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

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 September 30, 2013

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 October 31, 2013: 15,468,427
(Number of Shares)

Graybar Electric Company, Inc. and Subsidiaries
Quarterly Report on Form 10-Q
For the Period Ended September 30, 2013
(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 September 30,		**Nine Months Ended September 30,**	
(Stated in thousands, except per share data)	**2013**	2012	**2013**	2012
Gross Sales	**$ 1,492,586**	$ 1,394,800	**$ 4,254,256**	$ 4,067,016
Cash discounts	**(6,135)**	(5,508)	**(16,775)**	(16,060)
Net Sales	**1,486,451**	1,389,292	**4,237,481**	4,050,956
Cost of merchandise sold	**(1,208,788)**	(1,133,046)	**(3,460,021)**	(3,289,222)
Gross Margin	**277,663**	256,246	**777,460**	761,734
Selling, general and administrative expenses	**(220,791)**	(213,396)	**(652,950)**	(635,618)
Depreciation and amortization	**(9,251)**	(8,059)	**(27,268)**	(24,013)
Other income, net	**451**	915	**1,653**	32,988
Income from Operations	**48,072**	35,706	**98,895**	135,091
Interest expense, net	**(407)**	(416)	**(1,171)**	(1,876)
Income before Provision for Income Taxes	**47,665**	35,290	**97,724**	133,215
Provision for income taxes	**(18,946)**	(15,210)	**(39,100)**	(53,849)
Net Income	**28,719**	20,080	**58,624**	79,366
Less: Net income attributable to noncontrolling interests	**(86)**	(68)	**(154)**	(211)
Net Income attributable to Graybar Electric Company, Inc.	**$ 28,633**	$ 20,012	**$ 58,470**	$ 79,155
Net Income per share of Common Stock (A)	**$ 1.85**	$ 1.29	**$ 3.76**	$ 5.08
Cash Dividends per share of Common Stock (B)	**$ 0.30**	$ 0.30	**$ 0.90**	$ 0.90
Average Common Shares Outstanding (A)	**15,507**	15,568	**15,565**	15,595

(A) Adjusted for the declaration of a twenty percent (20%) stock dividend in 2012, shares related to which were issued in February 2013. Prior to the adjustment, the average common shares outstanding were 12,973 and 12,996 for the three and nine months ended September 30, 2012, respectively.

(B) Cash dividends declared were $4,665 and $3,896 for the three months ended September 30, 2013 and 2012, respectively. Cash dividends declared were $14,041 and $11,729 for the nine months ended September 30, 2013 and 2012, respectively.

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 September 30,		**Nine Months Ended September 30,**	
(Stated in thousands)	**2013**	2012	**2013**	2012
Net Income	**$ 28,719**	$ 20,080	**$ 58,624**	$ 79,366
Other Comprehensive Income				
Foreign currency translation	**1,637**	3,067	**(2,545)**	2,842
Pension and postretirement benefits liability adjustment (net of tax of $2,661, $2,142, $7,983 and $6,428, respectively)	**4,179**	3,365	**12,537**	10,097
Total Other Comprehensive Income	**5,816**	6,432	**9,992**	12,939
Comprehensive Income	**$ 34,535**	$ 26,512	**$ 68,616**	$ 92,305
Comprehensive income attributable to noncontrolling interests, net of tax	**(204)**	(166)	**(112)**	(66)
Comprehensive Income attributable to Graybar Electric Company, Inc.	**$ 34,331**	$ 26,346	**$ 68,504**	$ 92,239

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)					**September 30, 2013**	December 31, 2012
ASSETS					(Unaudited)	
Current Assets						
Cash and cash equivalents					**$ 46,974**	$ 37,674
Trade receivables (less allowances of $7,009 and $6,868, respectively)					**846,252**	782,390
Merchandise inventory					**468,060**	416,753
Other current assets					**29,964**	25,442
Total Current Assets					**1,391,250**	1,262,259
Property, at cost						
Land					**66,909**	65,821
Buildings					**405,329**	393,399
Furniture and fixtures					**228,453**	212,650
Software					**76,906**	76,906
Capital leases					**14,201**	11,463
Total Property, at cost					**791,798**	760,239
Less – accumulated depreciation and amortization					**(419,674)**	(402,233)
Net Property					**372,124**	358,006
Other Non-current Assets					**77,058**	83,932
Total Assets					**$ 1,840,432**	$ 1,704,197
LIABILITIES						
Current Liabilities						
Short-term borrowings					**$ 90,246**	$ 71,116
Current portion of long-term debt					**2,425**	10,005
Trade accounts payable					**666,564**	573,252
Accrued payroll and benefit costs					**81,472**	109,250
Other accrued taxes					**14,807**	11,748
Other current liabilities					**70,528**	61,315
Total Current Liabilities					**926,042**	836,686
Postretirement Benefits Liability					**77,570**	77,036
Pension Liability					**154,636**	167,223
Long-term Debt					**2,614**	1,990
Other Non-current Liabilities					**23,180**	21,046
Total Liabilities					**1,184,042**	1,103,981
SHAREHOLDERS' EQUITY						
	Shares at					
Capital Stock	**September 30, 2013**	December 31, 2012				
Common, stated value $20.00 per share						
Authorized	**50,000,000**	20,000,000				
Issued to voting trustees	**13,337,764**	12,844,501				
Issued to shareholders	**2,793,836**	2,740,489				
In treasury, at cost	**(589,844)**	(84,566)				
Outstanding Common Stock	**15,541,756**	15,500,424			**310,835**	310,008
Advance Payments on Subscriptions to Common Stock					**415**	—
Retained Earnings					**498,199**	453,770
Accumulated Other Comprehensive Loss					**(156,780)**	(166,814)
Total Graybar Electric Company, Inc. Shareholders' Equity					**652,669**	596,964
Noncontrolling Interests					**3,721**	3,252
Total Shareholders' Equity					**656,390**	600,216
Total Liabilities and Shareholders' Equity					**$ 1,840,432**	$ 1,704,197

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)	
	Nine Months Ended September 30,	
(Stated in thousands)	**2013**	2012
Cash Flows from Operations		
Net Income	**$ 58,624**	$ 79,366
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and amortization	**27,268**	24,013
Deferred income taxes	**(2,835)**	3,000
Net losses (gains) on disposal of property	**324**	(30,732)
Loss on impairment of property	**—**	257
Net income attributable to noncontrolling interests	**(154)**	(211)
Changes in assets and liabilities:		
Trade receivables	**(63,862)**	16,072
Merchandise inventory	**(51,307)**	(58,738)
Other current assets	**(2,431)**	3,355
Other non-current assets	**(365)**	(2,135)
Trade accounts payable	**93,312**	8,041
Accrued payroll and benefit costs	**(27,778)**	(37,367)
Other current liabilities	**10,761**	14,194
Other non-current liabilities	**10,601**	7,111
Total adjustments to net income	**(6,466)**	(53,140)
Net cash provided by operations	**52,158**	26,226
Cash Flows from Investing Activities		
Proceeds from disposal of property	**162**	33,577
Capital expenditures for property	**(40,014)**	(30,662)
Net cash (used) provided by investing activities	**(39,852)**	2,915
Cash Flows from Financing Activities		
Net increase in short-term borrowings	**19,130**	33,114
Repayment of long-term debt	**(7,386)**	(35,101)
Principal payments under capital leases	**(2,308)**	(2,186)
Sale of common stock	**11,347**	10,501
Purchases of common stock	**(10,105)**	(8,119)
Sales of noncontrolling interests' common stock	**487**	—
Purchases of noncontrolling interests’ common stock	**(130)**	(2,855)
Dividends paid	**(14,041)**	(24,672)
Net cash used by financing activities	**(3,006)**	(29,318)
Net Increase (Decrease) in Cash	**9,300**	(177)
Cash, Beginning of Year	**37,674**	71,967
Cash, End of Period	**$ 46,974**	$ 71,790
Non-cash Investing and Financing Activities		
Acquisitions of equipment under capital leases	**$ 2,738**	$ 1,674

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, 2011	$ 257,630	$ —	$ 458,139	$ (150,364)	$ 5,989	$ 571,394
Net income			79,155		211	79,366
Other comprehensive income				13,084	(145)	12,939
Stock issued	10,106					10,106
Stock purchased	(8,119)				(2,855)	(10,974)
Advance payments		395				395
Dividends declared			(11,729)			(11,729)
September 30, 2012	$ 259,617	$ 395	$ 525,565	$ (137,280)	$ 3,200	$ 651,497

	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, 2012	$ 310,008	$ —	$ 453,770	$ (166,814)	$ 3,252	$ 600,216
Net income			58,470		154	58,624
Other comprehensive income				10,034	(42)	9,992
Stock issued	10,932				487	11,419
Stock purchased	(10,105)				(130)	(10,235)
Advance payments		415				415
Dividends declared			(14,041)			(14,041)
September 30, 2013	$ 310,835	$ 415	$ 498,199	$ (156,780)	$ 3,721	$ 656,390

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" or the "Company") is a New York corporation, incorporated in 1925. The Company is engaged in the distribution of electrical, communications and data networking ("comm/data") products and the provision of related supply chain management and logistics services, primarily to electrical and comm/data contractors, industrial plants, federal, state and local governments, commercial users, telephone companies, and power utilities in North America. All products sold by the Company are purchased by the Company from others, and the Company neither manufactures nor contracts to manufacture any products that it sells. The Company's business activity is primarily with customers in the United States of America ("U.S."). Graybar also has subsidiary operations with distribution facilities in Canada and Puerto Rico.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies conform to generally accepted accounting principles in the U.S. ("U.S. GAAP") and are applied on a consistent basis among all periods presented. Significant accounting policies are described below.

Basis of Presentation

The condensed consolidated financial statements included herein have been prepared by Graybar Electric Company, Inc., without audit, 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 U.S. GAAP have been condensed or omitted pursuant to such rules and regulations, although the Company believes that its disclosures are adequate to make the information presented not misleading. The preparation of financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that affect reported amounts. The Company's 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 2013 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, 2012, included in the Company's 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. Such interim financial information is subject to year-end adjustments. 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 Electric Company, Inc. 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 U.S. 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

The Company has 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 September 30, 2013 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. The Company's standard shipping terms are FOB shipping point, under which product title passes to the customer at the time of shipment. The Company does, however, fulfill some customer orders based on shipping terms of FOB destination, whereby title passes to the customer at the time of delivery. The Company also earns 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

The Company records certain outgoing freight expenses as a component of selling, general and administrative expenses.

Cash and Cash Equivalents

The Company accounts 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

The Company performs ongoing credit evaluations of its customers, and a significant portion of its trade receivables is secured by mechanic's lien or payment bond rights. The Company maintains 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 the Company's customers were to deteriorate.

Merchandise Inventory

The Company's 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.

The Company makes provisions for obsolete or excess inventories as necessary to reflect reductions in inventory value.

Supplier Volume Incentives

The Company's agreements with many of its suppliers provide for the Company to earn volume incentives based on purchases during the agreement period. These agreements typically provide for the incentives to be paid quarterly or annually in arrears. The Company estimates amounts to be received from suppliers at the end of each reporting period based on the earnout level that the Company believes is probable of being achieved. The Company records the incentive ratably over the year as a reduction of cost of merchandise sold as the related inventory is sold. 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 the Company's 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 the Company to concentrations of credit risk consist primarily of trade receivables. The Company performs ongoing credit evaluations of its customers, and a significant portion of its trade receivables is secured by mechanic's lien or payment bond rights. The Company maintains allowances for potential credit losses, and such losses historically have been within management's expectations.

Fair Value

The Company endeavors to utilize the best available information in measuring fair value. U.S. 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. The Company has used fair value measurements to value its pension plan assets.

Foreign Currency Exchange Rate

The functional currency for the Company's 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

The Company's goodwill and indefinite-lived intangible assets are 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. The Company performs either a qualitative or quantitative 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

The Company recognizes 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. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent it believes 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. The Company classifies interest expense and penalties as part of its provision for income taxes based upon applicable federal and state interest/underpayment percentages.

Other Postretirement Benefits

The Company accounts 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. The Company's consolidated balance sheets reflect the funded status of postretirement benefits.

Pension Plan

The Company sponsors 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. The Company's consolidated balance sheets reflect the funded status of the defined benefit pension plan.

New Accounting Standards

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (“ASU” or “Update”) 2013-11, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists” which provides guidance on the financial statement presentation of unrecognized tax benefits when a net operating loss, a similar tax loss, or a tax credit carryforward exists. The requirements are effective for annual reporting periods beginning after December 15, 2013, and interim periods within those annual periods. The Company continues to evaluate the impact that the adoption of this guidance will have on the Company’s financial condition or results of operations.

In February 2013, the FASB issued ASU 2013-02, “Comprehensive Income: Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income”, which adds new disclosure requirements for items reclassified out of accumulated other comprehensive income (“AOCI”). The Update requires that the Company present either in a single note or parenthetically on the face of the financial statements, the effect of significant amounts reclassified from each component of AOCI based on its source and the income statement line items affected by the reclassification. The Company adopted this Update as of January 1, 2013, and the adoption did not have any impact on the Company's results of operations, financial position, or cash flows during the three and nine months ended September 30, 2013, other than additional disclosures contained in Note 7.

3. INCOME TAXES

The Company determines its deferred tax assets and liabilities based upon the difference between the financial statement and tax bases of its assets and liabilities, calculated using enacted applicable tax rates. The Company then assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent it believes 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 condensed consolidated financial statements.

The Company classifies interest expense and penalties as part of its provision for income taxes based upon applicable federal and state interest/underpayment percentages. The Company has accrued $1,332 and $1,195 in interest and penalties in its condensed consolidated balance sheets at September 30, 2013 and December 31, 2012, respectively. Interest was computed on the difference between the provision for income taxes recognized in accordance with U.S. GAAP and the amount of benefit previously taken or expected to be taken in the Company’s federal, state, and local income tax returns.

The Company's federal income tax returns for the tax years 2008 and forward are available for examination by the United States Internal Revenue Service (“IRS”). The IRS completed its examination of the Company's 2008 and 2009 federal income tax returns. On May 1, 2013, the Company received the revenue agent's report, commonly referred to as a “30-day letter”. The Company disputes some of the proposed adjustments raised in the revenue agent's report and has filed a protest. In July, the Company received the revenue agent's rebuttal and is currently awaiting appeal proceedings. The Company continues to believe its reserve for uncertain tax benefits is adequate at September 30, 2013. The Company has agreed to extend its federal statute of limitations for the 2008 tax year until May 31, 2014. In addition, an examination by the IRS of the Company's 2010 and 2011 federal income tax returns commenced in April 2013.

The Company's state income tax returns for 2009 through 2012 remain subject to examination by various state authorities, with the latest period closing on December 31, 2017. The Company has not extended the statutes of limitations with respect to years prior to 2009. Such statutes of limitations will expire on or before December 31, 2013, unless extended.

The Company’s unrecognized tax benefits of $3,767 and $3,530 at September 30, 2013 and December 31, 2012, respectively, are uncertain tax positions that would impact the Company’s effective tax rate if recognized. The Company is periodically engaged in tax return examinations, reviews of statute of limitations periods, and settlements surrounding income taxes. The Company does not anticipate a material change in its unrecognized tax benefits during the next twelve months.

4. CAPITAL STOCK

The Company's capital stock is one hundred percent (100%) owned by its active and retired employees, and there is no public trading market for its 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 state law, a voting trust may not have a term greater than ten years. At September 30, 2013, approximately eighty-three percent (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 shareholder may sell, transfer, or otherwise dispose of shares of common stock or the voting trust interests issued with respect thereto (“common stock”, “common shares”, or “shares”) without first offering the Company the option to purchase such shares at the price at which the shares were issued. The Company also has the option to purchase at the issue price the common stock of any holder who dies or ceases to be an employee of the Company for any cause other than retirement on a Company pension. The Company has always exercised its purchase option and expects to continue to do so. All outstanding shares of the Company have been issued at $20.00 per share.

At the Company’s annual meeting of shareholders on June 13, 2013, the shareholders approved an amendment to the Company’s amended Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 20,000,000 to 50,000,000 shares.

5. REVOLVING CREDIT FACILITY

On September 30, 2013 and December 31, 2012, the Company and Graybar Canada Limited, the Company's Canadian operating subsidiary (“Graybar Canada”), had an unsecured, five-year, $500,000 revolving credit agreement maturing in September 2016 with Bank of America, N.A. and other lenders named therein, 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"). The Credit Agreement also includes a $100,000 sublimit (in U.S. or Canadian dollars) for borrowings by Graybar Canada and contains an accordion feature, which allows the Company to request increases in the aggregate borrowing commitments of up to $200,000.

On May 29, 2013, the Company and Graybar Canada Limited amended the Credit Agreement to clarify that the Canadian Dealer Offered Rate ("CDOR") would replace Canadian LIBOR, which was discontinued by the British Bankers' Association after May 31, 2013. Effective on the amendment date, borrowings by the Canadian borrower denominated in Canadian dollars under the Credit Agreement bear interest based on, at the Canadian borrower's election, either (i) the base rate (as defined in the Credit Agreement), or (ii) CDOR, in each case plus an applicable margin, as set forth in the pricing grid detailed in the Credit Agreement. Borrowings by the Company are unaffected by this amendment to the Credit Agreement.

At September 30, 2013, the Company had total letters of credit of $6,913 outstanding, of which $738 were issued under the $500,000 revolving credit facility. At December 31, 2012, the Company had total letters of credit of $8,938 outstanding, of which $763 were issued under the $500,000 revolving credit facility. The letters of credit are used primarily to support certain workers compensation insurance policies.

There were $90,246 and $71,116 in short-term borrowings outstanding under the revolving credit facility at September 30, 2013 and December 31, 2012, respectively.

6. PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company has a noncontributory defined benefit pension plan covering substantially all full-time employees. The plan provides retirement benefits based on an employee’s average earnings and years of service. Employees become one hundred percent (100%) vested after three years of service, regardless of age. The Company’s plan funding policy is to make contributions provided that the total annual contributions will not be less than the Employee Retirement Income Security Act ("ERISA") and the Pension Protection Act of 2006 minimums or greater than the maximum tax-deductible amount, to review contribution and funding strategy on a regular basis, and to allow discretionary contributions to be made by the Company from time to time. The assets of the defined benefit pension plan are invested primarily in fixed income and equity securities, money market funds, and other investments.

The Company provides certain postretirement health care and life insurance benefits to retired employees. Substantially all of the Company’s employees 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. Benefits are provided through insurance coverage, with premiums based on the benefits paid during the year. The Company funds postretirement benefits on a pay-as-you-go basis, and accordingly, there were no assets held in the postretirement benefits plan at September 30, 2013 and December 31, 2012.

The net periodic benefit cost for the three and nine months ended September 30, 2013 and 2012 included the following components:

	Pension Benefits Three Months Ended September 30,		Postretirement Benefits Three Months Ended September 30,	
Components of Net Periodic Benefit Cost	**2013**	2012	**2013**	2012
Service cost	**$ 6,030**	$ 5,554	**$ 661**	$ 584
Interest cost	**5,979**	6,224	**718**	838
Expected return on plan assets	**(5,977)**	(5,918)	—	—
Amortization of:				
Net actuarial loss	**6,593**	5,279	**449**	430
Prior service cost (gain)	**343**	346	**(545)**	(546)
Net periodic benefit cost	**$ 12,968**	$ 11,485	**$ 1,283**	$ 1,306

	Pension Benefits Nine Months Ended September 30,		Postretirement Benefits Nine Months Ended September 30,	
Components of Net Periodic Benefit Cost	**2013**	2012	**2013**	2012
Service cost	**$ 18,089**	$ 16,661	**$ 1,983**	$ 1,752
Interest cost	**17,936**	18,672	**2,154**	2,516
Expected return on plan assets	**(17,931)**	(17,753)	**—**	—
Amortization of:				
Net actuarial loss	**19,778**	15,837	**1,346**	1,290
Prior service cost (gain)	**1,031**	1,036	**(1,635)**	(1,636)
Net periodic benefit cost	**$ 38,903**	$ 34,453	**$ 3,848**	$ 3,922

The Company made contributions to its defined benefit pension plan totaling $10,000 during each of the three-month periods ended September 30, 2013 and 2012. Contributions made during the nine-month periods ended September 30, 2013 and 2012 each totaled $30,000. Additional contributions totaling $10,800 are expected to be paid during the remainder of 2013.

7. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables represent amounts reclassified from accumulated other comprehensive income (loss) for the three months ended September 30, 2013 and 2012:

	Three Months Ended September 30, 2013			Three Months Ended September 30, 2012		
	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	**$ 7,042**	**$ (202)**	**$ 6,840**	$ 5,707	$ (200)	$ 5,507
Tax (benefit) expense	**(2,740)**	**79**	**(2,661)**	(2,220)	78	(2,142)
Total reclassifications for the period, net of tax	**$ 4,302**	**$ (123)**	**$ 4,179**	$ 3,487	$ (122)	$ 3,365

The following tables represent amounts reclassified from accumulated other comprehensive income (loss) for the nine months ended September 30, 2013 and 2012:

	Nine Months Ended September 30, 2013			Nine Months Ended September 30, 2012		
	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	**$ 21,124**	**$ (604)**	**$ 20,520**	$ 17,125	$ (600)	$ 16,525
Tax (benefit) expense	**(8,219)**	**236**	**(7,983)**	(6,662)	234	(6,428)
Total reclassifications for the period, net of tax	**$ 12,905**	**$ (368)**	**$ 12,537**	$ 10,463	$ (366)	$ 10,097

The following tables represent the activity included in accumulated other comprehensive income (loss) for the three months ended September 30, 2013 and 2012:

	Three Months Ended September 30, 2013			Three Months Ended September 30, 2012		
	Foreign Currency	Pension and Other Postretirement Benefits	Total	Foreign Currency	Pension and Other Postretirement Benefits	Total
Beginning balance July 1	**$ 8,018**	**$ (170,496)**	**$ (162,478)**	$ 10,075	$ (153,689)	$ (143,614)
Other comprehensive income before reclassifications	**1,519**	**—**	**1,519**	2,969	—	2,969
Amounts reclassified from accumulated other comprehensive income	**—**	**4,179**	**4,179**	—	3,365	3,365
Net current-period other comprehensive income	**1,519**	**4,179**	**5,698**	2,969	3,365	6,334
Ending balance September 30	**$ 9,537**	**$ (166,317)**	**$ (156,780)**	$ 13,044	$ (150,324)	$ (137,280)

The following tables represent the activity included in accumulated other comprehensive income (loss) for the nine months ended September 30, 2013 and 2012:

	Nine Months Ended September 30, 2013			Nine Months Ended September 30, 2012		
	Foreign Currency	Pension and Other Postretirement Benefits	Total	Foreign Currency	Pension and Other Postretirement Benefits	Total
Beginning balance January 1	**$ 12,040**	**$ (178,854)**	**$ (166,814)**	$ 10,057	$ (160,421)	$ (150,364)
Other comprehensive (loss) income before reclassifications	**(2,503)**	**—**	**(2,503)**	2,987	—	2,987
Amounts reclassified from accumulated other comprehensive income	**—**	**12,537**	**12,537**	—	10,097	10,097
Net current-period other comprehensive (loss) income	**(2,503)**	**12,537**	**10,034**	2,987	10,097	13,084
Ending balance September 30	**$ 9,537**	**$ (166,317)**	**$ (156,780)**	$ 13,044	$ (150,324)	$ (137,280)

8. ASSETS HELD FOR SALE

The Company considers 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 the Company expects 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, the Company records 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 $7,660 and $3,034 at September 30, 2013 and December 31, 2012, respectively, and is recorded in net property in the condensed consolidated balance sheets.

The Company reviews 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. The Company recorded no impairment charges during the three- and nine-month periods ended September 30, 2013. The Company recorded impairment losses totaling $257 to account for the expected losses on two of the properties held for sale during the nine-month period ended September 30, 2012. There were no impairment charges recorded during the three-month period ended September 30, 2012. The impairment losses are included in other income, net in the condensed consolidated statement of income for the nine months ended September 30, 2012.

9. COMMITMENTS AND CONTINGENCIES

The Company and its subsidiaries are subject to various claims, disputes, and administrative and legal matters incidental to the Company's 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.

The Company accounts for loss contingencies in accordance with U.S. 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 the Company deems some 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 the Company believes that none of these claims, disputes, and administrative and legal matters will have a material adverse effect on its financial position, these matters are uncertain and the Company cannot at this time determine whether the financial impact, if any, of these matters will be material to its 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, 2012, 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 ("PSLRA"), Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). 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 similar expressions. The Company intends 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. The Company's 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 the Company's 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; volatility in the prices of industrial metal commodities; disruptions in the Company's sources of supply; a sustained interruption in the operation of the Company's information systems; increased funding or expenses related to Company's pension plan; adverse legal proceedings or other claims; and the inability, or limitations on the Company's 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. The Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. 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 the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

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" or the "Company") is a New York corporation, incorporated in 1925. The Company is engaged in the distribution of electrical, communications and data networking ("comm/data") products, and the provision of related supply chain management and logistics services, primarily to electrical and comm/data contractors, industrial plants, federal, state, and local governments, commercial users, telephone companies, and power utilities in North America. All products sold by the Company are purchased by the Company from others, and the Company neither manufactures nor contracts to manufacture any products it sells. The Company's business activity is primarily with customers in the U.S. Graybar also has subsidiary operations with distribution facilities in Canada and Puerto Rico.

The Company's capital stock is one hundred percent (100%) owned by its active and retired employees, and there is no public trading market for its common stock. No shareholder may sell, transfer, or otherwise dispose of shares of common stock or the voting trust interests issued with respect thereto ("common stock", "common shares", or "shares") without first offering the Company the option to purchase such shares at the price at which shares were issued. The Company also has the option to purchase at the issue price the common stock of any holder who dies or ceases to be an employee of the Company for any cause other than retirement on a Company pension. The Company has always exercised its purchase option and expects to continue to do so. All outstanding shares of the Company have been issued at $20.00 per share.

Business Overview

The U.S. economy expanded slowly in the third quarter of 2013. Slow economic growth is expected to continue through the end of the year, weighed down by high unemployment rates and the recent U.S. government shutdown.

Graybar's net sales rose 4.6% during the nine months ended September 30, 2013, compared to the same period in 2012 while gross margin increased 2.1% during the nine months ended September 30, 2013, when compared to the same period in 2012. Growth in net sales and gross margin improved to 7.0% and 8.4%, respectively, during the third quarter of 2013, compared to the same period in 2012. For the three and nine months ended September 30, 2013, gross margin increased due primarily to an increase in net sales.

The Company expects its rate of organic growth in net sales to slightly outpace the forecasted rate of growth of the U.S. gross domestic product during the fourth quarter of 2013.

Consolidated Results of Operations

The following table sets forth certain information relating to the operations of the Company stated in thousands of dollars and as a percentage of net sales for the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30, 2013		Three Months Ended September 30, 2012	
	Dollars	**Percent**	Dollars	Percent
Net Sales	$ 1,486,451	**100.0%**	$ 1,389,292	100.0%
Cost of merchandise sold	(1,208,788)	**(81.3)**	(1,133,046)	(81.6)
Gross Margin	277,663	**18.7**	256,246	18.4
Selling, general and administrative expenses	(220,791)	**(14.9)**	(213,396)	(15.3)
Depreciation and amortization	(9,251)	**(0.6)**	(8,059)	(0.6)
Other income, net	451	**—**	915	0.1
Income from Operations	48,072	**3.2**	35,706	2.6
Interest expense, net	(407)	**—**	(416)	(0.1)
Income before Provision for Income Taxes	47,665	**3.2**	35,290	2.5
Provision for income taxes	(18,946)	**(1.3)**	(15,210)	(1.1)
Net Income	28,719	**1.9**	20,080	1.4
Less: Net income attributable to noncontrolling interests	(86)	**—**	(68)	—
Net Income attributable to Graybar Electric Company, Inc.	$ 28,633	**1.9%**	$ 20,012	1.4%

	Nine Months Ended September 30, 2013		Nine Months Ended September 30, 2012	
	Dollars	**Percent**	Dollars	Percent
Net Sales	**$ 4,237,481**	**100.0%**	$ 4,050,956	100.0%
Cost of merchandise sold	**(3,460,021)**	**(81.7)**	(3,289,222)	(81.2)
Gross Margin	**777,460**	**18.3**	761,734	18.8
Selling, general and administrative expenses	**(652,950)**	**(15.4)**	(635,618)	(15.7)
Depreciation and amortization	**(27,268)**	**(0.6)**	(24,013)	(0.6)
Other income, net	**1,653**	**—**	32,988	0.8
Income from Operations	**98,895**	**2.3**	135,091	3.3
Interest expense, net	**(1,171)**	**—**	(1,876)	—
Income before Provision for Income Taxes	**97,724**	**2.3**	133,215	3.3
Provision for income taxes	**(39,100)**	**(0.9)**	(53,849)	(1.3)
Net Income	**58,624**	**1.4**	79,366	2.0
Less: Net income attributable to noncontrolling interests	**(154)**	**—**	(211)	—
Net Income attributable to Graybar Electric Company, Inc.	**$ 58,470**	**1.4%**	$ 79,155	2.0%

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012

Net sales totaled $1,486,451 for the quarter ended September 30, 2013, compared to $1,389,292 for the quarter ended September 30, 2012, an increase of $97,159, or 7.0%. Net sales to the electrical and comm/data market sectors for the three months ended September 30, 2013 increased 9.5% and 1.2%, respectively, compared to the same three-month period of 2012.

Gross margin increased $21,417, or 8.4%, to $277,663 from $256,246 primarily due to increased net sales in the third quarter of 2013, compared to the same period of 2012. The Company's gross margin as a percent of net sales totaled 18.7% for the three months ended September 30, 2013, up from 18.4% for the three months ended September 30, 2012.

Selling, general and administrative expenses increased $7,395, or 3.5%, to $220,791 in the third quarter of 2013 from $213,396 in the third quarter of 2012, due primarily to higher employment related expenses for the three months ended September 30, 2013. Selling, general and administrative expenses as a percentage of net sales were 14.9% in the third quarter of 2013, down from 15.3% of net sales in the third quarter of 2012.

Depreciation and amortization expenses for the three months ended September 30, 2013 increased $1,192, or 14.8%, to $9,251 from $8,059 in the third quarter of 2012 due to an increase in property, at cost. Depreciation and amortization expenses as a percentage of net sales totaled 0.6% for the three months ended September 30, 2013 and 2012.

Other income, net totaled $451 for the three months ended September 30, 2013, compared to $915 for the three months ended September 30, 2012. Other income, net consists primarily of gains and losses on the disposal of property, trade receivable interest charges to customers, and other miscellaneous income items related to the Company's business activities. The decrease in other income, net was due to losses on personal property during the three month period ended September 30, 2013.

Income from operations totaled $48,072 for the three months ended September 30, 2013, an increase of $12,366, or 34.6%, from $35,706 for the three months ended September 30, 2012. The increase was due primarily to gains in gross margin outpacing the increases in selling, general and administrative expenses and depreciation and amortization expenses.

Interest expense, net declined $9, or 2.2%, to $407 for the three months ended September 30, 2013 from $416 for the three months ended September 30, 2012. This reduction was due to a lower level of outstanding long-term debt in the third quarter of 2013, compared to the same period of 2012. Long-term debt outstanding, including the current portion, was $5,039 at September 30, 2013, compared to $16,222 at September 30, 2012.

The increase in income from operations and lower interest expense, net resulted in income before provision for income taxes of $47,665 for the three months ended September 30, 2013, an increase of $12,375, or 35.1%, compared to $35,290 for the three months ended September 30, 2012.

The Company's total provision for income taxes increased $3,736, or 24.6%, to $18,946 for the three months ended September 30, 2013, compared to $15,210 for the same period of 2012. The Company's effective tax rate was 39.7% for the three months ended September 30, 2013, compared to 43.1% for the same period of 2012. This decrease was attributable to an increase in pretax income for the three months ended September 30, 2013, compared to the three months ended September 30, 2012.

Net income attributable to Graybar Electric Company, Inc. for the three months ended September 30, 2013 increased $8,621, or 43.1%, to $28,633 from $20,012 for the three months ended September 30, 2012.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Net sales totaled $4,237,481 for the nine-month period ended September 30, 2013, compared to $4,050,956 for the nine-month period ended September 30, 2012, an increase of $186,525, or 4.6%. Net sales to the electrical market sector for the nine months ended September 30, 2013, increased 6.8%, while net sales to the comm/data sector decreased 0.6%, compared to the same nine-month period of 2012.

Gross margin increased $15,726, or 2.1%, to $777,460 from $761,734 primarily due to increased net sales in the first nine months of 2013, compared to the same period of 2012. The Company's gross margin as a percent of net sales decreased to 18.3% for the nine months ended September 30, 2013 from 18.8% for the same period of 2012.

Selling, general and administrative expenses increased $17,332, or 2.7%, to $652,950, for the nine-month period ended September 30, 2013, compared to $635,618 for the nine-month period ended September 30, 2012, mainly due to higher employment-related costs. Selling, general and administrative expenses as a percentage of net sales for the nine-month period ended September 30, 2013 were 15.4%, down from 15.7% for the same nine-month period of 2012.

Depreciation and amortization expenses for the nine months ended September 30, 2013 increased $3,255, or 13.6%, to $27,268 from $24,013 for the same nine-month period in 2012 due to an increase in property, at cost. Depreciation and amortization expenses as a percentage of net sales totaled 0.6% for the nine months ended September 30, 2013 and 2012.

Other income, net totaled $1,653 for the nine-month period ended September 30, 2013, compared to $32,988 for the nine months ended September 30, 2012. 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 the Company's business activities. The decrease in other income, net was due to substantial net gains on the disposal of property for the nine months ended September 30, 2012 that were not repeated in the nine months ended September 30, 2013. Losses on the disposal of property were $324 for the nine months ended September 30, 2013, compared to gains on the disposal of property of $30,732 for the same period of 2012. There were also $257 in impairment losses recorded during the nine months ended September 30, 2012. There were no impairment losses recorded for the nine months ended September 30, 2013.

Income from operations totaled $98,895 for the nine-month period ended September 30, 2013, a decrease of $36,196, or 26.8%, from $135,091 for the nine-month period ended September 30, 2012. The decrease was due to the substantial decrease in other income, net, as well as increases in selling, general and administrative expenses and depreciation and amortization expenses.

Interest expense, net declined $705, or 37.6%, to $1,171 for the nine-month period ended September 30, 2013 from $1,876 for the nine months ended September 30, 2012. This reduction was due to a lower level of outstanding long-term debt during the nine months ended September 30, 2013, compared to the same period of 2012. Long-term debt outstanding, including the current portion, was $5,039 at September 30, 2013, compared to $16,222 at September 30, 2012.

The decrease in income from operations and lower interest expense, net resulted in income before provision for income taxes of $97,724 for the nine-month period ended September 30, 2013, a decrease of $35,491, or 26.6%, compared to $133,215 for the nine-month period ended September 30, 2012.

The Company's total provision for income taxes decreased $14,749, or 27.4%, to $39,100 for the nine months ended September 30, 2013, compared to $53,849 for the same period in 2012. The Company's year-to-date effective tax rate was 40.0% for the nine months ended September 30, 2013, compared to 40.4% for the same period in 2012. This decrease was attributable to changes in forecasted levels of pretax income for the nine months ended September 30, 2013, compared to September 30, 2012.

Net income attributable to Graybar Electric Company, Inc. for the nine-month period ended September 30, 2013 decreased $20,685, or 26.1%, to $58,470 from $79,155 for the nine months ended September 30, 2012.

Financial Condition and Liquidity

The Company has historically funded its working capital requirements using cash flows generated by the collection of trade receivables and trade accounts payable terms with its suppliers, supplemented by short-term bank lines of credit. Capital assets have been financed primarily by short-term bank lines of credit and long-term debt.

Operating Activities

Net cash provided by operations was $52,158 for the nine-month period ended September 30, 2013, compared to $26,226 provided during the nine months ended September 30, 2012. Positive cash flows from operations for the nine months ended September 30, 2013 were primarily due to net income of $58,624, an increase in trade accounts payable of $93,312, partially offset by an increase in trade receivables of $63,862, an increase in merchandise inventory of $51,307 and a decrease in accrued payroll and benefit costs of $27,778.

The average number of days of sales in trade receivables for the three-month period ended September 30, 2013 decreased modestly compared to the same three-month period ended September 30, 2012. Merchandise inventory turnover improved modestly for the three months ended September 30, 2013, compared to the three months ended September 30, 2012, due to higher sales volume partially offset by increased merchandise inventory levels at September 30, 2013 compared to September 30, 2012.

Current assets exceeded current liabilities by $465,208 at September 30, 2013, an increase of $39,635, or 9.3%, from $425,573 at December 31, 2012.

Investing Activities

Net cash used by investing activities totaled $39,852 for the nine months ended September 30, 2013, compared to net cash provided by investing activities of $2,915 for the same period of 2012. Capital expenditures for property were $40,014 and $30,662, and proceeds from the disposal of property were $162 and $33,577, for the nine months ended September 30, 2013 and 2012, respectively. The increase in capital expenditures in 2013 was partially due to investments in nine new locations. The proceeds received for the nine months ended September 30, 2013 were primarily from the sale of personal property. Proceeds received during the nine months ended September 30, 2012 were primarily from the sale of real property.

Financing Activities

Net cash used by financing activities totaled $3,006 for the nine months ended September 30, 2013, compared to $29,318 used by financing activities for the nine months ended September 30, 2012.

Cash provided by short-term borrowings was $19,130 and $33,114 for the nine months ended September 30, 2013 and 2012, respectively. The Company made payments due on long-term debt of $7,386 and on capital lease obligations of $2,308 during the nine months ended September 30, 2013. During the nine months ended September 30, 2012, the Company made payments on long-term debt of $35,101 and capital lease obligations of $2,186.

Cash provided by the sale of common stock amounted to $11,347 and $10,501, and purchases of stock to be held in treasury were $10,105 and $8,119, for the nine months ended September 30, 2013 and 2012, respectively. Cash dividends paid were $14,041 and $24,672 for the nine months ended September 30, 2013 and 2012, respectively. The decrease in cash dividends paid for the nine months ended September 30, 2013, was due to the decision to pay the fourth quarter 2012 cash dividend in 2012 as opposed to the first quarter of 2013.

Cash paid for noncontrolling interests' common stock totaled $130 and $2,855 during the nine months ended September 30, 2013 and 2012, respectively. Cash provided by the sale of noncontrolling interests' common stock was $487 for the nine months ended September 30, 2013. There were no sales of noncontrolling interests' common stock for the same period in 2012.

Cash and cash equivalents were $46,974 at September 30, 2013, compared to $37,674 at December 31, 2012, an increase of $9,300, or 24.7%.

Liquidity

On September 30, 2013 and December 31, 2012, the Company and Graybar Canada Limited, the Company's Canadian operating subsidiary ("Graybar Canada"), had an unsecured, five-year, $500,000 revolving credit agreement maturing in September 2016 with Bank of America, N.A. and other lenders named therein, 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"). The Credit Agreement also includes a $100,000 sublimit (in U.S. or Canadian dollars) for borrowings by Graybar Canada and contains an accordion feature, which allows the Company to request increases in the aggregate borrowing commitments of up to $200,000. There were $90,246 and $71,116 in short-term borrowings outstanding under the revolving credit facility at September 30, 2013 and December 31, 2012, respectively.

On May 29, 2013, the Company and Graybar Canada Limited amended the Credit Agreement to clarify that the Canadian Dealer Offered Rate ("CDOR") would replace Canadian LIBOR, which was discontinued by the British Bankers' Association after May 31, 2013. Effective on the amendment date, borrowings by the Canadian borrower denominated in Canadian dollars under the Credit Agreement bear interest based on, at the Canadian borrower's election, either (i) the base rate (as defined in the Credit Agreement), or (ii) CDOR, in each case plus an applicable margin, as set forth in the pricing grid detailed in the Credit Agreement. Borrowings by the Company are unaffected by this amendment to the Credit Agreement.

At September 30, 2013, the Company had total letters of credit of $6,913 outstanding, of which $738 were issued under the $500,000 revolving credit facility. At December 31, 2012, the Company had total letters of credit of $8,938 outstanding, of which $763 were issued under the $500,000 revolving credit facility. The letters of credit are used primarily to support certain workers compensation insurance policies.

At September 30, 2013, the Company had unused lines of credit amounting to $409,754 available, compared to $428,884 at December 31, 2012. These lines are available to meet the short-term cash requirements of the Company, and certain committed lines of credit had annual fees of up to 35 basis points (0.35%) of the committed lines of credit.

Short-term borrowings outstanding during the nine months ended September 30, 2013 and 2012 ranged from a minimum of $27,530 and $35,105 to a maximum of $126,188 and $111,032, respectively.

The revolving credit facility contains various affirmative and negative covenants. The Company is also required to maintain certain financial ratios as defined in the agreement. Senior notes that were outstanding prior to their maturity during the first six months of 2013 also contained similar covenants and ratios. The Company was in compliance with all these covenants as of September 30, 2013 and December 31, 2012.

New Accounting Standards Updates

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (“ASU” or “Update”) 2013-11, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists” which provides guidance on the financial statement presentation of unrecognized tax benefits when a net operating loss, a similar tax loss, or a tax credit carryforward exists. The requirements are effective for annual reporting periods beginning after December 15, 2013, and interim periods within those annual periods. The Company continues to evaluate the impact that the adoption of this guidance will have on the Company’s financial condition or results of operations.

In February 2013, the FASB issued ASU 2013-02, “Comprehensive Income: Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income”, which adds new disclosure requirements for items reclassified out of accumulated other comprehensive income (“AOCI”). The Update requires that the Company present either in a single note or parenthetically on the face of the financial statements, the effect of significant amounts reclassified from each component of AOCI based on its source and the income statement line items affected by the reclassification. The Company adopted this Update as of January 1, 2013, and the adoption did not have any impact on the Company's results of operations, financial position, or cash flows during the three and nine months ended September 30, 2013, other than additional disclosures contained in Note 7 in the Notes to Condensed Consolidated Financial Statements.

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively the "Acts") were enacted by the U.S. Congress in March 2010. The Acts have both short- and long-term implications for benefit plan standards. Implementation of this legislation is planned to occur in phases through 2018.

The Company’s healthcare costs have increased due to the Acts’ raising of the maximum eligible age for covered dependents to receive benefits. Moreover, the elimination of the lifetime dollar limits per covered individual, as well as other standard requirements of the Acts, will also likely cause the Company’s healthcare costs to increase in the future. In 2013, the Company is accruing for increased costs due to annual fees imposed by the Acts. The excise tax on “high cost” healthcare plans in 2018 may cause the Company's healthcare costs to increase further.

The Company expects the general trend in healthcare costs to continue to rise, and the effects of the Acts, and any future legislation, could materially impact the cost of providing healthcare benefits for many employers, including the Company.

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 the Company’s Annual Report on Form 10-K for the year ended December 31, 2012.

Item 4. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures

An evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2013, was performed under the supervision and with the participation of the Company's management. Based on that evaluation, the Company's management, including the Principal Executive Officer and Principal Financial Officer, concluded that the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports filed or submitted by the Company 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 the Company's 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 reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

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

The Company's capital stock is one hundred percent (100%) owned by its active and retired employees, and there is no public trading market for its 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 state 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 September 30, 2013, approximately eighty-three percent (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 shareholder may sell, transfer, or otherwise dispose of shares of common stock or the voting trust interests issued with respect thereto ("common stock", "common shares", or "shares") without first offering the Company the option to purchase such shares at the price at which the shares were issued. The Company also has the option to purchase at the issue price the common stock of any holder who dies or ceases to be an employee of the Company for any cause other than retirement on a Company pension. The Company has always exercised its purchase option and expects to continue to do so. 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 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
July 1 to July 31, 2013	87,163	$20.00	N/A
August 1 to August 31, 2013	45,233	$20.00	N/A
September 1 to September 30, 2013	21,600	$20.00	N/A
Total	153,996	$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 14, 2013, filed as Exhibit 3.2 to the Company's Current Report on Form 8-K dated March 14, 2013 (Commission File No. 000-00255) and incorporated herein by reference.

(10) Material Contracts

(i) Graybar Electric Company, Inc. Supplemental Benefit Plan, amended and restated, entered into between the Company and certain employees effective January 1, 2014, filed as Exhibit 10(ii) to the Company's Current Report on Form 8-K dated September 12, 2013 (Commission File No. 000-00255) and incorporated by reference.*

(ii) Form of Deferral Agreement under Graybar Electric Company, Inc. Supplemental Benefit Plan.*

(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.

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

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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

** Compensation agreement*

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.

November 4, 2013	/s/ KATHLEEN M. MAZZARELLA
Date	Kathleen M. Mazzarella President and Chief Executive Officer (Principal Executive Officer)
November 4, 2013	/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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** Compensation agreement*

DEFERRAL AGREEMENT UNDER THE GRAYBAR ELECTRIC COMPANY, INC. SUPPLEMENTAL BENEFIT PLAN

THIS AGREEMENT is made this ____________ day of _____________ (month), 2013, by and between Graybar Electric Company, Inc., ("Employer") and ____________________________ ("Employee").

WHEREAS, the Employer previously adopted the Graybar Electric Company, Inc. Supplemental Benefit Plan ("Plan") pursuant to which employees may defer certain compensation;

WHEREAS, the Employee has been performing valuable services for the Employer and desires to defer receipt of certain compensation to be earned by Employee in the service of Employer, in accordance with the Plan and this Agreement; and

WHEREAS, the Employer desires to encourage the Employee to continue to perform such services and is willing to defer payment of such compensation and to credit "interest" thereon in accordance with the Plan and this Agreement;

NOW, THEREFORE,

1. Subject to Section 6 of this Agreement, the parties hereto agree that annually, beginning January 1, 2014, the Employee elects to defer receipt of the amounts set forth in Section 1 (a), (b), and (c) below and any amounts deferred ("Deferred Compensation") shall be paid to Employee at the time and in the manner set forth in Section 2.

(a) ___% (no less than 2% nor more than 50%) of the Employee's annual base salary, together with interest on such amount as determined under paragraph (e) below.

(b) ___% (no less than 2% or more than 100%) of the Employee's annual incentive payment, (earned in the year beginning after the date of this Agreement and any subsequent year), together with interest on such amounts as determined under paragraph (e) below.

(c) The supplemental profit sharing benefit, as determined under The Profit Sharing and Savings Plan of Graybar Electric Company, Inc. ("Profit Sharing Plan"), which is generally the excess, if any, of the annual Employer contribution which would be paid or credited to the Employee's account in the Profit Sharing Plan but for (i) the limitation set forth in Sections 401 and 415 of the Internal Revenue Code and but for (ii) the deferral of compensation under paragraphs (a) and (b) above, over the actual amount of the annual Employer contribution paid or credited to the Employee's account in the Profit Sharing Plan, together with interest on such amount as determined under paragraph (e) below.

(d) By the Employee's signature to this Agreement, the Employee has elected, prior to January 1, 2014, to defer the amounts set forth in paragraphs (a), (b), and (c) to be earned in 2014 and such election to defer shall remain effective for succeeding calendar years until modified or revoked. The Employee may revoke the election to defer amounts under paragraphs (a), (b), and (c) or change the percentage to be deferred set forth in paragraph (a) (but not below 2% nor higher than 50%); and/or paragraph (b) (but not below 2% nor higher than 100%), provided that, such election must be in writing, must be signed by the Employee, must apply to an entire calendar year and must be delivered to the Employer on or before the last day of the calendar year immediately preceding the calendar year for which the election is to be effective.

(e) Interest on Deferred Compensation shall be compounded and credited at the end of each calendar quarter based on the average crediting rate for the prior calendar quarter under the Stable Value (Fixed) Income Fund of the Profit Sharing Plan as determined by The Vanguard Group. Interest will be credited under the Plan beginning with the date the amount would otherwise have been paid to the Employee if this Agreement to defer compensation had not been entered and ending with the date specified under the terms of the Plan and otherwise determined by the Company in accordance with the Plan and this Agreement.

2. Deferred Compensation shall become payable to the Employee (or the Employee's designated beneficiary or estate, as applicable) at the time and in the form and manner set forth in the Plan and otherwise in accordance with the terms of the Plan and this Agreement. This Agreement is subject to all terms and conditions of the Plan, and the Plan shall supersede any inconsistent provisions herein.

3. Nothing contained herein shall be construed as conferring upon the Employee the right to continue in the employ of the Employer.

4. The right of the Employee or any other person to receive Deferred Compensation is not assignable or transferable except by the terms of a valid beneficiary designation, will or the laws of descent and distribution and may not, during the life of the Employee, be pledged or encumbered.

5. Nothing contained in this Agreement and no action taken pursuant to the provisions hereof shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Employer and the Employee, the Employee's beneficiary or any other person. To the extent that any person acquires a right to receive payments under this Agreement, such right shall be no greater than that of an unsecured general creditor of the Employer.

6. This Agreement to defer compensation may be terminated by the Employer with respect to amounts set forth in Sections 1 (a) and (b) by notice in writing to Employee provided such notice is given prior to the commencement of any calendar year for which it shall be effective and shall affect only those amounts set forth in Sections 1 (a) and (b) not yet deferred.

7. This Agreement may be amended only by the mutual written consent of the parties. Notwithstanding the foregoing, no amendment shall be effective to the extent it would cause an amount to become taxable or be subject to additional taxes on account of such amendment under Section 409A of the Internal Revenue Code of 1986, as amended, or the regulations or other guidance issued thereunder.

8. This Agreement shall be construed in accordance with the laws of the State of Missouri to the extent not preempted by Federal law.

9. If the Employee becomes entitled to receive cash or other taxable income pursuant to this Agreement and the Plan, Employer shall have the right to withhold from the amount Employer would otherwise be required to pay to the Employee pursuant to this Agreement and the Plan, the amount of any taxes which the Employer is or will be required to withhold under the applicable federal, state and local income and employment tax laws. Furthermore, the Employer may elect to deduct such taxes from any other amounts payable at any time in cash or otherwise to the Employee on or after the date any amount hereunder must be taken into account for purposes of such taxes. The Employer shall bear no responsibility whatsoever for the Employee's taxes or tax effects resulting from this Agreement or the Plan.

10. The Employee or other person who believes that he or she is being denied a benefit to which he or she is entitled may file a written request for such benefit with the Employer setting forth his or her claim in accordance with the claims procedures set forth in the Plan. The claims procedures set forth in the Plan shall apply to any claim hereunder.

Notwithstanding anything herein to the contrary, this Agreement is made subject to, and shall be interpreted in accordance with, the terms of the Plan. The Employee has been provided with a copy of the Plan, agrees to all terms thereof and so confirms by his or her signature hereto.

IN WITNESS WHEREOF, the Employer has caused this Agreement to be executed by its duly authorized officers and the Employee has hereunto set his or her hand as of the date first above written.

GRAYBAR ELECTRIC COMPANY, INC.

____________________________ __________________
Employee Date

Beneficiary Designation Form for the Deferred Compensation Benefit under the Graybar Electric Company, Inc. Supplemental Benefit Plan

Employee hereby designates the following Beneficiary or Beneficiaries for his or her Deferred Compensation benefit, which is defined in Section 1 of this Agreement. This Beneficiary Designation Form shall apply to this Deferral Agreement and supercede any prior beneficiary designation forms entered into between the Employee and the Employer. (If multiple beneficiaries are listed, a percentage must be provided to validate the designation.)

Name: Address: Social Security Number: ____________

____

____

____

If upon the death of the Employee, none of the above Beneficiary(s) have survived the Employee, then the Employee designates the following as Contingent Beneficiary(s) of his or her Deferred Compensation benefit under the Plan:

Name: Address: Social Security Number:

____

____

The execution of this Beneficiary Designation Form hereby revokes any prior designation of Beneficiary(s) or Contingent Beneficiary(s) made by the Employee with respect to this Deferral Agreement or any previous Deferral Agreement entered into between the Employee and the Employer.

____________________________ ____________________________
Participant Signature Date

____
Print Participant Name District

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.

November 4, 2013	/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.

November 4, 2013	/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 September 30, 2013 (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.

November 4, 2013	/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 September 30, 2013 (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.

November 4, 2013	/s/ RANDALL R. HARWOOD
Date	Randall R. Harwood Senior Vice President and Chief Financial Officer (Principal Financial Officer)