return examinations, reviews of statute of limitations periods, and settlements surrounding income taxes. We do not anticipate a material change in unrecognized tax benefits during the next twelve months.

4. CAPITAL STOCK

Our common stock is 100% owned by active and retired employees, and there is no public trading market for our common stock. Since 1928, substantially all of the issued and outstanding shares of common stock have been held of record by voting trustees under successive voting trust agreements. Under applicable New York law, a voting trust may not have a term greater than ten years. At March 31, 2015, approximately 83% of the common stock was held in a voting trust that expires by its terms on March 15, 2017. The participation of shareholders in the voting trust is voluntary at the time the voting trust is created, but is irrevocable during its term. Shareholders who elect not to participate in the voting trust hold their common stock as shareholders of record.

No holder of our common stock or voting trust interests representing our common stock ("common stock", "common shares", or "shares") may sell, transfer or otherwise dispose of any shares without first offering us the option to purchase those shares at the price at which they were issued. Additionally, a shareholder is entitled to any cash dividends, if any, accrued for the quarter in which the purchase offer is made, adjusted pro rata for the number of days such shares were held prior to the dividend record date. We also have the option to purchase at the issue price the common shares of any shareholder who ceases to be an employee for any reason other than death or retirement on a pension (except a deferred pension), and on the first anniversary of any holder's death. In the past, we have always exercised these purchase options and we expect to continue to do so in the foreseeable future. However, we can make no assurance that we will continue to exercise our purchase option in the future. All outstanding shares of the Company have been issued at $20.00 per share.

Cash dividends declared were $4,815 and $4,792 for the three months ended March 31, 2015 and 2014, respectively.

5. DEBT

Revolving Credit Facility

On March 31, 2015 and December 31, 2014, we along with Graybar Canada Limited, our Canadian operating subsidiary (“Graybar Canada”), had an unsecured, five-year, $550,000 revolving credit agreement maturing in June 2019 with Bank of America, N.A. and the other lenders named therein ("the "Credit Agreement"), which includes a combined letter of credit sub-facility of up to $50,000, a U.S. swing line loan facility of up to $50,000, and a Canadian swing line loan facility of up to $20,000. The Credit Agreement includes a $100,000 sublimit (in U.S. or Canadian dollars) for borrowings by Graybar Canada and contains an accordion feature, which allows us to request increases to the aggregate borrowing commitments of up to $300,000.

The Credit Agreement contains customary affirmative and negative covenants for credit facilities of this type, including limitations on us and our subsidiaries with respect to indebtedness, liens, changes in the nature of our business, investments, mergers and acquisitions, issuance of equity securities, dispositions of assets and dissolution of certain subsidiaries, transactions with affiliates, restricted payments (subject to incurrence tests, with certain exceptions), as well as securitizations, factoring transactions, and transactions with sanctioned parties or in violation of certain U.S. or Canadian anti-corruption laws. There are also maximum leverage ratio and minimum interest coverage ratio financial covenants that we are subject to during the term of the Credit Agreement. We were in compliance with all these covenants as of March 31, 2015 and December 31, 2014.

We had total letters of credit of $5,290 and $5,725 outstanding, of which none were issued under the Credit Agreement at March 31, 2015 and December 31, 2014. The letters of credit are used primarily to support certain workers' compensation insurance policies.

There were $95,820 and $66,342 in short-term borrowings outstanding under the Credit Agreement at March 31, 2015 and December 31, 2014, respectively.

Short-term borrowings outstanding during the three months ended March 31, 2015 and 2014 ranged from a minimum of $35,981 and $47,157 to a maximum of $130,878 and $111,912, respectively.

At March 31, 2015, we had unused lines of credit under the Credit Agreement amounting to $454,180 available, compared to $483,658 at December 31, 2014. These lines are available to meet the short-term cash requirements of the Company, and are subject to annual fees of up to 40 basis points (0.40%).

Private Placement Shelf Agreement

At March 31, 2015 and December 31, 2014, we had an uncommitted $100,000 private placement shelf agreement with Prudential Investment Management, Inc. (the "Shelf Agreement"). The Shelf Agreement allows us to issue senior promissory notes to affiliates of Prudential at fixed rate terms to be agreed upon at the time of any issuance during a three year issuance period ending in September 2017. No notes had been issued under the Shelf Agreement as of March 31, 2015 and December 31, 2014.

The Shelf Agreement contains various affirmative and negative covenants. We are also required to maintain certain financial ratios as defined in the agreement. We were in compliance with all covenants as of March 31, 2015 and December 31, 2014.

6. PENSION AND OTHER POSTRETIREMENT BENEFITS

We have a noncontributory defined benefit pension plan covering substantially all employees after the completion of one year of service and 1,000 hours of service. The plan provides retirement benefits based on an employee's average earnings and years of service. Employees become 100% vested after three years of service, regardless of age. A supplemental benefit plan provides nonqualified benefits for compensation in excess of the IRS compensation limits applicable to the plan. In December 2014, we amended the pension plan, effective July 1, 2015, to exclude employees hired or rehired on or after July 1, 2015 from participation. Active participants in the plan will continue to accrue benefits.

Our plan funding policy is to make contributions provided that the total annual contributions will not be less than ERISA and the Pension Protection Act of 2006 minimums or greater than the maximum tax-deductible amount, to review the contribution and funding strategy on a regular basis, and to allow discretionary contributions to be made by us from time to time. The assets of the defined benefit pension plan are invested primarily in fixed income investments and equity securities. We pay nonqualified pension benefits when they are due according to the terms of the supplemental benefit plan.

We provide certain postretirement health care and life insurance benefits to retired employees. Substantially all of our employees hired or rehired prior to 2014 may become eligible for postretirement medical benefits if they reach the age and service requirements of the retiree medical plan and retire on a service pension under the defined benefit pension plan. Medical benefits are self-insured and claims are paid through an insurance company. The cost of coverage is determined based on the annual projected plan costs. The participant's premium or cost is determined based on Company guidelines. Postretirement life insurance benefits are insured through an insurance company. We fund postretirement benefits as incurred, and accordingly, there were no assets held in the postretirement benefits plan at March 31, 2015 and December 31, 2014.

The net periodic benefit cost for the three months ended March 31, 2015 and 2014 included the following components:

	Pension Benefits		Postretirement Benefits	
	Three Months Ended March 31,		Three Months Ended March 31,	
Components of Net Periodic Benefit Cost	**2015**	2014	**2015**	2014
Service cost	**$ 6,500**	$ 5,597	**$ 675**	$ 625
Interest cost	**6,350**	6,799	**750**	825
Expected return on plan assets	**(7,025)**	(6,675)	—	—
Amortization of:				
Net actuarial loss	**4,924**	4,534	**251**	275
Prior service cost (gain)	**113**	246	**(545)**	(550)
Settlement loss	**—**	789	**—**	—
Net periodic benefit cost	**$ 10,862**	$ 11,290	**$ 1,131**	$ 1,175

A settlement loss that resulted from lump sum pension distributions was recorded during the three months ended March 31, 2014.

We made qualified and nonqualified pension contributions totaling $11,532 and $12,860, during the three-month periods ended March 31, 2015 and 2014, respectively. Additional contributions totaling $30,005 are expected to be paid during the remainder of 2015.

7. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table represents amounts reclassified from accumulated other comprehensive income (loss) for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31, 2015			Three Months Ended March 31, 2014		
	Amortization of Pension and Other Postretirement Benefits Items			Amortization of Pension and Other Postretirement Benefits Items		
	Actuarial Losses Recognized	Prior Service Costs Recognized	Total	Actuarial Losses Recognized	Prior Service Costs Recognized	Total
Affected Line in Condensed Consolidated Statement of Income:						
Selling, general and administrative expenses	**$ 5,175**	**$ (432)**	**$ 4,743**	$ 4,809	$ (304)	$ 4,505
Tax (benefit) expense	**(2,013)**	**168**	**(1,845)**	(1,870)	118	(1,752)
Total reclassifications for the period, net of tax	**$ 3,162**	**$ (264)**	**$ 2,898**	$ 2,939	$ (186)	$ 2,753

The following table represents the activity included in accumulated other comprehensive income (loss) for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31, 2015			Three Months Ended March 31, 2014		
	Foreign Currency	Pension and Other Postretirement Benefits	Total	Foreign Currency	Pension and Other Postretirement Benefits	Total
Beginning balance January 1,	**$ 284**	**$ (152,477)**	**$ (152,193)**	$ 6,653	$ (147,016)	$ (140,363)
Other comprehensive (loss) income before reclassifications	**(6,136)**	**—**	**(6,136)**	(2,474)	—	(2,474)
Amounts reclassified from accumulated other comprehensive income (net of tax $(1,845) and $(1,752))	**—**	**2,898**	**2,898**	—	2,753	2,753
Net current-period other comprehensive (loss) income	**(6,136)**	**2,898**	**(3,238)**	(2,474)	2,753	279
Ending balance March 31,	**$ (5,852)**	**$ (149,579)**	**$ (155,431)**	$ 4,179	$ (144,263)	$ (140,084)

8. ASSETS HELD FOR SALE

We consider properties to be assets held for sale when all of the following criteria are met: (i) a formal commitment to a plan to sell a property has been made and exercised; (ii) the property is available for sale in its present condition; (iii) actions required to complete the sale of the property have been initiated; (iv) sale of the property is probable and we expect the sale will occur within one year; and (v) the property is being actively marketed for sale at a price that is reasonable given its current market value.

Upon designation as an asset held for sale, we record the carrying value of each property at the lower of its carrying value or its estimated fair value, less estimated costs to sell, and depreciation of the property ceases. The net book value of assets held for sale was $3,043 and $7,669 at March 31, 2015 and December 31, 2014, respectively, and is recorded in net property in the condensed consolidated balance sheets.

During the first quarter of 2015, we sold one of the locations included as an asset held for sale. The location had a net book value of $4,626 and yielded a net gain of $3,584. The gain is recorded in other income, net in the condensed consolidated statements of income.

We review long-lived assets held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. For assets classified as held and used, impairment may occur if projected undiscounted cash flows are not adequate to cover the carrying value of the assets. In such cases, additional analysis is conducted to determine the amount of the loss to be recognized. The impairment loss is calculated as the difference between the carrying amount of the asset and its estimated fair value. The analysis requires estimates of the amount and timing of projected cash flows and, where applicable, selection of an appropriate discount rate. Such estimates are critical in determining whether any impairment charge should be recorded and the amount of such charge if an impairment loss is deemed necessary.

For assets held for sale, impairment occurs whenever the net book value of the property listed for sale exceeds the expected selling price less estimated selling expenses. There were no impairment charges recorded during the three-month periods ended March 31, 2015 and 2014.

9. COMMITMENTS AND CONTINGENCIES

Graybar and our subsidiaries are subject to various claims, disputes, and administrative and legal matters incidental to our past and current business activities. As a result, contingencies may arise resulting from an existing condition, situation, or set of circumstances involving an uncertainty as to the realization of a possible loss.

We account for loss contingencies in accordance with GAAP. Estimated loss contingencies are accrued only if the loss is probable and the amount of the loss can be reasonably estimated. With respect to a particular loss contingency, it may be probable that a loss has occurred but the estimate of the loss is a wide range. If we deem an amount within the range to be a better estimate than any other amount within the range, that amount will be accrued. However, if no amount within the range is a better estimate than any other amount, the minimum amount of the range is accrued. While we believe that none of these claims, disputes, administrative, and legal matters will have a material adverse effect on our financial position, these matters are uncertain and we cannot at this time determine whether the financial impact, if any, of these matters will be material to our results of operations in the period during which such matters are resolved or a better estimate becomes available.

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

The following discussion should be read in conjunction with our accompanying unaudited condensed consolidated financial statements and notes thereto, and our audited consolidated financial statements, notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations as of and for the year ended December 31, 2014, included in our Annual Report on Form 10-K for such period as filed with the United States ("U.S.") Securities and Exchange Commission (the "Commission"). The results shown herein are not necessarily indicative of the results to be expected in any future periods.

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes", "projects", "expects", "anticipates", "estimates", "intends", "strategy", "plan", "may", "will", "would", "will be", "will continue", "will likely result", and other similar expressions. We intend such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the PSLRA. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse impact on our operations and future prospects on a consolidated basis include, but are not limited to: general economic conditions, particularly in the residential, commercial, and industrial building construction industries; cyber-attacks; volatility in the prices of industrial commodities; disruptions in our sources of supply; a sustained interruption in the operation of our information systems; increased funding requirements and expenses related to our pension plan; compliance with increasing governmental regulations; adverse legal proceedings or other claims; and the inability, or limitations on our ability, to raise debt or equity capital. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless otherwise required by applicable securities law. Further information concerning our business, including additional factors that could materially impact our financial results, is included herein and in our other filings with the Commission. Actual results and the timing of events could differ materially from the forward-looking statements as a result of certain factors, a number of which are outlined in Item 1A., "Risk Factors", of our Annual Report on Form 10-K for the year ended December 31, 2014.

All dollar amounts, except per share data, are stated in thousands ($000s) in the following discussion and accompanying tables.

Background

Graybar Electric Company, Inc. ("Graybar", "Company", "we", "our", or "us") is a New York corporation, incorporated in 1925. We are engaged in the distribution of electrical and communications and data networking products, and a provider of related supply chain management and logistics services. We primarily serve customers in the construction, and commercial, institutional and government ("CIG"), as well as the industrial and utility vertical markets, with products and services that support new construction, infrastructure updates, building renovation, facility maintenance, repair and operations ("MRO"), and original equipment manufacturers ("OEM"). All products sold by us are purchased by us from others, and we neither manufacture nor contract to manufacture any products we sell. Our business activity is primarily with customers in the U.S. We also have subsidiary operations with distribution facilities in Canada and Puerto Rico.

Our common stock is 100% owned by active and retired employees, and there is no public trading market for our common stock. No holder of our common stock or voting trust interest representing our common stock ("common stock", "common shares", or "shares") may sell, transfer, or otherwise dispose of any shares without first offering us the option to purchase those shares at the price at which they were issued. Additionally, a shareholder is entitled to any cash dividends, if any, accrued for the quarter in which the purchase offer is made, adjusted pro rata for the number of days such shares were held prior to the dividend record date. We also have the option to purchase at the issue price the common shares of any shareholder who ceases to be an employee for any reason other than death or retirement on a pension (except a deferred pension), and on the first anniversary of any holder's death. In the past, we have always exercised these purchase options and we expect to continue to do so in the foreseeable future. However, we can make no assurance that we will continue to exercise our purchase option in the future. All outstanding shares of the Company have been issued at $20.00 per share.

Business Overview

Our strategic investments in new locations, salesforce expansion, and e-commerce capabilities coupled with our vertical market focus allowed us to achieve record first quarter net sales of $1,393,778, 6.2% higher than the previous record set in 2014. Sales in each of our vertical markets: industrial and utility, commercial, institutional and government ("CIG"), and construction, grew during the quarter.

Our orders on hand improved during the first quarter and we expect continued sales growth in the first half of year. However, we are seeing signs that the general economy will be slowing in the second half of the year. Our plan is to continue adding e-commerce capabilities to enhance our customers' experience. Our sales force expansion initiative that started in 2014 is ongoing and is continuing to allow us to reach new and underserved customers. In addition, plans to open new locations are proceeding. We believe these actions along with our focus on our core business will position us well to further grow sales during the remainder of 2015.

Consolidated Results of Operations

The following table sets forth certain information relating to our operations stated in thousands of dollars and as a percentage of net sales for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31, 2015		Three Months Ended March 31, 2014	
	Dollars	**Percent**	Dollars	Percent
Net Sales	**$ 1,393,778**	**100.0%**	$ 1,312,800	100.0%
Cost of merchandise sold	**(1,134,752)**	**(81.4)**	(1,063,343)	(81.0)
Gross Margin	**259,026**	**18.6**	249,457	19.0
Selling, general and administrative expenses	**(232,067)**	**(16.7)**	(219,925)	(16.8)
Depreciation and amortization	**(10,309)**	**(0.7)**	(9,677)	(0.7)
Other income, net	**4,342**	**0.3**	729	0.1
Income from Operations	**20,992**	**1.5**	20,584	1.6
Interest expense, net	**(513)**	**—**	(390)	—
Income before Provision for Income Taxes	**20,479**	**1.5**	20,194	1.6
Provision for income taxes	**(7,985)**	**(0.6)**	(8,844)	(0.7)
Net Income	**12,494**	**0.9**	11,350	0.9
Less: Net income attributable to noncontrolling interests	**(34)**	**—**	(29)	—
Net Income attributable to Graybar Electric Company, Inc.	**$ 12,460**	**0.9%**	$ 11,321	0.9%

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014

Net sales totaled $1,393,778 for the quarter ended March 31, 2015, compared to $1,312,800 for the quarter ended March 31, 2014, an increase of $80,978, or 6.2%. Net sales in our industrial and utility, CIG, and construction vertical markets increased for the three months ended March 31, 2015 compared to the same three-month period of 2014 by 9.7%, 8.5% and 4.8%, respectively.

Gross margin increased $9,569, or 3.8%, to $259,026 from $249,457 primarily due to increased net sales in the first quarter of 2015, compared to the same period of 2014. Our gross margin as a percent of net sales totaled 18.6% for the three months ended March 31, 2015, down from 19.0% for the three months ended March 31, 2014, primarily due to change in product mix.

Selling, general and administrative expenses increased $12,142, or 5.5%, to $232,067 in the first quarter of 2015 from $219,925 in the first quarter of 2014, due primarily to higher compensation related expenses for the three months ended March 31, 2015. Selling, general and administrative expenses as a percentage of net sales totaled 16.7% for the three months ended March 31, 2015, down from 16.8% for the three months ended March 31, 2014.

Depreciation and amortization expenses for the three months ended March 31, 2015 increased $632, or 6.5%, to $10,309 from $9,677 in the first quarter of 2014 due to an increase in property, at cost. Depreciation and amortization expenses as a percentage of net sales remained consistent at 0.7% for the three months ended March 31, 2015 and 2014.

Other income, net totaled $4,342 for the three-month period ended March 31, 2015, compared to $729 for the three months ended March 31, 2014. Other income, net consists primarily of gains on the disposal of property, trade receivable interest charges to customers, and other miscellaneous income items related to our business activities. The increase in other income, net for the three months ended March 31, 2015 was due to net gains on the disposal of real and personal property of $3,699.

Interest expense, net increased $123, or 31.5%, to $513 for the three months ended March 31, 2015, from $390 for the three months ended March 31, 2014. Long-term debt outstanding, including current portion, was $19,484 at March 31, 2015, compared to $11,331 at March 31, 2014. The long-term debt outstanding, including current portion, increased primarily due to capital lease financing transactions associated with information technology asset purchases.

Income before provision for income taxes totaled $20,479 for the three months ended March 31, 2015, an increase of $285, or 1.4%, from $20,194 for the three months ended March 31, 2014. The increase was generated primarily by the increase in gross margin and other income, net, partially offset by the increases in selling, general, and administrative expenses and depreciation and amortization expenses.

Our total provision for income taxes decreased $859, or 9.7%, to $7,985 for the three months ended March 31, 2015, compared to $8,844 for the same period of 2014. Our effective tax rate was 39.0% for the three months ended March 31, 2015, compared to 43.8% for the same period of 2014. The decrease in the effective tax rate was attributable to U.S. Internal Revenue Service ("IRS") audit-related contingencies that were recorded during the three months ended March 31, 2014 that did not repeat during the three months ended March 31, 2015. The effective tax rate for the three months ended March 31, 2015 was higher than the 35.0% U.S. federal statutory rate primarily due to state and local income taxes, while the effective tax rate for three months ended March 31, 2014 was higher due to the IRS audit and state and local income taxes.

Net income attributable to Graybar Electric Company, Inc. for the three months ended March 31, 2015 increased $1,139, or 10.1%, to $12,460 from $11,321 for the three months ended March 31, 2014.

Financial Condition and Liquidity

We manage our liquidity and capital levels so that we have the capacity to invest in the growth of our business, finance anticipated capital expenditures, make dividend and benefit payments, finance information technology needs, meet debt service obligations, fund acquisitions and finance other miscellaneous cash outlays. We believe that maintaining a strong company financial condition enables us to competitively access multiple financing channels, maintain an optimal cost of capital and enable our company to invest in strategic long-term growth plans.

We have historically funded our working capital requirements using cash flows generated by the collection of trade receivables and trade accounts payable terms with our suppliers, supplemented by short-term bank lines of credit. Capital expenditures have been financed primarily by cash from working capital management, short-term bank lines of credit and long-term debt.

<u>Operating Activities</u>

Cash flows from operations for the three months ended March 31, 2015 declined by $27,613 when compared to the three months ended March 31, 2014 primarily due to increasing inventory levels during the three months ended March 31, 2015 to support our expected growth of sales during 2015, as well as a reduction in both trade accounts payable and accrued payroll benefits, partially offset by a decrease in trade accounts receivable.

<u>Investing Activities</u>

Net cash used by investing activities increased $17,492 for the three months ended March 31, 2015 when compared to the three months ended March 31, 2014. We purchased a new regional distribution center in southern California for $23,392, while disposing of a regional distribution center in northern California that was classified as an asset held for sale and provided proceeds of $8,214.

<u>Financing Activities</u>

Cash flows from financing activities increased by $33,523 for three months ended March 31, 2015, compared to the three months ended March 31, 2014 primarily due to:

- Increased short-term borrowings

- Increased sales of common stock
- Decreased treasury stock purchases
- Decreased payments for noncontrolling interests' stock

The above factors were offset by the following:

- Higher payments on long-term debt
- Higher payments on capital leases
- Increased dividend payments on common stock

Liquidity

We had a $550,000 revolving credit facility with $454,180 in available capacity at March 31, 2015, compared to $483,658 at December 31, 2014. At March 31, 2015 and December 31, 2014, we also had an uncommitted $100,000 private placement shelf agreement that allows us to issue senior promissory notes to affiliates of Prudential at fixed rate terms to be agreed up on at the time of any issuance during a three year issuance period ending in September 2017. No notes had been issued under the shelf agreement as of March 31, 2015 and December 31, 2014. For further discussion related to our revolving credit facility and our private placement shelf agreement, refer to Note 5, "Debt", of the notes to the condensed consolidated financial statements located in Item 1.

We had total letters of credit of $5,290 and $5,725 outstanding, of which none were issued under the $550,000 revolving credit facility at March 31, 2015 and December 31, 2014. The letters of credit are used primarily to support certain workers' compensation insurance policies.

New Accounting Standards Updates

Our adoption of new accounting standards are discussed in Note 2, "Summary of Significant Accounting Policies", of the notes to the condensed consolidated financial statements located in Item 1., "Financial Statements", of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in the policies, procedures, controls, or risk profile from those provided in Item 7A., “Quantitative and Qualitative Disclosures About Market Risk”, of our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 4. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2015, was performed under the supervision and with the participation of management. Based on that evaluation, our management, including the Principal Executive Officer and Principal Financial Officer, concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

(b) Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use Of Proceeds.

Our common stock is 100% owned by active and retired employees, and there is no public trading market for our common stock. Since 1928, substantially all of the issued and outstanding shares of common stock have been held of record by voting trustees under successive voting trust agreements. Under applicable New York law, a voting trust may not have a term greater than ten years. The 2007 Voting Trust Agreement expires by its terms on March 15, 2017. At March 31, 2015, approximately 83% of the common stock was held in this voting trust. The participation of shareholders in the voting trust is voluntary at the time the voting trust is created, but is irrevocable during its term. Shareholders who elect not to participate in the voting trust hold their common stock as shareholders of record.

No holder of our common stock or voting trust interests representing our common stock ("common stock", "common shares", or "shares") may sell, transfer, or otherwise dispose of any shares without first offering us the option to purchase those shares at the price at which they were issued. Additionally, a shareholder is entitled to any cash dividends, if any, accrued for the quarter in which the purchase offer is made, adjusted pro rata for the number of days such shares were held prior to the dividend record date. We also have the option to purchase at the issue price the common shares of any shareholder who ceases to be an employee for any cause other than death or retirement on a pension (except a deferred pension), and on the first anniversary of any holder's death. In the past, we have always exercised these purchase options, and we expect to continue to do so in the foreseeable future. However, we can make no assurance that we will continue to exercise our purchase option in the future. All outstanding shares of the Company have been issued at $20.00 per share.

The following table sets forth information regarding purchases of common stock by the Company, all of which were made pursuant to the foregoing provisions:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs
January 1 to January 31, 2015	54,045	$20.00	N/A
February 1 to February 28, 2015	83,552	$20.00	N/A
March 1 to March 31, 2015	45,320	$20.00	N/A
Total	182,917	$20.00	N/A

Item 6. Exhibits.

(a) Exhibits furnished in accordance with provisions of Item 601 of Regulation S-K.

(3) (i) Articles of Incorporation

(a) Restated Certificate of Incorporation, as amended, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated June 13, 2013 (Commission File No. 000-00255) and incorporated herein by reference.

(ii) Bylaws

(a) By-laws as amended through March 12, 2015, filed as Exhibit 3(ii) to the Company's Current Report on Form 8-K dated March 12, 2015 (Commission File No. 000-00255) and incorporated herein by reference.

(31) Rule 13a-14(a)/15d-14(a) Certifications

(31.1) Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Principal Executive Officer.

(31.2) Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Principal Financial Officer.

(32) Section 1350 Certifications

(32.1) Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Principal Executive Officer.

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101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

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.

GRAYBAR ELECTRIC COMPANY, INC.

May 6, 2015	/s/ KATHLEEN M. MAZZARELLA
Date	Kathleen M. Mazzarella President and Chief Executive Officer (Principal Executive Officer)
May 6, 2015	/s/ RANDALL R. HARWOOD
Date	Randall R. Harwood Senior Vice President and Chief Financial Officer (Principal Financial Officer)

EXHIBIT INDEX

Exhibits

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Exhibit 31.1

CERTIFICATION

I, Kathleen M. Mazzarella, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Graybar Electric Company, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 6, 2015	/s/ KATHLEEN M. MAZZARELLA
Date	Kathleen M. Mazzarella President and Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Randall R. Harwood, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Graybar Electric Company, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 6, 2015	/s/ RANDALL R. HARWOOD
Date	Randall R. Harwood
	Senior Vice President and Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kathleen M. Mazzarella, President and Chief Executive Officer of Graybar Electric Company, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2015 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 6, 2015	/s/ KATHLEEN M. MAZZARELLA
Date	Kathleen M. Mazzarella
	President and Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Randall R. Harwood, Senior Vice President and Chief Financial Officer of Graybar Electric Company, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 6, 2015	/s/ RANDALL R. HARWOOD
Date	Randall R. Harwood
	Senior Vice President and Chief Financial Officer (Principal Financial Officer)