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

FORM 10-K

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

For the fiscal year ended December 31, 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)

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **Common Stock - Par Value $1.00 Per Share with a Stated Value of $20.00**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES ☐ NO ☒

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 such shorter period that the registrant was required to submit and post such files).

YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 ☒

The aggregate stated value of the Common Stock beneficially owned with respect to rights of disposition by persons who are not affiliates (as defined in Rule 405 under the Securities Act of 1933) of the registrant on June 30, 2013, was approximately $308,368,380. Pursuant to a Voting Trust Agreement, dated as of March 16, 2007, approximately 83% of the outstanding shares of Common Stock was held of record by five Trustees who were each directors or officers of the registrant and who collectively exercised the voting rights with respect to such shares at such date. The registrant is 100% owned by its active and retired employees, and there is no public trading market for the registrant's Common Stock. See Item 5 of this Annual Report on Form 10-K.

The number of shares of Common Stock outstanding at March 1, 2014 was 15,919,567.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the documents listed below have been incorporated by reference into the indicated Part of this Annual Report on Form 10-K: Information Statement relating to the 2014 Annual Meeting of Shareholders – Part III, Items 10-14

Graybar Electric Company, Inc. and Subsidiaries
Annual Report on Form 10-K
For the Fiscal Year Ended December 31, 2013

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PART I

The following discussion should be read in conjunction with the accompanying audited consolidated financial statements of Graybar Electric Company, Inc. ("Graybar" or the "Company"), the notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations as of and for the year ended December 31, 2013, included in this Annual Report on Form 10-K. 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 the Company's business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Acts"). These forward-looking statements generally are identified by the words "believes", "projects", "expects", "anticipates", "estimates", "intends", "strategy", "plan", "may", "will", "would", "will be", "will continue", "will likely result", and other similar expressions. 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 commodities, increased funding requirements and expenses related to the Company's pension plan, disruptions in the Company's sources of supply, a sustained interruption in the operation of the Company's information systems, cyber-attacks, compliance with increasing governmental regulations, 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, unless otherwise required by applicable securities law. Further information concerning the Company, including additional factors that could materially impact our financial results, is included herein and in our other filings with the United States Securities and Exchange Commission (the "SEC" or "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 this Annual Report on Form 10-K for the year ended December 31, 2013.

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

Item 1. Business

The Company

Graybar Electric Company, Inc. 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.

The Company was incorporated under the laws of the State of New York on December 11, 1925 to purchase the wholesale distribution business of Western Electric Company, Incorporated. Graybar is one hundred percent (100%) owned by its active and retired employees, and there is no public trading market for its common stock. The location of the principal executive offices of the Company is 34 North Meramec Avenue, St. Louis, Missouri 63105 and its telephone number is (314) 573-9200.

The Company maintains an internet website at: http://www.graybar.com. Graybar's filings with the SEC, including its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports, are accessible free of charge on our website at: http://www.graybar.com/company/about/sec-filings, as soon as reasonably practicable after we file the reports with the SEC. Additionally, a copy of the Company's SEC filings can be obtained at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 on official business days or by calling the SEC at 1-800-SEC-0330. A copy of our electronically filed materials can also be obtained at: http://www.sec.gov.

Suppliers

Graybar distributes approximately one million products purchased from over 5,600 manufacturers and suppliers through the Company's network of distribution facilities. The relationship between the Company and its suppliers is customarily a nonexclusive national or regional distributorship, terminable upon 30 to 90 days notice by either party. The Company maintains long-standing relationships with a number of its principal suppliers.

The Company purchased approximately forty-nine percent (49%) of the products it sold during 2013 from its top 25 suppliers. However, the Company generally deals with more than one supplier for any product category, and there are alternative sources of comparable products available for nearly all product categories.

Products

The Company stocks approximately 110,000 of the products it distributes and, therefore, is able to supply its customers locally with a wide variety of electrical and comm/data products. The products distributed by the Company consist primarily of wire and cable, lighting fixtures, power distribution equipment, comm/data products for wide and local area networks, conduit, boxes and fittings, wiring devices, motor controls, industrial automation, lamps, industrial enclosures, tools and test equipment, station apparatus, fuses, and transformers.

Order Backlog

The Company had orders on hand totaling $738,659 and $712,981 on December 31, 2013 and 2012, respectively. The Company expects that approximately ninety percent (90%) of the orders it had on hand at December 31, 2013 will be filled within the twelve-month period ending December 31, 2014. Generally, orders placed by customers and accepted by the Company have resulted in sales. However, customers from time to time request cancellation and the Company has historically allowed such cancellations.

Sales And Distribution

Graybar sells its products primarily through a network of sales offices and distribution facilities located in thirteen geographical districts throughout the U.S. The Company operates multiple distribution facilities in each district, each of which carries an inventory of products and operates as a wholesale distributor for the territory in which it is located. Some districts have sales offices that do not carry an inventory. In addition, the Company maintains seven national zone warehouses and nine district service centers containing inventories of both standard and specialized products. Both the national zone warehouses and district service centers replenish local inventories carried at the Company's U.S. distribution facilities and make shipments directly to customers. The Company also has subsidiary operations with distribution facilities located in Canada and Puerto Rico. The sales and distribution facilities operated by the Company at December 31, 2013 are shown below:

U.S. Locations

District	Number of Sales and Distribution Facilities*	National Zone Warehouses
Atlanta	23	Austell, GA
Boston	14	Fresno, CA
California	21	Joliet, IL
Chicago	21	Richmond, VA
Dallas	16	Springfield, MO
Minneapolis	19	Stafford, TX
New York	12	Youngstown, OH
Phoenix	11	
Pittsburgh	20	
Richmond	18	
Seattle	11	
St. Louis	18	
Tampa	19	

*Includes District Service Centers

International Locations

	Number of Distribution Facilities
Graybar Electric Canada, Ltd. Halifax, Nova Scotia, Canada	30
Graybar International, Inc. Carolina, Puerto Rico	1

When the specialized nature or size of a particular shipment warrants, the Company has products shipped directly from its suppliers; otherwise, orders are filled from the Company's inventory. On a dollar volume basis, approximately fifty-six percent (56%) of customer orders were filled from the Company's inventory in 2013 down from fifty-seven percent (57%) in 2012 and the remainder were shipped directly from the supplier.

The Company generally finances its inventory through the collection of trade receivables and trade accounts payable terms with its suppliers. The Company's short-term borrowing facilities are also used to finance inventory when necessary. Historically, the Company has not used long-term borrowings to finance inventory.

The Company distributes its products to approximately 130,000 customers, which fall into three principal classes. The following list shows the approximate percentage of the Company's total sales attributable to each of these classes for the last three years:

	Percentage of Sales For the Years Ended December 31,		
Class of Customers	**2013**	2012	2011
Electrical Contractors	**51.4%**	46.5%	45.5%
Data and Voice Communications	**15.2%**	20.4%	20.0%
Commercial & Industrial	**22.4%**	21.6%	21.6%

At December 31, 2013, the Company employed approximately 3,000 persons in sales capacities. Approximately 1,300 of these sales personnel were outside sales representatives working to generate sales with current and prospective customers. The remainder of the sales personnel were sales and marketing managers, inside sales representatives, and advertising, quotation, and counter personnel.

Competition

The Company believes that it is one of the largest wholesale distributors of electrical and comm/data products in the U.S. This market is highly competitive, and the Company estimates that the five largest wholesale distributors account for approximately thirty-two percent (32%) of the total market. The balance of the market is made up of several thousand independent distributors operating on a local, regional, or national basis and of manufacturers who sell their products directly to end users.

The Company's pricing structure for the products it sells reflects the costs associated with the services that it provides, and the Company believes its prices are generally competitive. The Company believes that, while price is an important customer consideration, it is the service that Graybar is able to provide customers that distinguishes the Company from many of its competitors, whether they are distributors or manufacturers selling direct. Graybar views its ability to quickly supply its customers with a broad range of products through conveniently located distribution facilities as a competitive advantage that customers value. However, if a customer is not looking for one distributor to provide a wide range of products and does not require prompt delivery or other services, a competitor of the Company that does not provide these benefits may be in a position to offer a lower price.

Foreign Sales

Sales by the Company to customers in foreign countries were made primarily by Company subsidiaries in Canada and Puerto Rico and accounted for approximately six percent (6%) of consolidated sales in each of 2013, 2012, and 2011. Limited export activities are handled primarily from Company facilities in Texas, Florida, California, Washington, Arizona and Virginia. Long-lived assets located outside the U.S. represented approximately two percent (2%) of the Company's consolidated total assets at the end of 2013, 2012, and 2011. The Company does not have significant foreign currency exposure and does not believe there are any other significant risks attendant to its foreign operations.

Employees

At December 31, 2013, the Company employed approximately 7,600 persons on a full-time basis. Approximately 200 of these persons were covered by union contracts. The Company has not had a material work stoppage and considers its relations with its employees to be good.

Item 1A. Risk Factors

Our liquidity, financial condition, and results of operations are subject to various risks, including, but not limited to, those discussed below. The risks outlined below are those that we believe are currently the most significant, although additional risks not presently known to us or that we currently deem less significant may also impact our liquidity, financial condition, and results of operations.

Our sales fluctuate with general economic conditions, particularly in the residential, commercial, and industrial building construction industries. Our operating locations are widely distributed geographically across the U.S. and, to a lesser extent, Canada. Customers for both electrical and comm/data products are similarly diverse – we have approximately 130,000 customers and our largest customer accounts for only three percent (3%) of our total sales. While our geographic and customer concentrations are relatively low, our results of operations are, nonetheless, dependent on favorable conditions in both the general economy and the construction industry. In addition, conditions in the construction industry are greatly influenced by the availability of project financing and the cost of borrowing.

The Company's results of operations are impacted by changes in industrial commodity prices. Many of the products sold by the Company are subject to wide and frequent price fluctuations because they are composed primarily of copper, steel, or petroleum-based resins, including poly-vinyl chlorides ("PVC"), industrial commodities that have been subject to price volatility during the past several years. Examples of such products include copper wire and cable and steel and PVC conduit, enclosures, and fittings. The Company's gross margin rate, or mark-up percentage, on these products is relatively constant over time, though not necessarily in the short term. Therefore, as the cost of these products to the Company declines, pricing to our customers may decrease. This impacts our results of operations by lowering both sales and gross margin. Rising prices have the opposite effect, increasing both sales and gross margin, assuming the quantities of the affected products sold remain constant.

We may experience losses or be subject to increased funding and expenses related to our pension plan. A decline in the market value of plan assets or the interest rates used to measure the required minimum funding levels and the pension obligation may increase the funding requirements of our defined benefit pension plan, the pension obligation itself, and pension expenses. Government regulations may accelerate the timing and amounts required to fund the plan. Demographic changes in our workforce, including longer life expectancies, increased numbers of retirements, and retiree age at retirement may also cause funding requirements, pension expenses, and the pension obligation to be higher than expected. Any or all of these factors could have a negative impact on our liquidity, financial position, and/or our results of operations.

We purchase all of the products we sell to our customers from other parties. As a wholesale distributor, our business and financial results are dependent on our ability to purchase products from manufacturers not controlled by our Company that we, in turn, sell to our customers. Approximately forty-nine percent (49%) of our purchases are made from only 25 manufacturers. A sustained disruption in our ability to source product from one or more of the largest of these vendors might have a material impact on our ability to fulfill customer orders resulting in lost sales and, in rare cases, damages for late or non-delivery.

Our daily activities are highly dependent on the uninterrupted operation of our information systems. We are a recognized industry leader for our use of information technology in all areas of our business – sales, customer service, inventory management, finance, accounting, and human resources. We maintain redundant information systems as part of our disaster recovery program and, if necessary, are able to operate in many respects using a paper-based system to help mitigate a complete interruption in our information processing capabilities. Nonetheless, our information systems remain vulnerable to natural disasters, wide-area telecommunications or power utility outages, terrorist or cyber-attack, or other major disruptions. A sustained interruption in the functioning of our information systems, however unlikely, could lower operating income by negatively impacting sales, expenses, or both.

Our business and our reputation could be adversely affected by the failure to protect sensitive customer, employee or vendor data or to comply with evolving regulations relating to our obligation to protect our systems, assets and data from the threat of cyber-attacks. Cyber-attacks designed to gain access to sensitive information by breaching mission critical systems of large organizations are constantly evolving, and high profile electronic security breaches leading to unauthorized release of confidential information have occurred recently at a number of major U.S. companies despite widespread recognition of the cyber-attack threat and improved data protection methods. While we have invested in the protection of our information technology and maintain what we believe are adequate security procedures and controls over financial and other individually identifiable customer, employee and vendor data provided to us, our business model is evolving rapidly and increasingly requires us to receive, retain and transmit certain information, including individually identifiable information, that our customers provide to purchase products or services, register on our websites, or otherwise communicate and interact with us. A breach in our systems that results in the unauthorized release of individually identifiable customer or other sensitive data could have a material adverse effect on our reputation and lead to financial losses from remedial actions, loss of business or potential liability. An electronic security breach resulting in the unauthorized release of sensitive data from our information systems could also materially increase the costs we already incur to protect against such risks. While we also seek to obtain assurances that third parties we interact with will protect confidential information, there is a risk the confidentiality of data held or accessed by third parties may be compromised. In addition, as the regulatory environment relating to a company's obligation to protect such sensitive data becomes stricter, a material failure on our part to comply with applicable regulations could subject us to fines or other regulatory sanctions and potentially to lawsuits.

Compliance with increasing government regulations may result in increased costs and risks to the company. Our public company and multi-national customers are increasingly subject to government regulation globally. Existing and future laws and regulations may impede our growth. These regulations and laws may cover, among other things, taxation, privacy, data protection, pricing, content, copyrights, distribution, energy consumption, environmental regulation, electronic contracts and other communications, consumer protection, the design and operation of websites, and the characteristics and quality of products and services. Unfavorable regulations and laws could diminish the demand for our products and services and increase our cost of doing business. If we are not able to obtain for certain customers the information that they require in part as a result of these regulations, they may limit their business with us.

For example, in the U.S., as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Act"), the SEC has promulgated disclosure requirements for companies that manufacture or contract to manufacture goods regarding the inclusion and origin of certain minerals in those products. Some of our customers that purchase products from us for inclusion in the products that they sell wish to rely on us to provide critical data regarding the parts they purchase, including conflict mineral and other responsive information to these regulations. We sell over one million products from over 5,600 manufacturers, and we may not be able to easily verify the origins for conflict or other minerals used in the products we sell. Our suppliers, and especially those suppliers which are not themselves subject to direct regulation, may not provide conflict mineral and other regulatory information in a useful and systematic manner, if at all. On the other hand, some customers may demand that the products they purchase be "DRC conflict-free". Additionally, other customers may demand that we provide additional information (for which we also must depend on the manufacturer) to assist them in their compliance obligations under the laws of countries where we do not do business. These customer-driven requirements may increase our operating costs, and due to competitive pressures, we may not be able to increase our prices sufficiently to avoid a reduction in our income from operations.

We are subject to legal proceedings and other claims arising out of the conduct of our business. These proceedings and claims relate to public and private sector transactions, product liability, contract performance, and employment matters. On the basis of information currently available to us, we do not believe that existing proceedings and claims will have a material impact on our financial position or results of operations. However, litigation is unpredictable, and we could incur judgments or enter into settlements for current or future claims that could adversely affect our financial position or our results of operations in a particular period.

More specifically, with respect to asbestos litigation, as of December 31, 2013, approximately 3,200 individual cases and 67 multiple-plaintiff cases are pending that allege actual or potential asbestos-related injuries resulting from the use of or exposure to products allegedly sold by us. Additional claims will likely be filed against us in the future. Our insurance carriers have historically borne virtually all costs and liability with respect to this litigation and are continuing to do so. Accordingly, our future liability with respect to pending and unasserted claims is dependent on the continued solvency of our insurance carriers. Other factors that could impact this liability are: the number of future claims filed against us; the defense and settlement costs associated with these claims; changes in the litigation environment, including changes in federal or state law governing the compensation of asbestos claimants; adverse jury verdicts in excess of historic settlement amounts; and bankruptcies of other asbestos defendants. Because any of these factors may change, our future exposure is unpredictable and it is possible that we may incur costs that would have a material adverse impact on our liquidity, financial position, or results of operations in future periods.

Our loan agreement contains financial covenants and certain other restrictions on our activities and those of our subsidiaries. Our revolving credit facility imposes contractual limits on our ability, and the ability of our subsidiaries, with respect to indebtedness, liens, changes in the nature of business, investments, mergers and acquisitions, the issuance of equity securities, the disposition of assets and the dissolution of certain subsidiaries, transactions with affiliates, restricted payments (subject to incurrence tests, with certain exceptions), as well as securitizations and factoring transactions. In addition, we are required to maintain acceptable financial ratios relating to debt leverage and interest coverage. Our failure to comply with these obligations may cause an event of default triggering an acceleration of the debt owed to our creditors or limit our ability to obtain additional credit under these facilities. While we expect to remain in compliance with the terms of our credit agreement, our failure to do so could have a negative impact on our ability to borrow funds and maintain acceptable levels of cash flow from financing activities.

The value of our common stock is dependent primarily upon the regular payment of dividends, which are paid at the discretion of the Board of Directors. The purchase price for our common stock under the Company's purchase option is the same as the issue price. Accordingly, as long as Graybar exercises its option to purchase, appreciation in the value of an investment in our common stock is dependent solely on the Company's ability and willingness to declare stock dividends. Although cash dividends have been paid on the common stock each year since 1929, as with any corporation's common stock, payment of dividends is subject to the discretion of the Board of Directors.

There is no public trading market for our common stock. The Company's common stock is one hundred percent (100%) owned by its active and retired employees. Common stock may not be sold by the holder thereof, except after first offering it to the Company. The Company has always exercised this purchase option in the past and expects that it will continue to do so. As a result, no public trading market for our common stock exists, nor is one expected to develop. This lack of a public trading market for the Company's common stock may limit Graybar's ability to raise large amounts of equity capital.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

As of December 31, 2013, the Company had seven national zone warehouses ranging in size from approximately 160,000 to 240,000 square feet. Five of the national zone warehouses are owned and two are leased. The remaining lease terms on these two leased facilities are approximately three and five years, respectively.

The Company also had nine district service centers ranging in size from 130,000 to 210,000 square feet as of December 31, 2013. Four of the nine district service centers are owned and the others are leased. The remaining lease terms on the leased district service centers are between one and ten years.

Graybar operates in thirteen geographical districts in the U.S., each of which maintains multiple distribution facilities that consist primarily of warehouse space. A small portion of each distribution facility is used for offices. Some districts have sales offices that do not carry an inventory of products. The number of distribution and sales facilities, excluding service centers, in a district varies from ten to twenty-three and totals 214 for all districts. The facilities range in size from approximately 1,000 to 130,000 square feet, with the average being approximately 32,000 square feet. The Company owns 116 of these distribution facilities and leases 98 of them for varying terms, with the majority having a remaining lease term of less than five years.

The Company maintains thirty distribution facilities in Canada, of which nineteen are owned and eleven are leased. The majority of the leased facilities have a remaining lease term of less than five years. The facilities range in size from approximately 2,000 to 60,000 square feet. The Company also has a 22,000 square foot facility in Puerto Rico, the lease on which expires in 2014.

The Company's headquarters are located in St. Louis, Missouri in an 83,000 square foot building owned by the Company. The Company also owns a 200,000 square foot operations and administration center in St. Louis.

Item 3. Legal Proceedings

There are presently no pending legal proceedings that are expected to have a material impact on the Company or its subsidiaries.

Item 4. Mine Safety Disclosures

Not applicable.

Supplemental Item. Executive Officers of the Registrant

The following table lists the name, age as of March 1, 2014, position, offices and certain other information with respect to the executive officers of the Company. The term of office of each executive officer will expire upon the appointment of his or her successor by the Board of Directors.

Name	Age	Business experience last five years
M. W. Geekie	52	Employed by Company in 2008; Deputy General Counsel, February 2008 to August 2008; Senior Vice President, Secretary and General Counsel, August 2008 to present.
L. R. Giglio	59	Employed by Company in 1978; Senior Vice President, Operations, April 2002 to present.
R. R. Harwood	57	Employed by the Company in 1978; District Vice President – Dallas District, October 2004 to December 2012; Senior Vice President and Chief Financial Officer, January 2013 to present.
R. C. Lyons	57	Employed by Company in 1979; District Vice President – Tampa District, July 2003 to March 2011; Senior Vice President - North America Business, April 2011 to present.
K. M. Mazzarella	53	Employed by Company in 1980; Senior Vice President – Sales and Marketing, Comm/ Data, April 2008 to February 2010; Senior Vice President – Sales and Marketing, March 2010 to November 2010; Executive Vice President, Chief Operating Officer, December 2010 to May 2012; President and Chief Executive Officer, June 2012 to present; Chairman of the Board, January 2013 to present.
B. L. Propst	44	Employed by Company in 2002; Vice President – Human Resources, April 2008 to June 2009; Senior Vice President – Human Resources, June 2009 to present.
J. N. Reed	56	Employed by Company in 1980; Vice President and Treasurer, April 2000 to present.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

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 December 31, 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, all of which were made pursuant to the foregoing provisions:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs
October 1 to October 31, 2013	73,469	$20.00	N/A
November 1 to November 30, 2013	18,324	$20.00	N/A
December 1 to December 31, 2013	41,556	$20.00	N/A
Total	133,349	$20.00	N/A

Capital Stock at December 31, 2013

Title of Class	Number of Security Holders	Number of Shares[(A)]
Voting Trust Interests issued with respect to Common Stock	5,230	13,136,527
Common Stock	925	2,751,836
Total	6,155	15,888,363

[(A)]Adjusted for the declaration of a two and a half percent (2.5%) stock dividend in 2013, shares related to which were issued on February 3, 2014.

Dividend Data (in dollars per share)	Year Ended December 31,	
Period	**2013**	2012
First Quarter	$ 0.30	$ 0.30
Second Quarter	0.30	0.30
Third Quarter	0.30	0.30
Fourth Quarter *	1.50	2.10
Total	$ 2.40	$ 3.00

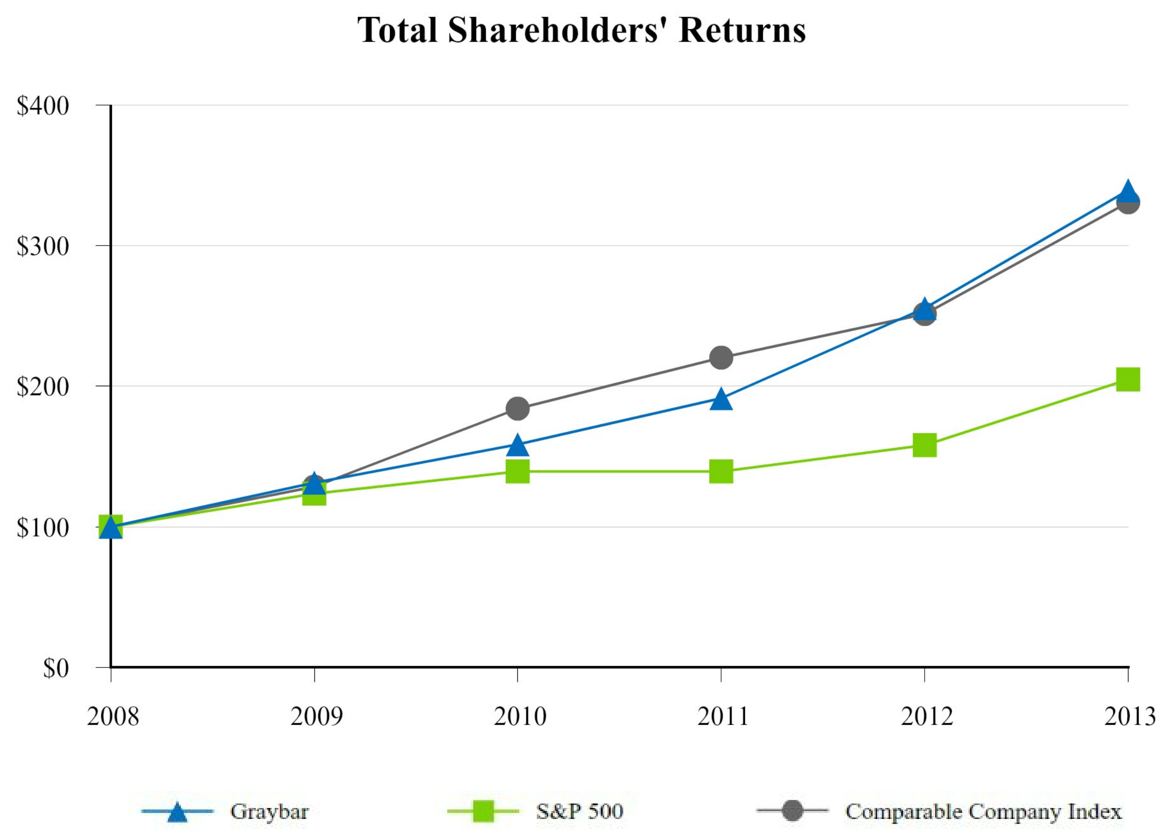
* On December 12, 2013, in addition to the $0.30 cash dividend declared for the quarter and the $0.80 special cash dividend, the Board of Directors declared an additional special cash dividend of $0.40. On December 13, 2012, in addition to the $0.30 cash dividend declared for the quarter and the $0.80 special cash dividend, the Board of Directors declared an additional special cash dividend of $1.00.

On December 12, 2013, a two and a half percent (2.5%) stock dividend was declared to shareholders of record on January 2, 2014. Shares representing this dividend were issued on February 3, 2014.

On December 13, 2012, a twenty percent (20%) stock dividend was declared to shareholders of record on January 2, 2013. Shares representing this dividend were issued on February 1, 2013.

Company Performance

The following graph shows a five-year comparison of cumulative total shareholders' returns for the Company's common stock, the Standard & Poor's 500 Composite Stock Index, and a Comparable Company Index consisting of public firms selected by Graybar as being representative of our line of business.



	2008	2009	2010	2011	2012	2013
Graybar	$ 100.00	$ 131.23	$ 158.50	$ 191.43	$ 255.47	$ 339.16
S&P 500	$ 100.00	$ 123.45	$ 139.23	$ 139.23	$ 157.90	$ 204.63
Comparable Company Index	$ 100.00	$ 128.43	$ 183.88	$ 220.26	$ 251.26	$ 330.61

The comparison above assumes $100.00 invested on December 31, 2008 and reinvestment of dividends (including the $1.10 per share cash dividend paid by the Company on January 2, 2009).

The companies included in the Comparable Company Index are Anixter International Inc., Applied Industrial Technologies, Inc., W. W. Grainger, Inc., Owens & Minor, Inc., Park-Ohio Holdings Corp., Watsco, Inc., and WESCO International, Inc.

The market value of the Company's stock, in the absence of a public trading market, assumes continuation of the Company's practice of issuing and purchasing offered securities at $20.00 per share.

Item 6. Selected Financial Data

This summary should be read in conjunction with the accompanying consolidated financial statements and the notes to the consolidated financial statements included in Item 8., “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

Five Year Summary of Selected Consolidated Financial Data
(Stated in thousands, except for per share data)

For the Years Ended December 31,	2013	2012	2011	2010	2009
Gross Sales	**$ 5,682,084**	$ 5,434,509	$ 5,395,239	$ 4,634,231	$ 4,395,718
Cash Discounts	**(22,943)**	(21,228)	(20,439)	(17,854)	(17,836)
Net Sales	**$ 5,659,141**	$ 5,413,281	$ 5,374,800	$ 4,616,377	$ 4,377,882
Gross Margin	**$ 1,044,156**	$ 1,018,362	$ 995,259	$ 866,641	$ 854,950
Net Income attributable to Graybar Electric Company, Inc.	**$ 81,063**	$ 86,291	$ 81,425	$ 41,998	$ 37,277
Average common shares outstanding[(A)]	**15,936**	15,969	15,837	15,758	15,840
Net Income attributable to Graybar Electric Company, Inc. per share of Common Stock[(A)]	**$ 5.09**	$ 5.40	$ 5.14	$ 2.67	$ 2.35
Cash Dividends per share of Common Stock	**$ 2.40**	$ 3.00	$ 2.00	$ 2.00	$ 2.00
Total assets	**$ 1,794,243**	$ 1,704,197	$ 1,719,176	$ 1,536,578	$ 1,445,096
Total liabilities	**$ 1,123,462**	$ 1,103,981	$ 1,147,782	$ 977,771	$ 906,927
Shareholders’ equity	**$ 670,781**	$ 600,216	$ 571,394	$ 558,807	$ 538,169
Working capital[(B)]	**$ 450,718**	$ 425,573	$ 395,965	$ 417,826	$ 426,103
Long-term debt	**$ 2,731**	$ 1,990	$ 10,345	$ 64,859	$ 80,959

[(A)]All periods adjusted for the declaration of a two and a half percent (2.5%) stock dividend declared in December 2013, a twenty percent (20%) stock dividend declared in December 2012, a ten percent (10%) stock dividend declared in December 2011, a ten percent (10%) stock dividend declared in December 2010, and a ten percent (10%) stock dividend declared in December 2009. Prior to these adjustments, the average common shares outstanding for the years ended December 31, 2012, 2011, 2010, and 2009 were 15,580, 12,876, 11,647, and 10,644, respectively.
[(B)]Working capital is defined as total current assets less total current liabilities.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Management’s Discussion and Analysis provides a narrative on the Company’s results of operations, financial condition, liquidity, and cash flows for the three-year period ended December 31, 2013. This discussion should be read in conjunction with the accompanying consolidated financial statements and the notes to the consolidated financial statements included in Item 8., “Financial Statements and Supplementary Data”, of this Annual Report on Form 10-K.

Business Overview

Graybar achieved record net sales of $5,659,141 in 2013, surpassing its previous record set in 2012 by $245,860, or 4.5%. The increase in net sales was achieved organically and includes sales generated by newly added locations.

Net income attributable to Graybar for 2013 was $81,063. This represents a $5,228, or 6.1%, decline from 2012. The decline is primarily due to a $30,648 decrease in other income net, as a result of gains on the disposal of property that occurred in 2012 that did not repeat in 2013, partially offset by increases in gross margin of $25,794.

Graybar strives to provide its customers with convenient, local access to products and services through its distribution network. The Company’s strong balance sheet gives it the flexibility to grow with its customers and support them today and in the future. Graybar plans to continue adding physical locations throughout 2014 to expand its presence and service offerings. In addition, Graybar is broadening its eCommerce and mobility capabilities to enhance its online presence and expand its digital marketing to grow sales with new and existing customers. The Company believes these actions will position it well to continue growing sales in 2014.

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 years ended December 31, 2013, 2012, and 2011:

	2013		2012		2011	
	Dollars	**Percent**	Dollars	Percent	Dollars	Percent
Net Sales	**$ 5,659,141**	**100.0%**	$ 5,413,281	100.0%	$ 5,374,800	100.0%
Cost of merchandise sold	**(4,614,985)**	**(81.5)**	(4,394,919)	(81.2)	(4,379,541)	(81.5)
Gross Margin	**1,044,156**	**18.5**	1,018,362	18.8	995,259	18.5
Selling, general and administrative expenses	**(873,415)**	**(15.4)**	(871,374)	(16.1)	(822,678)	(15.3)
Depreciation and amortization	**(36,944)**	**(0.7)**	(32,449)	(0.6)	(33,140)	(0.6)
Other income, net	**2,495**	**—**	33,143	0.6	3,769	0.1
Income from Operations	**136,292**	**2.4**	147,682	2.7	143,210	2.7
Interest expense, net	**(1,341)**	**—**	(2,234)	—	(10,021)	(0.2)
Income before provision for income taxes	**134,951**	**2.4**	145,448	2.7	133,189	2.5
Provision for income taxes	**(53,677)**	**(1.0)**	(58,850)	(1.1)	(51,298)	(1.0)
Net Income	**81,274**	**1.4**	86,598	1.6	81,891	1.5
Net income attributable to noncontrolling interests	**(211)**	—	(307)	—	(466)	—
Net Income attributable to Graybar Electric Company, Inc.	**$ 81,063**	**1.4%**	$ 86,291	1.6%	$ 81,425	1.5%

2013 Compared to 2012

Net sales totaled $5,659,141 for the year ended December 31, 2013, compared to $5,413,281 for the year ended December 31, 2012, an increase of $245,860, or 4.5%. Net sales to the electrical market sector during the year ended December 31, 2013 increased 7.0%, while net sales to the comm/data market sector decreased 1.2%, compared to the year ended December 31, 2012.

Gross margin increased $25,794, or 2.5%, to $1,044,156 for the year ended December 31, 2013, from $1,018,362 for the year ended December 31, 2012. The increase was primarily due to increased net sales for the year ended December 31, 2013, compared to the year ended December 31, 2012. The Company's gross margin as a percent of net sales was 18.5% for the year ended December 31, 2013, down from 18.8% in 2012.

Selling, general and administrative expenses increased $2,041, or 0.2%, to $873,415 for the year ended December 31, 2013, compared to $871,374 for the year ended December 31, 2012, mainly due to higher compensation-related costs. Selling, general and administrative expenses as a percentage of net sales for the year ended December 31, 2013 were 15.4%, down from 16.1% in 2012.

Depreciation and amortization expenses for the year ended December 31, 2013 increased $4,495, or 13.9%, to $36,944 from $32,449 for the year ended December 31, 2012. This increase was due to an increase in property, at cost. Depreciation and amortization expenses as a percentage of net sales for the year ended December 31, 2013 were 0.7%, up from 0.6% in 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. Other income, net totaled $2,495 for the year ended December 31, 2013, compared to $33,143 for the year ended December 31, 2012. The decrease in other income, net was due to substantial net gains on the disposal of property for the year ended December 31, 2012, that were not repeated for the year ended December 31, 2013. Losses on the disposal of property were $418 for the year ended December 31, 2013, compared to gains on the disposal of property of $30,638 for the year ended December 31, 2012. There were also $1,066 in impairment losses recorded during the year ended December 31, 2012, primarily on assets that were held for sale. There were no impairment losses recorded during the year ended December 31, 2013.

Income from operations totaled $136,292 for the year ended December 31, 2013, a decrease of $11,390, or 7.7%, from $147,682 for the year ended December 31, 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 decreased $893, or 40.0%, to $1,341 for the year ended December 31, 2013 from $2,234 for the year ended December 31, 2012. This reduction was primarily due to lower level of outstanding long-term debt during the year ended December 31, 2013, compared to 2012. Long-term debt outstanding, including current portion, was $5,174 at December 31, 2013, compared to $11,995 at December 31, 2012.

The decrease in income from operations and lower interest expense, net resulted in income before provision for income taxes of $134,951 for the year ended December 31, 2013, a decrease of $10,497, or 7.2%, compared to $145,448 for the year ended December 31, 2012.

The Company's total provision for income taxes decreased $5,173, or 8.8%, to $53,677 for the year ended December 31, 2013 from $58,850 for the year ended December 31, 2012, as a result of lower income before provision for income taxes. The Company's effective tax rate was 39.8% for the year ended December 31, 2013, down from 40.5% for the year ended December 31, 2012. The effective tax rates for the years ended December 31, 2013 and 2012 were higher than the 35.0% U.S. federal statutory rate primarily due to state and local income taxes.

Net income attributable to Graybar Electric Company, Inc. for the year ended December 31, 2013 decreased $5,228, or 6.1%, to $81,063 from $86,291 for the year ended December 31, 2012.

2012 Compared to 2011

Net sales totaled $5,413,281 for the year ended December 31, 2012, compared to $5,374,800 for the year ended December 31, 2011, an increase of $38,481, or 0.7%. Net sales to the electrical market sector during the year ended December 31, 2012 increased 3.5%, while net sales to the comm/data market sector decreased 5.3%, compared to the year ended December 31, 2011.

Gross margin increased $23,103, or 2.3%, to $1,018,362 for the year ended December 31, 2012, from $995,259 for the year ended December 31, 2011. The increase was primarily due to a change in sales mix as well as a modest increase in net sales for the year ended December 31, 2012, compared to the year ended December 31, 2011. The Company's gross margin as a percent of net sales was 18.8% for the year ended December 31, 2012, up from 18.5% in 2011, primarily due to lower product costs.

Selling, general and administrative expenses increased $48,696, or 5.9%, to $871,374 for the year ended December 31, 2012, compared to $822,678 for the year ended December 31, 2011, mainly due to higher employment-related costs. Selling, general and administrative expenses as a percentage of net sales for the year ended December 31, 2012 were 16.1%, up from 15.3% in 2011.

Depreciation and amortization expenses for the year ended December 31, 2012 decreased $691, or 2.1%, to $32,449 from $33,140 for the year ended December 31, 2011. This decrease was due primarily to a decrease in software amortization. Depreciation and amortization expenses as a percentage of net sales remained consistent at 0.6% for the years ended December 31, 2012 and 2011.

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. Other income, net totaled $33,143 for the year ended December 31, 2012, compared to $3,769 for the year ended December 31, 2011. The increase in other income, net for the year ended December 31, 2012, was due to a substantial increase in net gains on the sale of property of $30,638, partially offset by impairment losses of $1,066 recorded on other property held for sale. For the year ended December 31, 2011, other income, net included losses on the sale of property of $140 and property impairment losses of $312, primarily on assets that were held for sale.

Income from operations totaled $147,682 for the year ended December 31, 2012, an increase of $4,472, or 3.1%, from $143,210 for the year ended December 31, 2011. The increase was due to higher net sales and gross margin, higher other income, net and lower depreciation and amortization expenses, partially offset by increases in selling, general and administrative expenses.

Interest expense, net decreased $7,787, or 77.7%, to $2,234 for the year ended December 31, 2012, from $10,021 for the year ended December 31, 2011. This decrease was due to the additional interest expense associated with the settlement of the interest rate swap totaling $3,257 during the fourth quarter of 2011, as well as lower levels of outstanding long-term debt during the year ended December 31, 2012, compared to 2011. Long-term debt outstanding, including current portion, was $11,995 at December 31, 2012, compared to $51,835 at December 31, 2011.

The increase in income from operations and lower interest expense, net resulted in income before provision for income taxes of $145,448 for the year ended December 31, 2012, an increase of $12,259, or 9.2%, compared to $133,189 for the year ended December 31, 2011.

The Company's total provision for income taxes increased $7,552, or 14.7%, to $58,850 for the year ended December 31, 2012 from $51,298 for the year ended December 31, 2011, as a result of higher income before provision for income taxes. The Company's effective tax rate was 40.5% for the year ended December 31, 2012, up from 38.5% for the year ended December 31, 2011. The effective tax rates for the years ended December 31, 2012 and 2011 were higher than the 35.0% U.S. federal statutory rate primarily due to state and local income taxes.

Net income attributable to Graybar Electric Company, Inc. for the year ended December 31, 2012 increased $4,866, or 6.0%, to $86,291 from $81,425 for the year ended December 31, 2011.

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.

	For the Years Ended December 31,		
Cash Flow Information	**2013**	2012	2011
Net cash provided by operations	**$ 90,888**	$ 59,857	$ 94,908
Net cash used by investing activities	**(57,776)**	(26,805)	(60,996)
Net cash used by financing activities	**(36,121)**	(67,345)	(44,301)
Net Decrease in Cash	**$ (3,009)**	$ (34,293)	$ (10,389)

Operating Activities

Net cash provided by operations was $90,888 for the year ended December 31, 2013, compared to $59,857 for the year ended December 31, 2012. Positive cash flows from operations for the year ended December 31, 2013 were primarily attributable to net income of $81,274 and an increase in accounts payable of $56,946, partially offset by an increase in trade receivables of $40,682 and an increase in merchandise inventory of $31,633.

Trade receivables increased during 2013 compared to the year ended December 31, 2012 primarily due to an increase in net sales. The average number of days sales outstanding at December 31, 2013, measured using annual sales, increased modestly, compared to the average number of days at December 31, 2012. Average days sales outstanding for the three month period ended December 31, 2013, decreased modestly, compared to the same three month period of 2012. Average inventory turnover decreased moderately for the year ended December 31, 2013, compared to the same period of 2012. Merchandise inventory turnover for the three month period ended December 31, 2013, decreased significantly, compared to the same three month period of 2012.

Current assets exceeded current liabilities by $450,718 at December 31, 2013, an increase of $25,145, or 5.9%, from $425,573 at December 31, 2012.

Investing Activities

Net cash used by investing activities totaled $57,776 for the year ended December 31, 2013, compared to $26,805 used during the year ended December 31, 2012. Capital expenditures for property were $58,223 and $61,362, and proceeds from the disposal of property were $447 and $34,079, for the years ended December 31, 2013 and 2012, respectively. The proceeds received in 2013 were primarily from the sale of personal property, and the proceeds received in 2012 were primarily from the sale of real property.

Financing Activities

Net cash used by financing activities totaled $36,121 for the year ended December 31, 2013, compared to $67,345 used during the year ended December 31, 2012.

Cash provided by short-term borrowings was $11,326 for the year ended December 31, 2013, compared to $28,554 for the year ended December 31, 2012. The Company made payments on long-term debt, including the current portion, of $7,386 and capital lease obligations of $3,067 during the year ended December 31, 2013. The Company made payments on long-term debt, including the current portion, of $38,851 and capital lease obligations of $2,960 during the year ended December 31, 2012.

Cash provided by the sale of common stock amounted to $12,839 and $11,925, and purchases of treasury stock were $12,772 and $11,172, for the years ended December 31, 2013 and 2012, respectively. Cash dividends paid were $37,401 and $51,978, for the years ended December 31, 2013 and 2012, respectively. The decrease in cash dividends paid for the year ended December 31, 2013 was due to an additional special cash dividend of $0.40 per share paid in 2013 compared to an additional special cash dividend of $1.00 per share paid in 2012, as well as the payment of the fourth quarter dividend of 2011 in the first quarter of 2012.

Cash paid to purchase noncontrolling interest stock was $148 and $2,863, for the years ended December 31, 2013 and 2012, respectively. Cash provided by the sale of noncontrolling interest stock was $488 for the year ended December 31, 2013. There were no sales of noncontrolling interest stock for the year ended December 31, 2012.

Cash and cash equivalents were $34,665 at December 31, 2013, a decrease of $3,009, or 8.0%, from $37,674 at December 31, 2012.

Liquidity

On December 31, 2013 and 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 $82,442 and $71,116 in short-term borrowings outstanding at December 31, 2013 and 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 December 31, 2013, the Company had total letters of credit of $6,886 outstanding, of which $711 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 December 31, 2013, the Company had available unused lines of credit amounting to $416,847, compared to $428,121 at December 31, 2012. These lines are available to meet the short-term cash requirements of the Company, and certain committed lines of credit have annual fees of up to 35 basis points (0.35%) of the committed lines of credit as of December 31, 2013 and 2012.

Short-term borrowings outstanding during the years ended December 31, 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 agreement contains various affirmative and negative covenants. The Company is also required to maintain certain financial ratios as defined in the agreement. The Company was in compliance with all covenants under this agreement as of December 31, 2013 and 2012.

Contractual Obligations and Commitments

The Company had the following contractual obligations as of December 31, 2013:

		Payments due by period			
Contractual obligations	Total	2014	2015 and 2016	2017 and 2018	After 2018
Capital lease obligations	$ 5,713	$ 2,658	$ 2,297	$ 559	$ 199
Operating lease obligations	84,540	20,537	31,809	19,639	12,555
Purchase obligations	640,578	640,578	—	—	—
Total	$ 730,831	$ 663,773	$ 34,106	$ 20,198	$ 12,754

Capital lease obligations consist of both principal and interest payments.

The Company also had letters of credit of $6,886 outstanding, of which $711 were issued under the $500,000 revolving credit facility. At December 31, 2013, the Company had $416,847 available in unused lines of credit.

Purchase obligations consist of open purchase orders issued in the normal course of business. Many of these purchase obligations may be cancelled with limited or no financial penalties.

The table above does not include $135,483 of accrued, unfunded pension obligations, $85,020 of accrued, unfunded employment-related benefit obligations, of which $76,134 is related to the Company's postretirement benefit plan, and $3,419 in contingent payments for uncertain tax positions because it is not certain when these obligations will be settled or paid.

The Company also expects to make contributions totaling approximately $42,900 to its defined benefit pension plan during 2014 that are not included in the table. The Company contributed $40,682 to its defined benefit pension plan in 2013.

Critical Accounting Policies

The consolidated financial statements are prepared in accordance with U.S. GAAP, which requires the Company to make estimates and assumptions (see Note 2 in notes to the consolidated financial statements located in Item 8., "Financial Statements and Supplementary Data", of this Annual Report on Form 10-K). The Company believes the following accounting policies have the potential to have a more significant impact on its financial statements either because of the significance of the financial statement item to which they relate or because they involve a higher degree of judgment and complexity.

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, which accounts for less than one percent (1%) of net sales, 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.

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.

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.

Merchandise Inventory

The Company values its inventories 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. In assessing the ultimate realization of inventories, the Company makes judgments as to its return rights to suppliers and future demand requirements. If actual future demand, market conditions, or supplier return provisions are less favorable than those projected by management, additional inventory write-downs may be required.

Pension and Postretirement Benefits Plans

The Company's pension and postretirement benefits obligations and expenses are determined based on certain assumptions developed by the Company and used by its actuaries in calculating such amounts. For the Company's pension obligation, the most significant assumptions are the expected long-term rate of return on plan assets and the interest rate used to discount plan liabilities. For the Company's postretirement benefits plan liability, the most significant assumption is the interest rate used to discount the plan obligations.

The following tables present key assumptions used to measure the pension and postretirement benefits obligations at December 31:

	Pension Benefits		**Postretirement Benefits**	
	2013	2012	**2013**	2012
Discount rate	**4.87%**	3.95%	**4.34%**	3.51%
Expected return on plan assets	**6.00%**	6.25%	—	—

While management believes that the assumptions selected by the Company are appropriate, differences in actual experience or changes in assumptions may affect the Company's pension and postretirement benefits obligations and future pension and postretirement benefits expense. For example, holding all other assumptions constant, a one percent (1%) decrease in the discount rate used to calculate both pension expense for 2013 and the pension liability as of December 31, 2013 would have increased pension expense by $6,000 and the pension liability by $63,000, respectively. Similarly, a one percent (1%) decrease in the discount rate would have increased 2013 postretirement benefits expense by $200 and the December 31, 2013 postretirement benefits liability by $6,200.

The Company's expected long-term rate of return on plan assets will increase to 6.25% for 2014.

A decrease in the expected long-term rate of return on plan assets could result in higher pension expense and increase or accelerate the Company's contributions to the defined benefit pension plan in future years. As an example, holding all other assumptions constant, a one percent (1%) decrease in the assumed rate of return on plan assets would have increased 2013 pension expense by $4,200.

For measurement of the postretirement benefits net periodic cost, an 8.00% annual rate of increase in per capita cost of covered health care benefits was assumed for 2013. The rate was assumed to decline to 5.00% in 2019 and to remain at that level thereafter. A one percentage point increase or decrease in the assumed healthcare cost trend rate would not have had a material effect on 2013, 2012 and 2011 postretirement benefit obligations or net periodic benefit cost.

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.

New Accounting Standards

No new accounting standards that were issued or became effective during 2013 have had or are expected to have a material impact on the Company’s consolidated financial statements.

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 does not expect that the adoption of this guidance will have a material impact on the Company’s results of operations, financial position, or cash flows.

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 year ended December 31, 2013, other than additional disclosures contained in Note 14.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, including interest rates, foreign currency exchange rates, commodity prices, and equity prices. The Company’s primary exposures to market risk are interest rate risk associated with debt obligations, foreign currency exchange rate risk, and commodity price risk.

Interest Rate Risk

The Company’s interest expense is sensitive to changes in the general level of interest rates. Changes in interest rates have different impacts on the fixed-rate and variable-rate portions of the Company’s debt portfolio. A change in market interest rates on the fixed-rate portion of the debt portfolio impacts the fair value of the financial instrument, but has no impact on interest incurred or cash flows. A change in market interest rates on the variable-rate portion of the debt portfolio impacts the interest incurred and cash flows, but does not impact the fair value of the financial instrument. To mitigate the cash flow impact of interest rate fluctuations on the cost of financing its capital assets, the Company generally endeavors to maintain a significant portion of its long-term debt as fixed-rate in nature.

Based on $82,442 in variable-rate debt outstanding at December 31, 2013, a one percent (1%) increase in interest rates would increase the Company’s interest expense by $824 per year.

The following table provides information about financial instruments that are sensitive to changes in interest rates. The table presents principal payments on debt and related weighted-average interest rates by expected maturity dates:

							December 31, 2013	
Debt Instruments	2014	2015	2016	2017	2018	After 2018	**Total**	**Fair Value**
Long-term, fixed-rate debt	$ 2,443	1,346	718	276	203	188	**$ 5,174**	**$ 4,851**
Weighted-average interest rate	3.58%	3.93%	5.68%	12.97%	10.61%	7.94%		
Short-term, variable-rate borrowings	$ 82,442	—	—	—	—	—	**$ 82,442**	**$ 82,442**
Weighted-average interest rate	1.58%	—	—	—	—	—		

The fair value of long-term debt is estimated by discounting cash flows using current borrowing rates available for debt of similar maturities.

Foreign Currency Exchange Rate Risk

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 year-end and its income and expenses are translated using average exchange rates prevailing during the year. Currency translation adjustments are included in accumulated other comprehensive loss. Exposure to foreign currency exchange rate fluctuations is not material.

Commodity Price Risk

Graybar has a moderate level of primary exposure to commodity price risk on products it purchases for resale. Examples of such products include copper wire and cable, steel conduit, enclosures, fittings, and PVC products. Graybar does not purchase commodities directly, however.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS:

Management's Discussion and Analysis of Financial Condition and Results of Operations as of and for the year ended December 31, 2013, included in our Annual Report on Form 10-K for such period as filed with the SEC, should be read in conjunction with our accompanying audited consolidated financial statements and the notes thereto.

Certain statements, other than purely historical information, including estimates, projections, statements relating to the Company's 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. 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 commodities, increased funding requirements and expenses related to the Company's pension plan, disruptions in the Company's sources of supply, a sustained interruption in the operation of the Company's information systems, cyber-attacks, compliance with increasing governmental regulations, 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 SEC. 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 this Annual Report on Form 10-K for the year ended December 31, 2013.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
Graybar Electric Company, Inc.

We have audited the accompanying consolidated balance sheets of Graybar Electric Company, Inc. and Subsidiaries (the Company) as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Graybar Electric Company, Inc. and Subsidiaries at December 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

St. Louis, Missouri
March 13, 2014

Graybar Electric Company, Inc. and Subsidiaries
Consolidated Statements of Income

(Stated in thousands, except per share data)	For the Years Ended December 31, 2013	2012	2011
Net Sales	**$ 5,659,141**	$ 5,413,281	$ 5,374,800
Cost of merchandise sold	**(4,614,985)**	(4,394,919)	(4,379,541)
Gross Margin	**1,044,156**	1,018,362	995,259
Selling, general and administrative expenses	**(873,415)**	(871,374)	(822,678)
Depreciation and amortization	**(36,944)**	(32,449)	(33,140)
Other income, net	**2,495**	33,143	3,769
Income from Operations	**136,292**	147,682	143,210
Interest expense, net	**(1,341)**	(2,234)	(10,021)
Income before provision for income taxes	**134,951**	145,448	133,189
Provision for income taxes	**(53,677)**	(58,850)	(51,298)
Net Income	**81,274**	86,598	81,891
Net income attributable to noncontrolling interests	**(211)**	(307)	(466)
Net Income attributable to Graybar Electric Company, Inc.	**$ 81,063**	$ 86,291	$ 81,425
Net Income attributable to Graybar Electric Company, Inc. per share of Common Stock[(A)]	**$ 5.09**	$ 5.40	$ 5.14

[(A)]Adjusted for the declaration of a two and a half percent (2.5%) stock dividend in December 2013, shares related to which were issued in February 2014. Prior to the adjustment, the average common shares outstanding were 15,580 and 15,451 for the years ended December 31, 2012 and 2011, respectively.

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

Graybar Electric Company, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income

(Stated in thousands)	For the Years Ended December 31, **2013**	2012	2011
Net Income	**$ 81,274**	$ 86,598	$ 81,891
Other Comprehensive Income			
Foreign currency translation	**(5,553)**	1,802	(1,520)
Unrealized gain less realized loss from interest rate swap (net of tax of $1,831 in 2011)	**—**	—	2,876
Pension and postretirement benefits liability adjustment (net of tax of $(20,270), $11,735, and $31,454, respectively)	**31,838**	(18,433)	(49,405)
Total Other Comprehensive Income (Loss)	**26,285**	(16,631)	(48,049)
Comprehensive Income	**$ 107,559**	$ 69,967	$ 33,842
Less: comprehensive income attributable to noncontrolling interests, net of tax	**(45)**	(126)	(438)
Comprehensive Income attributable to Graybar Electric Company, Inc.	**$ 107,514**	$ 69,841	$ 33,404

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

Graybar Electric Company, Inc. and Subsidiaries
Consolidated Balance Sheets

(Stated in thousands, except share and per share data)			December 31, 2013	2012
ASSETS				
Current Assets				
Cash and cash equivalents			**$ 34,665**	$ 37,674
Trade receivables (less allowances of $6,837 and $6,868, respectively)			**823,072**	782,390
Merchandise inventory			**448,386**	416,753
Other current assets			**41,435**	25,442
Total Current Assets			**1,347,558**	1,262,259
Property, at cost				
Land			**66,775**	65,821
Buildings			**413,159**	393,399
Furniture and fixtures			**232,093**	212,650
Software			**76,906**	76,906
Capital leases			**14,768**	11,463
Total Property, at cost			**803,701**	760,239
Less – accumulated depreciation and amortization			**(423,514)**	(402,233)
Net Property			**380,187**	358,006
Other Non-current Assets			**66,498**	83,932
Total Assets			**$ 1,794,243**	$ 1,704,197
LIABILITIES				
Current Liabilities				
Short-term borrowings			**$ 82,442**	$ 71,116
Current portion of long-term debt			**2,443**	10,005
Trade accounts payable			**630,198**	573,252
Accrued payroll and benefit costs			**93,262**	109,250
Other accrued taxes			**15,410**	11,748
Other current liabilities			**73,085**	61,315
Total Current Liabilities			**896,840**	836,686
Postretirement Benefits Liability			**67,534**	77,036
Pension Liability			**132,583**	167,223
Long-term Debt			**2,731**	1,990
Other Non-current Liabilities			**23,774**	21,046
Total Liabilities			**1,123,462**	1,103,981
SHAREHOLDERS' EQUITY				
	Shares at December 31,			
Capital Stock	**2013**	2012		
Common, stated value $20.00 per share				
Authorized	**50,000,000**	20,000,000		
Issued to voting trustees	**13,164,362**	12,844,501		
Issued to shareholders	**2,765,577**	2,740,489		
In treasury, at cost	**(41,576)**	(84,566)		
Outstanding Common Stock	**15,888,363**	15,500,424	**317,767**	310,008
Common shares subscribed	**744,241**	660,775	**14,885**	13,215
Less subscriptions receivable	**(744,241)**	(660,775)	**(14,885)**	(13,215)
Retained Earnings			**489,740**	453,770
Accumulated Other Comprehensive Loss			**(140,363)**	(166,814)
Total Graybar Electric Company, Inc. Shareholders' Equity			**667,144**	596,964
Noncontrolling Interests			**3,637**	3,252
Total Shareholders' Equity			**670,781**	600,216
Total Liabilities and Shareholders' Equity			**$ 1,794,243**	$ 1,704,197

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

Graybar Electric Company, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

(Stated in thousands)	For the Years Ended December 31, 2013	2012	2011
Cash Flows from Operations			
Net Income	**$ 81,274**	$ 86,598	$ 81,891
Adjustments to reconcile net income to cash provided by operations:			
Depreciation and amortization	**36,944**	32,449	33,140
Deferred income taxes	**(3,441)**	9,877	424
Net losses (gains) on disposal of property	**418**	(30,638)	140
Losses on impairment of property	**—**	1,066	312
Net income attributable to noncontrolling interests	**(211)**	(307)	(466)
Changes in assets and liabilities:			
Trade receivables	**(40,682)**	29,764	(116,802)
Merchandise inventory	**(31,633)**	(20,629)	(5,774)
Other current assets	**(15,261)**	(4,108)	(7,616)
Other non-current assets	**(127)**	4,115	3,858
Trade accounts payable	**56,946**	(52,957)	90,816
Accrued payroll and benefit costs	**(15,988)**	(8,715)	22,454
Other current liabilities	**11,955**	7,855	(3,520)
Other non-current liabilities	**10,694**	5,487	(3,949)
Total adjustments to net income	**9,614**	(26,741)	13,017
Net cash provided by operations	**90,888**	59,857	94,908
Cash Flows from Investing Activities			
Proceeds from disposal of property	**447**	34,079	296
Capital expenditures for property	**(58,223)**	(61,362)	(62,162)
Investment in affiliated company	**—**	478	870
Net cash used by investing activities	**(57,776)**	(26,805)	(60,996)
Cash Flows from Financing Activities			
Net increase in short-term borrowings	**11,326**	28,554	22,867
Repayment of long-term debt	**(7,386)**	(38,851)	(43,864)
Principal payments under capital leases	**(3,067)**	(2,960)	(3,306)
Sales of common stock	**12,839**	11,925	11,121
Purchases of treasury stock	**(12,772)**	(11,172)	(9,264)
Sales of noncontrolling interests' common stock	**488**	—	512
Purchases of noncontrolling interests' common stock	**(148)**	(2,863)	(109)
Dividends paid	**(37,401)**	(51,978)	(22,258)
Net cash used by financing activities	**(36,121)**	(67,345)	(44,301)
Net Decrease in Cash	**(3,009)**	(34,293)	(10,389)
Cash, Beginning of Year	**37,674**	71,967	82,356
Cash, End of Year	**$ 34,665**	$ 37,674	$ 71,967
Supplemental Cash Flow Information:			
Non-cash Investing and Financing Activities:			
Acquisition of property under capital leases	**$ 3,632**	$ 1,971	$ 2,332
Cash Paid During the Year for:			
Interest, net of amounts capitalized	**$ 1,508**	$ 2,376	$ 10,880
Income taxes, net of refunds	**$ 44,676**	$ 58,018	$ 55,136

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

Graybar Electric Company, Inc. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity

	Graybar Electric Company, Inc. Shareholders' Equity				
(Stated in thousands)	**Common Stock**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Noncontrolling Interests**	**Total Shareholders' Equity**
Balance, December 31, 2010	$ 232,400	$ 423,602	$ (102,343)	$ 5,148	$ 558,807
Net income		81,425		466	81,891
Other comprehensive income (loss)			(48,021)	(28)	(48,049)
Stock issued	11,121			512	11,633
Stock purchased	(9,264)			(109)	(9,373)
Dividends declared	23,373	(46,888)			(23,515)
Balance, December 31, 2011	$ 257,630	$ 458,139	$ (150,364)	$ 5,989	$ 571,394
Net income		86,291		307	86,598
Other comprehensive income (loss)			(16,450)	(181)	(16,631)
Stock issued	11,925				11,925
Stock purchased	(11,172)			(2,863)	(14,035)
Dividends declared	51,625	(90,660)			(39,035)
Balance, December 31, 2012	$ 310,008	$ 453,770	$ (166,814)	$ 3,252	$ 600,216
Net income		81,063		211	81,274
Other comprehensive income (loss)			26,451	(166)	26,285
Stock issued	12,839			488	13,327
Stock purchased	(12,772)			(148)	(12,920)
Dividends declared	7,692	(45,093)			(37,401)
Balance, December 31, 2013	$ 317,767	$ 489,740	$ (140,363)	$ 3,637	$ 670,781

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

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 years presented. Significant accounting policies are described below.

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.

Reclassifications

Certain reclassifications have been made to prior years' financial information to conform to the December 31, 2013 presentation.

Subsequent Events

The Company has evaluated subsequent events through the time of the filing of this Annual Report on Form 10-K with the United States Securities and Exchange Commission (“SEC” or the “Commission”). No material subsequent events have occurred since December 31, 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, which accounts for less than one percent (1%) of net sales, 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. These costs totaled $48,497, $44,672, and $40,896 for the years ended December 31, 2013, 2012, and 2011, respectively.

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 year-end and its statements of income amounts are translated at the average rates of exchange prevailing during the year. Currency translation adjustments are included in accumulated other comprehensive loss.

Goodwill

The Company's goodwill is not amortized, but rather tested annually for impairment. Goodwill is reviewed annually in the fourth quarter and/or when circumstances or other events might indicate that impairment may have occurred. 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. As of December 31, 2013, the Company has completed its annual impairment test and concluded that there is no impairment of the Company's goodwill. At December 31, 2013 and 2012, the Company had $6,680 of goodwill included in other non-current assets in its consolidated balance sheets.

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

No new accounting standards that were issued or became effective during 2013 have had or are expected to have a material impact on the Company's consolidated financial statements.

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 does not expect that the adoption of this guidance will have a material impact on the Company's results of operations, financial position, or cash flows.

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 year ended December 31, 2013, other than additional disclosures contained in Note 14.

3. CASH DISCOUNTS AND DOUBTFUL ACCOUNTS

The following table summarizes the activity in the allowances for cash discounts and doubtful accounts:

	Beginning Balance	Provision (Charged to Expense)	Deductions	Ending Balance
For the Year Ended December 31, 2013				
Allowance for cash discounts	**$ 1,411**	**$ 22,943**	**$ (22,794)**	**$ 1,560**
Allowance for doubtful accounts	**5,457**	**2,028**	**(2,208)**	**5,277**
Total	**$ 6,868**	**$ 24,971**	**$ (25,002)**	**$ 6,837**
For the Year Ended December 31, 2012				
Allowance for cash discounts	$ 1,498	$ 21,228	$ (21,315)	$ 1,411
Allowance for doubtful accounts	6,266	4,379	(5,188)	5,457
Total	$ 7,764	$ 25,607	$ (26,503)	$ 6,868
For the Year Ended December 31, 2011				
Allowance for cash discounts	$ 1,373	$ 20,440	$ (20,315)	$ 1,498
Allowance for doubtful accounts	5,926	5,537	(5,197)	6,266
Total	$ 7,299	$ 25,977	$ (25,512)	$ 7,764

4. INVENTORY

The Company's inventory is stated at the lower of cost (determined using the last-in, first-out ("LIFO") cost method) or market. Inventories valued using the LIFO method comprised 92% and 90% of the total inventories at December 31, 2013 and 2012, respectively. Had the first-in, first-out ("FIFO") method been used, merchandise inventory would have been approximately $149,507 and $150,912 greater than reported under the LIFO method at December 31, 2013 and 2012, respectively. The Company did not liquidate any portion of previously-created LIFO layers in 2013, 2012, and 2011.

Reserves for excess and obsolete inventories were $3,747 and $3,500 at December 31, 2013 and 2012, respectively. The change in the reserve for excess and obsolete inventories, included in cost of merchandise sold, was $247, $(300), and $(700) for the years ended December 31, 2013, 2012, and 2011, respectively.

5. PROPERTY AND DEPRECIATION

The Company provides for depreciation and amortization using the straight-line method over the following estimated useful asset lives:

Classification	Estimated Useful Asset Life
Buildings	42 years
Leasehold improvements	Over the shorter of the asset's life or the lease term
Furniture, fixtures, equipment and software	3 to 14 years
Assets held under capital leases	Over the shorter of the asset's life or the lease term

Depreciation expense was $32,917, $28,937, and $27,728 in 2013, 2012, and 2011, respectively.

At the time property is retired or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is credited or charged to other income, net.

Assets held under capital leases, consisting primarily of information technology equipment, are recorded in property with the corresponding obligations carried in long-term debt. The amount capitalized is the present value at the beginning of the lease term of the aggregate future minimum lease payments. Assets held under leases which were capitalized during the year ended December 31, 2013 and 2012 were $3,632 and $1,971, respectively.

The Company capitalizes interest expense on major construction and development projects while in progress. Interest capitalized in 2013, 2012, and 2011 was $182, $56, and $13, respectively.

The Company capitalizes qualifying internal and external costs incurred to develop or obtain software for internal use during the application development stage. Costs incurred during the pre-application development and post-implementation stages are expensed as incurred. The Company capitalized software and software development costs of $3,187 and $7,583 in 2013 and 2012, respectively, and the amounts are recorded in furniture and fixtures.

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 $7,626 and $3,034 at December 31, 2013 and 2012, respectively, and is recorded in net property in the consolidated balance sheet. During 2013, the Company sold an asset classified as held for sale for $34 and recorded a net gain on the asset held for sale of $23 in other income, net. During 2012, the Company sold assets classified as held for sale for $33,486 and recorded net gains on the assets held for sale of $30,738 in other income, net.

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 to be 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.

The Company did not record any impairment charges during 2013 as the expected selling prices approximated the net book value of assets classified as assets held for sale. The Company recorded impairment losses totaling $1,066 and $312 to account for the expected losses on those assets held for sale where the net book value of the property listed for sale exceeded the estimated selling price less estimated selling expenses for the years ended December 31, 2012 and 2011, respectively. The impairment losses are included in other income, net in the consolidated statements of income for the years ended December 31, 2012 and 2011.

6. 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 consolidated financial statements.

The Company’s unrecognized tax benefits of $3,419, $3,530, and $3,746 as of December 31, 2013, 2012, and 2011, 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 unrecognized tax benefits during the next twelve months.

The Company's uncertain tax benefits, and changes thereto, during 2013, 2012, and 2011 were as follows:

	2013	2012	2011
Balance at January 1,	**$ 3,530**	$ 3,746	$ 3,843
Additions based on tax positions related to current year	**516**	600	593
Additions based on tax positions of prior years	**—**	—	—
Reductions for tax positions of prior years	**(567)**	(570)	(579)
Settlements	**(60)**	(246)	(111)
Balance at December 31,	**$ 3,419**	$ 3,530	$ 3,746

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 $1,220 and $1,195 in interest and penalties in its statement of financial position at December 31, 2013 and 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 conducted its field 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 the proposed adjustments raised in the revenue agent's report, has filed a protest, and awaits conclusion of the appeals process. The Company continues to believe its reserve for uncertain tax benefits is adequate at December 31, 2013. The Company has agreed to extend its federal statute of limitations for the 2008 through 2010 tax years until December 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 received the related 30-day letter on February 10, 2014. The Company disputes the proposed adjustments, which flow from the earlier disputed findings described in the preceding paragraph, and has filed an additional protest. The Company has received the revenue agent's rebuttal and is currently awaiting appeal proceedings.

Proposed adjustments in connection with both audits are pending appeal.

The Company's state income tax returns for 2009 through 2013 remain subject to examination by various state authorities with the latest period closing on December 31, 2018. The Company has not extended the statutes of limitations in any state jurisdictions with respect to years prior to 2009. Such statutes of limitations will expire on or before December 31, 2014, unless extended.

A reconciliation between the "statutory" federal income tax rate and the effective tax rate in the consolidated statements of income is as follows:

	For the Years Ended December 31,		
	2013	2012	2011
"Statutory" federal tax rate	**35.0%**	35.0%	35.0%
State and local income taxes, net of federal benefit	**3.6**	3.9	3.6
Other, net	**1.2**	1.6	(0.1)
Effective tax rate	**39.8%**	40.5%	38.5%

The components of income before taxes and the provision for income taxes recorded in the consolidated statements of income are as follows:

	For the Years Ended		
Components of Income before Taxes	**2013**	2012	2011
Domestic	**$ 127,858**	$ 133,300	$ 121,770
Foreign	**7,093**	12,148	11,419
Income before taxes	**$ 134,951**	$ 145,448	$ 133,189

	For the Years Ended		
Components of Income Tax Provision	**2013**	2012	2011
Current expense			
U.S. Federal	**$ 47,790**	$ 38,642	$ 41,052
State	**7,066**	6,848	6,343
Foreign	**2,217**	3,366	3,579
Total current expense	**$ 57,073**	$ 48,856	$ 50,974
Deferred (benefit) expense			
U.S. Federal	**$ (2,983)**	9,090	246
State	**(458)**	786	178
Foreign	**45**	118	(100)
Total deferred (benefit) expense	**$ (3,396)**	$ 9,994	$ 324
Total income tax provision	**$ 53,677**	$ 58,850	$ 51,298

Deferred income taxes are provided based upon differences between the financial statement and tax bases of assets and liabilities. The following deferred tax assets (liabilities) were recorded at December 31:

Assets (Liabilities)	**2013**	2012
Postretirement benefits	**$ 29,260**	$ 32,257
Payroll accruals	**3,114**	3,095
Bad debt reserves	**2,094**	2,178
Other deferred tax assets	**9,820**	10,359
Pension	**41,682**	55,665
Inventory	**4,597**	3,174
Subtotal	**90,567**	106,728
less: valuation allowances	**(279)**	(285)
Deferred tax assets	**90,288**	106,443
Fixed assets	**(33,988)**	(32,999)
Computer software	**(3,775)**	(3,708)
Other deferred tax liabilities	**(1,868)**	(2,184)
Deferred tax liabilities	**(39,631)**	(38,891)
Net deferred tax assets	**$ 50,657**	$ 67,552

Deferred tax assets included in other current assets were $5,936 and $3,678 at December 31, 2013 and 2012, respectively. Deferred tax assets included in other non-current assets were $45,135 and $64,260 at December 31, 2013 and 2012, respectively. Deferred tax liabilities included in other current liabilities were $414 and $386 at December 31, 2013 and 2012. The Company's deferred tax assets include foreign net operating losses of $232 and $285 as of December 31, 2013 and 2012 that expire in 2024. The Company's deferred tax assets also include state net operating loss carryforwards of $1,165 and $1,821 as of December 31, 2013 and 2012, respectively, that expire between 2014 and 2030. The Company's valuation allowance against deferred tax assets was $279 and $285 for the year ended December 31, 2013 and 2012, respectively. Due to uncertainties regarding the utilization of the Company's foreign and state net operating losses, a valuation allowance has been applied against the total deferred tax benefit at December 31, 2013.

The Company has undistributed earnings of non-U.S. subsidiaries of approximately $59,388 and $54,440 as of December 31, 2013 and 2012, respectively. The Company has not made a provision for U.S. federal and state income taxes on these accumulated but undistributed earnings, as such earnings are considered to be indefinitely reinvested outside the U.S.

7. 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 December 31, 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.

During 2013, eligible employees and qualified retirees subscribed for 744,241 shares totaling $14,885. Subscribers under the Plan elected to make payments under one of the following options: (i) all shares subscribed for on or before January 10, 2014; or (ii) all shares subscribed for in installments paid through payroll deductions (or in certain cases where a subscriber is no longer on the Company’s payroll, through direct monthly payments) over an eleven-month period.

Common shares were delivered to subscribers as of January 10, 2014, in the case of shares paid for prior to January 10, 2014. Shares will be issued and delivered to subscribers on a quarterly basis, as of the tenth day of March, June, September, and December, to the extent full payments for shares are made in the case of subscriptions under the installment method.

Shown below is a summary of shares purchased and retired by the Company during the three years ended December 31:

	Shares of Common Stock	
	Purchased	**Retired**
2013	**638,647**	**681,637**
2012	558,599	658,890
2011	463,189	474,219

The Company also has authorized 10,000,000 shares of Delegated Authority Preferred Stock (“preferred stock”), par value one cent ($0.01). The preferred stock may be issued in one or more series, with the designations, relative rights, preferences, and limitations of shares of each such series being fixed by a resolution of the Board of Directors of the Company. There were no shares of preferred stock outstanding at December 31, 2013 and 2012.

On December 12, 2013, the Company declared a two and a half percent (2.5%) common stock dividend. Each shareholder was entitled to one share of common stock for every forty shares held as of January 2, 2014. The stock was issued on February 3, 2014. On December 13, 2012, the Company declared a twenty percent (20%) common stock dividend. Each shareholder was entitled to one share of common stock for every five shares held as of January 2, 2013. The stock was issued on February 1, 2013. On December 8, 2011, the Company declared a ten percent (10%) common stock dividend. Each shareholder was entitled to one share of common stock for every ten shares held as of January 3, 2012. The stock was issued on February 1, 2012.

8. NET INCOME PER SHARE OF COMMON STOCK

The per share computations for periods presented have been adjusted to reflect the new number of shares as of December 31, 2013, as a result of the stock dividend declared on December 12, 2013 payable to shareholders of record on January 2, 2014. Shares representing this dividend were issued on February 3, 2014. The computation of net income per share of common stock is based on the average number of common shares outstanding during each year, adjusted in all periods presented for the declaration of a two and a half percent (2.5%) stock dividend declared in 2013, a twenty percent (20%) stock dividend declared in 2012, and a ten percent (10%) stock dividend declared in 2011. The average number of shares used in computing net income per share of common stock at December 31, 2013, 2012, and 2011 was 15,935,751, 15,969,060, and 15,837,597, respectively.

9. LONG-TERM DEBT AND BORROWINGS UNDER SHORT-TERM CREDIT AGREEMENTS

Long-term Debt	December 31, 2013	2012
6.59% senior note, unsecured, due in semiannual installments of $3,750 beginning in October 2003 through April 2013	**$ —**	$ 3,750
6.65% senior note, unsecured, due in annual installments of $3,636 beginning in June 2003 through June 2013	**—**	3,636
2.01% to 30.63% capital leases, secured by equipment, various maturities	**5,174**	4,609
	$ 5,174	$ 11,995
Less current portion	**(2,443)**	(10,005)
Long-term Debt	**$ 2,731**	$ 1,990

Long-term Debt matures as follows:	
2014	$ 2,443
2015	1,346
2016	718
2017	276
2018	203
After 2018	188
	$ 5,174

On December 31, 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 subfacility 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.

Interest on the Company's borrowings under the revolving credit facility is based on, at the borrower's election, either (i) the base rate (as defined in the Credit Agreement), or (ii) LIBOR, in each case plus an applicable margin, as set forth in the pricing grid detailed in the Credit Agreement and described below. In connection with any borrowing, the applicable borrower also selects the term of the loan, up to six months, or an automatically renewing term with the consent of the lenders. Swing line loans, which are short-term loans, bear interest at a rate based on, at the borrower's election, either the base rate or on the daily floating Eurodollar rate. In addition to interest payments, there are also certain fees and obligations associated with borrowings, swing line loans, letters of credit, and other administrative matters.

The obligations of Graybar Canada under the new revolving credit facility are secured by the guaranty of the Company and any material U.S. subsidiaries of the Company. Under no circumstances will Graybar Canada use its borrowings to benefit Graybar or its operations, including without limitation, the repayment of any of the Company's obligations under the revolving credit facility.

The Credit Agreement provides for a quarterly commitment fee ranging from 0.20% to 0.35% per annum, subject to adjustment based upon the Company's consolidated leverage ratio for a fiscal quarter, and letter of credit fees ranging from 1.05% to 1.65% per annum payable quarterly, also subject to such adjustment. Borrowings can be either base rate loans plus a margin ranging from 0.05% to 0.65% or LIBOR loans plus a margin ranging from 1.05% to 1.65%, subject to adjustment based upon the Company's consolidated leverage ratio. Availability under the Credit Agreement is subject to the accuracy of representations and warranties, the absence of an event of default, and, in the case of Canadian borrowings denominated in Canadian dollars, the absence of a material adverse change in the national or international financial markets, which would make it impracticable to lend Canadian dollars.

The Credit Agreement contains customary affirmative and negative covenants for credit facilities of this type, including limitations on the Company and its subsidiaries with respect to indebtedness, liens, changes in the nature of business, investments, mergers and acquisitions, the issuance of equity securities, the disposition of assets and the dissolution of certain subsidiaries, transactions with affiliates, restricted payments (subject to incurrence tests, with certain exceptions), as well as securitizations and factoring transactions. There are also maximum leverage ratio and minimum interest coverage ratio financial covenants to which the Company will be subject during the term of the Credit Agreement.

The Credit Agreement also provides for customary events of default, including a failure to pay principal, interest or fees when due, failure to comply with covenants, the representation or warranty made by any of the credit parties being materially incorrect, the occurrence of an event of default under certain other indebtedness of the Company and its subsidiaries, the commencement of certain insolvency or receivership events affecting any of the credit parties, certain actions under the Employee Retirement Income Security Act (ERISA), and the occurrence of a change in control of any of the credit parties (subject to certain permitted transactions as described in the Credit Agreement). Upon the occurrence of an event of default, the commitments of the lenders may be terminated and all outstanding obligations of the credit parties under the Credit Agreement may be declared immediately due and payable.

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 December 31, 2013, the Company had total letters of credit of $6,886 outstanding, of which $711 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.

Short-term borrowings of $82,442 and $71,116 outstanding at December 31, 2013 and 2012, respectively, were drawn under the revolving credit facility.

Short-term borrowings outstanding during the years ended December 31, 2013 and 2012 ranged from a minimum of $27,530 and $35,105 to a maximum of $126,188 and $111,032, respectively. The average daily amount of borrowings outstanding under short-term credit agreements during 2013 and 2012 amounted to approximately $68,000 and $67,000 at weighted-average interest rates of 1.58% and 1.88%, respectively. The weighted-average interest rate for amounts outstanding at December 31, 2013 was 1.50%.

At December 31, 2013, the Company had available unused lines of credit amounting to $416,847, compared to $428,121 at December 31, 2012. These lines are available to meet the short-term cash requirements of the Company, and certain committed lines of credit have annual fees of up to 35 basis points (0.35%) of the committed lines of credit as of December 31, 2013 and 2012.

The carrying amount of the Company’s outstanding long-term, fixed-rate debt exceeded its fair value by $323 and $215 at December 31, 2013 and 2012, respectively. The fair value of the long-term, fixed-rate debt is estimated by using yields obtained from independent pricing sources for similar types of borrowings. The fair value of the Company’s variable-rate short- and long-term debt approximates its carrying value at December 31, 2013 and 2012, respectively.

The revolving credit agreement contains various affirmative and negative covenants. The Company is also required to maintain certain financial ratios as defined in the agreement. The Company was in compliance with all covenants as of December 31, 2013 and 2012.

10. 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 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 hired or rehired prior to 2014 may become eligible for postretirement medical benefits if they reach the age and service requirements of the retiree medical plan and retire on a service pension under the defined benefit pension plan. Medical benefits are self-insured and claims are paid through an insurance company. The cost of coverage is determined based on the annual projected plan costs. The participant's premium or cost is determined based on Company guidelines. Postretirement life insurance benefits are insured through an insurance company. The Company funds postretirement benefits as incurred, and accordingly, there were no assets held in the postretirement benefits plan at December 31, 2013 and 2012.

The following table sets forth information regarding the Company's pension and other postretirement benefits as of December 31, 2013 and 2012:

	Pension Benefits		Postretirement Benefits	
	2013	2012	**2013**	2012
Projected benefit obligation	**$ (558,650)**	$ (598,917)	**$ (76,134)**	$ (83,836)
Fair value of plan assets	**423,167**	430,894	**—**	—
Funded status	**$ (135,483)**	$ (168,023)	**$ (76,134)**	$ (83,836)

The accumulated benefit obligation for the Company's defined benefit pension plan was $476,807 and $499,499 at December 31, 2013 and 2012, respectively.

Amounts recognized in the consolidated balance sheet for the years ended December 31 consist of the following:

	Pension Benefits		Postretirement Benefits	
	2013	2012	**2013**	2012
Current accrued benefit cost	**$ (2,900)**	$ (800)	**$ (8,600)**	$ (6,800)
Non-current accrued benefit cost	**(132,583)**	(167,223)	**(67,534)**	(77,036)
Net amount recognized	**$ (135,483)**	$ (168,023)	**$ (76,134)**	$ (83,836)

Amounts recognized in accumulated other comprehensive loss for the years ended December 31, net of tax, consist of the following:

	Pension Benefits		Postretirement Benefits	
	2013	2012	**2013**	2012
Net actuarial loss	**$ 138,186**	$ 164,064	**$ 13,780**	$ 20,233
Prior service cost (gain)	**1,575**	2,415	**(6,525)**	(7,858)
Accumulated other comprehensive loss	**$ 139,761**	$ 166,479	**$ 7,255**	$ 12,375

Amounts estimated to be amortized from accumulated other comprehensive loss into net periodic benefit costs in 2014, net of tax, consist of the following:

	Pension Benefits	Postretirement Benefits
Net actuarial loss	$ 11,120	$ 672
Prior service cost (gain)	611	(1,344)
Accumulated other comprehensive loss	$ 11,731	$ (672)

Weighted-average assumptions used to determine the actuarial present value of the pension and postretirement benefit obligations as of December 31 are:

	Pension Benefits		Postretirement Benefits	
	2013	2012	**2013**	2012
Discount rate	**4.87%**	3.95%	**4.34%**	3.51%
Rate of compensation increase	**4.25%**	4.25%	**—**	—
Health care cost trend on covered charges	**—**	—	**7.5% / 5%**	8% / 5%

For measurement of the postretirement benefit obligation, a 7.50% annual rate of increase in the per capita cost of covered health care benefits was assumed at December 31, 2013. This rate is assumed to decline to 5.00% at January 1, 2019 and remain at that level thereafter. A 1.0% increase or decrease in the assumed healthcare cost trend rate would not have had a material effect on the postretirement benefit obligations as of December 31, 2013 and 2012.

The following presents information regarding the plans for the years ended December 31:

	Pension Benefits		Postretirement Benefits	
	2013	2012	**2013**	2012
Employer contributions	**$ 40,682**	$ 40,600	**$ 4,453**	$ 5,843
Participant contributions	**$ —**	$ —	**$ 1,402**	$ 1,107
Benefits paid	**$ (47,204)**	$ (37,417)	**$ (5,855)**	$ (6,950)

The Company expects to make contributions totaling $42,900 to its defined benefit pension plan during 2014.

Estimated future defined benefit pension and other postretirement benefit plan payments to plan participants for the years ending December 31 are as follows:

Year	Pension Benefits	Postretirement Benefits
2014	$ 42,900	$ 8,600
2015	40,400	9,400
2016	40,800	10,400
2017	40,400	11,500
2018	41,500	12,800
After 2018	234,100	88,000

The investment objective of the Company's defined benefit pension plan is to ensure that there are sufficient assets to fund regular pension benefits payable to employees over the long-term life of the plan. The Company's defined benefit pension plan seeks to allocate plan assets in a manner that is closely duration-matched with the actuarial projected cash flow liabilities, consistent with prudent standards for preservation of capital, tolerance of investment risk, and maintenance of liquidity.

The Company's defined benefit pension plan utilizes a liability-driven investment ("LDI") approach to help meet these objectives. The LDI strategy employs a structured fixed-income portfolio designed to reduce volatility in the plan's future funding requirements and funding status. This is accomplished by using a blend of long duration government, quasi-governmental, and corporate fixed-income securities, as well as appropriate levels of equity and alternative investments designed to optimize the plan's liability hedge ratio. In practice, the value of an asset portfolio constructed primarily of fixed income securities is inversely correlated to changes in market interest rates, at least partially offsetting changes in the value of the pension benefit obligation caused by changes in the interest rate used to discount plan liabilities.

Asset allocation information for the defined benefit pension plan at December 31, 2013 and 2012 is as follows:

Investment	2013 Actual Allocation	2013 Target Allocation Range	2012 Actual Allocation	2012 Target Allocation Range
Equity securities-U.S.	**10%**	**3-15%**	7%	3-15%
Equity securities-International	**9%**	**3-15%**	8%	3-15%
Fixed income investments-U.S.	**56%**	**35-75%**	57%	35-75%
Fixed income investments-International	**6%**	**3-10%**	12%	3-10%
Absolute return	**9%**	**5-15%**	9%	5-15%
Real assets	**5%**	**3-10%**	5%	3-10%
Private equity	**1%**	**0-3%**	1%	0-3%
Short-term investments	**4%**	**0-3%**	1%	0-3%
Total	**100%**	**100%**	100%	100%

The following is a description of the valuation methodologies used for assets held by the defined benefit pension plan measured at fair value:

Equity securities - U.S.

Equity securities - U.S. consist of investments in U.S. corporate stocks and U.S. equity mutual funds. U.S. equity mutual funds include publicly traded mutual funds and a bank collective fund for ERISA plans. U.S. corporate stocks and U.S. equity mutual funds are primarily large-capitalization stocks (defined as companies with market capitalization of more than $10 billion). U.S. corporate stocks and publicly traded mutual funds are valued at the closing price reported on the active public market in which the individual securities are traded and are classified as Level 1. The bank collective fund for ERISA plans is valued at the net asset value ("NAV") of units of the fund. The NAV, as provided by the Trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund. While the underlying assets of the bank collective fund are publicly available, the fund is not; thus, the bank collective fund investment is classified as Level 2.

Equity securities - International

Equity securities - International consist of investments in international corporate stocks and publicly traded mutual funds and are both primarily investments within developed and emerging markets. Both are valued at the closing price reported on the active public market in which the individual securities are traded and are classified as Level 1.

Fixed income investments - U.S.

Fixed income investments - U.S. consist of U.S. corporate bonds, government and government agency bonds, as well as a publicly traded mutual fund and a commingled fund, both of which invest in corporate and government debt securities within the U.S. U.S. corporate bonds, government and government agency bonds, and the publicly traded mutual fund are valued at the closing price reported on the active market in which they are traded and thus are classified as Level 1. The commingled fund is valued at the NAV of units of the fund. The NAV, as provided by the Trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund. While the underlying assets of the commingled fund are publicly available, the fund is not; thus, the commingled fund is classified as Level 2.

Fixed income investments - International

Fixed income investments - International consist of international corporate bonds. International corporate bonds are valued at the closing price reported on the active market in which they are traded and thus are classified as Level 1.

In 2012, the commingled fund was in a group trust which invested in the debt of developed and developing markets. The commingled fund was valued at the NAV of units of the fund. The NAV, as provided by the Trustee, was used as a practical expedient to estimate fair value. The NAV was based on the fair value of the underlying investments held by the fund. The underlying assets of the commingled fund were not publicly available; thus, it was classified as Level 3. Audited financial statements are produced on an annual basis for the commingled fund.

Absolute return

Absolute return consists of investments in various hedge funds structured as fund-of-funds (defined as a single fund that invests in multiple funds). The hedge funds use various investment strategies in an attempt to generate positive returns. A fund-of-funds is designed to help diversify and reduce the risk of the overall portfolio. The hedge funds are valued at the NAV of units of the fund. The NAV, as provided by the Trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund. The underlying assets of the hedge funds are not publicly available; thus they are classified as Level 3. Audited financial statements are produced on an annual basis for the hedge funds.

Real assets

Real assets consists of natural resource funds (oil, gas and forestry) and a real estate investment trust ("REIT"). The natural resource funds are comprised of a bank collective trust for ERISA plans and a limited partnership ("LP"). The bank collective fund for ERISA plans is valued at the NAV of units of the fund. The NAV, as provided by the Trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund. While the underlying assets of the bank collective fund are publicly available, the fund is not; thus, the fund is classified as Level 2. The LP is generally characterized as requiring a long-term commitment with limited liquidity. The value of the LP is not publicly available and thus, is classified as Level 3. The REIT is a commingled trust. The commingled trust is valued at the NAV of units of the trust. The NAV, as provided by the Trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund. The underlying assets of the commingled trust are not publicly available; thus they are classified as Level 3. Audited financial statements are produced on an annual basis for the LP and REIT.

Private equity

Private equity is an asset class that is generally characterized as requiring long-term commitments and where liquidity is typically limited. Private equity does not have an actively traded market with readily observables prices. The investments are limited partnerships structured as fund-of-funds. The investments are diversified across typical private equity strategies including: buyouts, co-investments, secondary offerings, venture capital, and special situations. Valuations are developed using a variety of proprietary model methodologies. Valuations may be derived from publicly available sources as well as information obtained from each fund's general partner based upon public market conditions and returns. All private equity investments are classified as Level 3. Audited financial statements are produced on an annual basis for the private equity investments.

Short-term investments

In 2013, short-term investments consist of cash and cash equivalents in a short-term fund which is valued at the NAV of units of the fund. The NAV, as provided by the Trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund. The short-term fund classifies the underlying assets as Level 2 within the short-term fund's financial statements; thus, the fund is classified as Level 2.

In 2012, short-term investments consisted of cash and cash equivalents which were not traded on listed exchanges and the valuation methodology used significant assumptions that were not directly observable. These investments were carried at cost, which approximated fair value, and were classified as Level 3.

The methods described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its defined benefit pension plan valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There have been no changes in the methodologies used by the Company to determine fair value at December 31, 2013 or 2012.

The following tables set forth, by level within the fair value hierarchy, the defined benefit pension plan assets measured at fair value as of December 31, 2013 and 2012:

	December 31, 2013			
Investment	**Quoted Prices in Active Markets for Identical Inputs (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Equity securities - U.S.				
Corporate stocks	$ 20,176	$ —	$ —	$ 20,176
Mutual funds	11,169	11,754	—	22,923
Equity securities - International				
Corporate stocks	1,101	—	—	1,101
Mutual funds	38,246	—	—	38,246
Fixed income investments - U.S.				
Corporate debt	108,844	—	—	108,844
U.S. government debt	38,870	—	—	38,870
Mutual funds	22,756	63,916	—	86,672
Fixed income investments - International				
Corporate debt	23,920	—	—	23,920
Absolute return	—	—	39,448	39,448
Real assets	—	8,455	14,737	23,192
Private equity	—	—	3,793	3,793
Short-term investments	—	15,982	—	15,982
Total	$ 265,082	$ 100,107	$ 57,978	$ 423,167

December 31, 2012				
Investment	Quoted Prices in Active Markets for Identical Inputs (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity securities - U.S.				
Corporate stocks	$ 15,609	$ —	$ —	$ 15,609
Mutual funds	6,505	8,871	—	15,376
Equity securities - International				
Corporate stocks	544	—	—	544
Mutual funds	33,603	—	—	33,603
Fixed income investments - U.S.				
Corporate debt	120,457	—	—	120,457
U.S. government debt	37,979	—	—	37,979
Mutual funds	17,988	68,017	—	86,005
Fixed income investments - International				
Corporate debt	31,725	—	—	31,725
Commingled funds	—	—	22,063	22,063
Absolute return	—	—	37,289	37,289
Real assets	—	7,041	12,702	19,743
Private equity	—	—	3,807	3,807
Short-term investments	—	—	6,694	6,694
Total	$ 264,410	$ 83,929	$ 82,555	$ 430,894

The tables below set forth a summary of changes in the fair value of the defined benefit pension plan's Level 3 assets for the years ended December 31, 2013 and 2012:

December 31, 2013						
	Fixed Income Investments – International	Absolute Return	Real Assets	Private Equity	Short-term investments	Total
Balance, beginning of year	$ 22,063	$ 37,289	$ 12,702	$ 3,807	$ 6,694	$ 82,555
Realized gains/(losses)	5,721	831	16	—	—	6,568
Unrealized gains/(losses)	(6,629)	2,344	2,127	(14)	—	(2,172)
Purchases	—	30,900	—	—	—	30,900
Sales	(21,155)	(31,916)	(108)	—	(6,694)	(59,873)
Balance, end of year	$ —	$ 39,448	$ 14,737	$ 3,793	$ —	$ 57,978

December 31, 2012						
	Fixed Income Investments – International	Absolute Return	Real Assets	Private Equity	Short-term investments	Total
Balance, beginning of year	$ 18,314	$ 36,738	$ 17,451	$ 4,303	$ 7,681	$ 84,487
Realized gains/(losses)	35	1,125	54	231	—	1,445
Unrealized gains/(losses)	1,841	756	1,320	(347)	—	3,570
Transfers	—	—	(7,041)	—	—	(7,041)
Purchases	2,000	3,505	1,239	183	95,694	102,621
Sales	(127)	(4,835)	(321)	(563)	(96,681)	(102,527)
Balance, end of year	$ 22,063	$ 37,289	$ 12,702	$ 3,807	$ 6,694	$ 82,555

The net periodic benefit cost for the years ended December 31, 2013, 2012, and 2011 included the following components:

	Pension Benefits			Postretirement Benefits		
	2013	2012	2011	**2013**	2012	2011
Service cost	**$ 24,119**	$ 22,215	$ 16,497	**$ 2,644**	$ 2,336	$ 2,141
Interest cost	**23,914**	24,896	22,684	**2,873**	3,355	3,679
Expected return on plan assets	**(23,909)**	(23,670)	(21,883)	**—**	—	—
Amortization of:						
Net actuarial loss	**26,371**	21,116	14,104	**1,794**	1,719	1,971
Prior service cost (gain)	**1,375**	1,380	1,404	**(2,181)**	(2,181)	(2,181)
Net periodic benefit cost	**$ 51,870**	$ 45,937	$ 32,806	**$ 5,130**	$ 5,229	$ 5,610

Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31 were:

	Pension Benefits			Postretirement Benefits		
	2013	2012	2011	**2013**	2012	2011
Discount rate	**3.95%**	4.75%	5.50%	**3.51%**	4.25%	4.75%
Expected return on plan assets	**6.00%**	6.25%	6.25%	**—**	—	—
Rate of compensation increase	**4.25%**	4.50%	4.25%	**—**	—	—
Health care cost trend on covered charges	**—**	—	—	8% / 5%	8% / 5%	8% / 5%

The expected return on plan assets assumption for the defined benefit pension plan is a long-term assumption and was determined after evaluating input from both the plan's actuary and pension fund investment advisors, consideration of historical rates of return on plan assets, and anticipated rates of return on the various classes of assets in which the plan invests.

For measurement of the postretirement benefits net periodic cost, an 8.00% annual rate of increase in per capita cost of covered health care benefits was assumed for 2013. The rate was assumed to decline to 5.00% in 2019 and to remain at that level thereafter. A 1.0% increase or decrease in the assumed healthcare cost trend rate would not have had a material effect on 2013, 2012 and 2011 net periodic benefit cost.

11. PROFIT SHARING AND SAVINGS PLAN

The Company provides a defined contribution profit sharing and savings plan covering substantially all of its full-time employees. Annual contributions by the Company to the profit-sharing portion of the plan are at the discretion of management and are generally based on the profitability of the Company. Expense recognized by the Company under the profit-sharing portion of the plan was $34,132, $54,751, and $51,894 for the years ended December 31, 2013, 2012 and 2011, respectively. Employees may also make voluntary contributions to the savings portion of the plan subject to limitations imposed by federal tax law, ERISA, and the Pension Protection Act of 2006.

12. DERIVATIVE FINANCIAL INSTRUMENTS

Prior to December 2011, the Company was party to an interest rate swap agreement that effectively converted its variable-rate interest payments to a fixed rate on amounts due under a certain lease arrangement. The Company's interest rate swap agreement was designated as a cash flow hedge and was required to be measured at fair value on a recurring basis. The Company endeavored to utilize the best available information in measuring fair value. The interest rate swap was valued based on quoted data from the counterparty, corroborated with indirectly observable market data, which, combined, were deemed to be a Level 2 input in the fair value hierarchy. In December 2011, the Company settled the interest rate swap. The amount of loss recorded in interest expense was $3,257, of which $1,990 was recorded in accumulated other comprehensive loss at the settlement date.

Unrealized gains (net of tax) of $886 related to the swap were recorded in accumulated other comprehensive loss during the year ended December 31, 2011.

The loss (net of tax) reclassified from accumulated other comprehensive loss to interest expense related to the effective portion of the interest rate swap was $1,080 during the year ended December 31, 2011. No ineffectiveness was recorded in the consolidated statement of income during 2011.

13. COMMITMENTS AND CONTINGENCIES

Rental expense was $21,134, $20,306, and $20,275 in 2013, 2012, and 2011, respectively. Future minimum rental payments required under operating leases that have either initial or remaining noncancelable lease terms in excess of one year as of December 31, 2013 are as follows:

For the Years Ending December 31,	Minimum Rental Payments
2014	$ 20,537
2015	17,044
2016	14,765
2017	11,590
2018	8,049
After 2018	12,555

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 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 shall 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, 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 in which such matters are resolved or a better estimate becomes available.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of accumulated other comprehensive income (loss) as of December 31 are as follows:

	2013	2012
Currency translation	**$ 6,653**	$ 12,040
Pension liability	**(139,761)**	(166,479)
Postretirement benefits liability	**(7,255)**	(12,375)
Accumulated other comprehensive loss	**$ (140,363)**	$ (166,814)

The following table represents amounts reclassified from accumulated other comprehensive income (loss) for the years ended December 31, 2013 and 2012:

	2013			**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	**$ 28,165**	**$ (806)**	**$ 27,359**	$ 22,835	$ (801)	$ 22,034
Tax (benefit) expense	**(10,957)**	**314**	**(10,643)**	(8,883)	311	(8,572)
Total reclassifications for the period, net of tax	**$ 17,208**	**$ (492)**	**$ 16,716**	$ 13,952	$ (490)	$ 13,462

The following table represents the activity included in accumulated other comprehensive income (loss) for the years ended December 31, 2013 and 2012:

	2013			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	**(5,387)**	**—**	**(5,387)**	1,983	—	1,983
Amounts reclassified from accumulated other comprehensive income (net of tax $(10,643) and $(8,572))	**—**	**16,716**	**16,716**	—	13,462	13,462
Actuarial gain (loss), (net of tax $(9,627) and $20,307)	**—**	**15,122**	**15,122**	—	(31,895)	(31,895)
Net current-period other comprehensive (loss) income	**(5,387)**	**31,838**	**26,451**	1,983	(18,433)	(16,450)
Ending balance December 31,	**$ 6,653**	**$ (147,016)**	**$ (140,363)**	$ 12,040	$ (178,854)	$ (166,814)

15. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Quarterly financial information for 2013 and 2012, adjusted for the declaration of stock dividends of two and a half percent (2.5%) and twenty percent (20%) in 2013 and 2012, respectively, is as follows:

	2013			
For the Quarter Ended	March 31,	June 30,	September 30,	December 31,
Net sales	$ 1,282,922	$ 1,468,108	$ 1,486,451	$ 1,421,660
Gross margin	$ 235,832	$ 263,965	$ 277,663	$ 266,696
Net income attributable to the Company	$ 7,946	$ 21,891	$ 28,633	$ 22,593
Net income attributable to the Company per share of common stock[(A)]	$ 0.50	$ 1.37	$ 1.80	$ 1.42

[(A)]All periods adjusted for a two and a half percent (2.5%) stock dividend declared in December 2013. Prior to these adjustments, the average common shares outstanding for the first, second and third quarters of 2013 were 15,634,284, 15,577,599, and 15,507,191, respectively.

	2012			
For the Quarter Ended	March 31,	June 30,	September 30,	December 31,
Net sales	$ 1,280,247	$ 1,381,417	$ 1,389,292	$ 1,362,325
Gross margin	$ 246,813	$ 258,675	$ 256,246	$ 256,628
Net income attributable to the Company	$ 16,355	$ 42,788	$ 20,012	$ 7,136
Net income attributable to the Company per share of common stock[(B)]	$ 1.02	$ 2.67	$ 1.26	$ 0.45

[(B)]All periods adjusted for a two and a half percent (2.5%) stock dividend declared in December 2013 and a twenty percent (20%) stock dividend declared in December 2012. Prior to these adjustments, the average common shares outstanding for the first, second, third, and fourth quarters of 2012 were 13,012,497, 13,021,478, 12,973,095, and 12,946,278, respectively.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) are designed to ensure that information required to be disclosed in the reports that the Company files and submits under the Exchange Act is accumulated and communicated to Company management, including the Company's Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

An evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 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 as of December 31, 2013 to ensure 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.

Management of the Company, including its Principal Executive Officer and Principal Financial Officer, does not expect that its disclosure controls will prevent or detect all errors. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the control system's objective will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, have been detected. These inherent limitations include the realities that disclosure requirements may be misinterpreted and judgments in decision-making may be inexact.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management of the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework in *Internal Control – Integrated Framework,* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on that evaluation, management of the Company concluded that the Company's internal control over financial reporting was effective as of December 31, 2013.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that have occurred during the Company's last fiscal quarter that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

On March 13, 2014, Mr. Richard A. Cole, a director and District Vice President – Chicago District, of the Company, announced his intention to retire, effective October 1, 2014. In connection with his retirement, Mr. Cole will resign as a director of the Company (including as a member of the Audit Committee and Compensation Committee).

Also on March 13, 2014, the Board of Directors elected William P. Mansfield as a director of the Company and appointed him as Senior Vice President – Sales and Marketing, an executive officer, in each case, effective as of April 1, 2014. Mr. Mansfield will serve on the Executive Committee of the Board.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information with respect to the directors of the Company who are nominees for election at the 2014 annual meeting of shareholders that is required to be included pursuant to this Item 10 will be included under the caption “Proposal 1: Nominees for Election as Directors” and “Information About the Board of Directors and Corporate Governance Matters” in the Company’s Information Statement relating to the 2014 Annual Meeting (the “Information Statement”) to be filed with the SEC pursuant to Rule 14c-5 under the Exchange Act, and is incorporated herein by reference.

The information with respect to the Company’s audit committee and audit committee financial expert, and nominating committee required to be included pursuant to this Item 10 will be included under the caption “Information About the Board of Directors and Corporate Governance Matters” in the Company’s Information Statement and is incorporated herein by reference.

The Company has adopted a code of ethics that applies to its principal executive officer, principal financial officer and principal accounting officer (collectively “Covered Officers”). This code of ethics is appended to the Company’s business conduct guidelines for all employees. The business conduct guidelines and specific code for Covered Officers may be accessed at: http://www.graybar.com/company/corporate-responsibility/code-of-ethics and is also available in print without charge upon written request addressed to the Secretary of the Company at its principal executive offices.

Item 11. Executive Compensation

The information with respect to executive compensation, the Company’s advisory compensation committee, and the compensation committee interlocks and insider participation required to be included pursuant to this Item 11 will be included under the captions “Information About the Board of Directors and Corporate Governance Matters” and “Compensation Discussion and Analysis” in the Information Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information with respect to the security ownership of beneficial owners of more than five percent (5%) of the Common Stock and of directors and executive officers of the Company required to be included pursuant to this Item 12, will be included under the captions “Beneficial Ownership of More Than 5% of the Outstanding Common Stock” and “Beneficial Ownership of Management” in the Information Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

At the date of this report, there are no reportable transactions, business relationships or indebtedness of the type required to be included pursuant to this Item 13 between the Company and any beneficial owner of more than five percent (5%) of the Common Stock, the directors or nominees for director of the Company, the executive officers of the Company or the members of the immediate families of such individuals. If there is any change in that regard prior to the filing of the Information Statement, such information will be included under the caption “Transactions with Related Persons” in the Information Statement and shall be incorporated herein by reference.

The information with respect to director independence and to corporate governance required to be included pursuant to this Item 13 will be included under the captions “Proposal 1: Nominees for Election as Directors” and “Information about the Board of Directors and Corporate Governance Matters” in the Information Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information with respect to principal accounting fees and services required to be included pursuant to this Item 14 will be included under the caption “Relationship with Independent Registered Public Accounting Firm” in the Company’s Information Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report:

The following financial statements and Report of Independent Registered Public Accounting Firm are included on the indicated pages in this 2013 Annual Report on Form 10-K.

1. Index to Financial Statements

2. Index to Financial Schedules

All schedules are omitted because of the absence of the conditions under which they are required or because the required information is set forth in the financial statements and the accompanying notes thereto.

3. Exhibits

The following exhibits required to be filed as part of this Annual Report on Form 10-K have been included:

(3) (i) Articles of Incorporation

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

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.

(4) and (9) Voting Trust Agreement

Voting Trust Agreement dated as of March 16, 2007, a form of which is attached as Annex A to the Prospectus dated January 18, 2007, constituting a part of the Company’s Registration Statement on Form S-1 (Registration No. 333-139992), and incorporated herein by reference.

The Company hereby agrees to furnish to the Commission upon request a copy of each instrument omitted pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K.

(10) Material Contracts

(i) Management Incentive Plan.*

(ii) 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 herein by reference.*

(iii) Form of Deferral Agreement under Graybar Electric Company, Inc. Supplemental Benefit Plan, filed as Exhibit 10(ii) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2013 (Commission File No. 000-00255) and incorporated herein by reference.*

(iv) Credit Agreement, dated as of September 28, 2011 among the Company, as parent borrower and a guarantor, Graybar Canada Limited, as a borrower, certain domestic subsidiaries of the parent borrower, as the subsidiary guarantors, and Bank of America, N.A., as domestic administrative agent, domestic swing line lender and domestic L/C issuer, and Bank of America, N.A. acting through its Canadian branch, as Canadian administrative agent, Canadian swing line lender and Canadian L/C issuer, and the other lenders party thereto, filed as Exhibit 10 to the Company's Current Report on Form 8-K dated September 28, 2011 (Commission File No. 000-00255) and incorporated herein by reference.

(v) First Amendment to Credit Agreement, dated as of May 29, 2013, filed as Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2013 (Commission File No. 000-00255) and incorporated herein by reference.

(21) List of subsidiaries of the Company

(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.

(32.1) 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.

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

* Compensation arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, as of the 13th day of March 2014.

GRAYBAR ELECTRIC COMPANY, INC.

By /s/ K. M. MAZZARELLA
(K. M. Mazzarella, Chairman of the Board, President and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities indicated, on March 13, 2014.

/s/ K. M. MAZZARELLA (K. M. Mazzarella)	Director, Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
/s/ R. R. HARWOOD (R. R. Harwood)	Director, Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ D. A. BENDER (D. A. Bender)	Director
/s/ R. A. COLE (R. A. Cole)	Director
/s/ M. W. GEEKIE (M. W. Geekie)	Director
/s/ L. R. GIGLIO (L. R. Giglio)	Director
/s/ R. C. LYONS (R. C. Lyons)	Director
/s/ D. G. MAXWELL (D. G. Maxwell)	Director
/s/ B. L. PROPST (B. L. Propst)	Director

Index of Exhibits

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(ii) Bylaws

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.

(4) and (9) Voting Trust Agreement

Voting Trust Agreement dated as of March 16, 2007, a form of which is attached as Annex A to the Prospectus dated January 18, 2007, constituting a part of the Company's Registration Statement on Form S-1 (Registration No. 333-139992), and incorporated herein by reference.

The Company hereby agrees to furnish to the Commission upon request a copy of each instrument omitted pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K.

(10) Material Contracts

(i) Management Incentive Plan.*

(ii) 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 herein by reference.*

(iii) Form of Deferral Agreement under Graybar Electric Company, Inc. Supplemental Benefit Plan, filed as Exhibit 10(ii) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2013 (Commission File No. 000-00255) and incorporated herein by reference.*

(iv) Credit Agreement, dated as of September 28, 2011 among the Company, as parent borrower and a guarantor, Graybar Canada Limited, as a borrower, certain domestic subsidiaries of the parent borrower, as the subsidiary guarantors, and Bank of America, N.A., as domestic administrative agent, domestic swing line lender and domestic L/C issuer, and Bank of America, N.A. acting through its Canadian branch, as Canadian administrative agent, Canadian swing line lender and Canadian L/C issuer, and the other lenders party thereto, filed as Exhibit 10 to the Company's Current Report on Form 8-K dated September 28, 2011 (Commission File No. 000-00255) and incorporated herein by reference.

(v) First Amendment to Credit Agreement, dated as of May 29, 2013, filed as Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2013 (Commission File No. 000-00255) and incorporated herein by reference.

(21) List of subsidiaries of the Company

(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.

(32.1) 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.

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Compensation arrangement

EXHIBIT 10(i)

December 16, 2013

(Effective January 1, 2014)

MANAGEMENT INCENTIVE PLAN

1. GENERAL

1.1 The purpose of the Management Incentive Plan (MIP) is to focus management attention on the planning and execution of activities that are critical to Graybar's success and to reward individuals and units that contribute to improved Corporate performance.

1.2 The manner in which MIP is determined and distributed to participants is set forth in this Instruction.

1.3 This plan shall be referred to as the Management Incentive Plan or MIP; however, since it covers Corporate, district, and branch participants, it may be helpful to refer to the Corporate, district, or branch incentive portion of the plan when discussing specific units or report measurements.

2. PARTICIPATION IN THE PLAN

2.1 Employees who are in positions that have MIP Guideline Incentives (as defined in the Company compensation structure) are eligible to participate in the plan and to receive an annual Incentive Award payment, with the following exceptions and limitations:

2.1.1 To qualify for an Incentive Award for any calendar year, the employee must remain in the service of the Company through December 31 of that calendar year. If an employee terminates before December 31, that employee will forfeit his/her MIP payment for that year. Payment of the employee's salary through the last day of employment with the Company fully discharges the Company's obligation with respect to compensation. Exceptions will be made in the event of death or retirement on a Service Pension.

2.1.2 If the employee is absent from work during the incentive year in excess of 22 working days, the District Vice President will submit a recommendation to the President through the Senior Vice President or appropriate Officer as to whether any or all of the excess absence should be included in the computation of the employee's Incentive Award. Applicable legal regulations and requirements will be followed.

2.1.3 An employee who ceases to be a participant because of demotion or leaves of absence during the calendar year will have no claim to an Incentive Award, except for the period of active participation during the incentive year, or as granted in accordance with paragraph 2.1.2 above.

2.1.4 Participants in MIP are eligible to earn an Incentive Award beginning with the first day of assignment.

2.1.4.1 Employees who participate in MIP and whose job/position assignment changes will continue participation in their former position through the last day of assignment and begin MIP participation in the new position on the first day of reassignment.

2.1.5 In cases of death or retirement on a Service Pension, MIP will be based on eligible compensation earned prior to the effective date of the applicable event.

3. DETERMINATION OF INCENTIVE AWARDS

3.1 Each member's Guideline Incentive will be expressed in dollars computed by multiplying the member's guideline percentage (indicated in the Company compensation structure) by the member's eligible annual base salary earnings for the incentive year. MIP employees receiving overtime will have MIP based on eligible base pay and overtime earnings. Actual incentives paid may vary from Guideline Incentive amounts based on the performance of the branch, district, or corporation.

3.2 Incentive Awards described in Section 5 will be based on individual guideline incentives and the performance of the employee's organizational unit. For branch participants, the organizational unit will be the branch including its sub-branch(es) or branch group. Branch, district, and Corporate participants will be compensated under the Management Incentive Plan as outlined in the following paragraphs.

3.3 Participants having responsibility in more than one district or branch will have their Guideline Incentive allocated to districts or branches based on either budgeted sales or as directed by the District Vice President or appropriate Officer. (See paragraph 5.4.)

3.4 Upon the recommendation of the District Vice President and approval by the Senior Vice President-North America Business and the President, certain expenses related to specific customer market expansion may be adjusted from a location's actual net profit when making incentive award calculations.

3.4.1 Such expenses shall be submitted in writing by the District Vice President to the Senior Vice President-North America Business along with the market expansion plan for the applicable location.

3.4.2 No expenditure to be considered for adjustment shall be made by the district until the plan has been approved by the Senior Vice President-North America Business and the President.

3.4.3 Expenses eligible for adjustment shall be limited to the current year. Expenses associated with multi-year initiatives are reviewed and approved annually by the Senior Vice President-North America Business for the current year.

3.4.4 The Manager Accounting & Financial Analysis shall keep complete details of eligible expenses and submit them to the Controller with a copy to the Senior Vice President-North America Business as part of the year-end closing work. The Company reserves the right to reject any or all expenses submitted by the district, if it is determined by the Senior Vice President-North America Business that the district has failed to adequately implement the approved market expansion plan(s).

3.4.5 The amount of the MIP adjustment shall be limited to the total amount approved.

3.4.6 After review by the Controller, details outlining the adjustment shall be forwarded to the Human Resources Service Center for adjustment to the applicable location's actual net profit for MIP calculation purposes. Approved adjustments may be included in branch, district, and Corporate MIP calculations.

4. FINAL PERFORMANCE INDEX FOR NET PROFIT, GROSS MARGIN, AND SALES PERFORMANCE

4.1 For all participants, the Final Performance Index shall be calculated as determined from time to time by the Board of Directors, provided that such calculations are communicated in accordance with Section 8 when applicable.

5. DETERMINATION OF INDIVIDUAL INCENTIVE AWARDS

5.1 Corporate

5.1.1 Awards to Corporate participants will be based on their Guideline Incentive (eligible salary multiplied by the applicable guideline percentage) multiplied by the Corporate Final Performance Index. The Corporate Final Performance Index shall be based on the aggregate performance of all districts, including the Corporate Services district, as determined from time to time in accordance with guidelines adopted by the Board.

5.2 District

5.2.1 Awards to district participants will be based on their Guideline Incentive (eligible salary multiplied by guideline percentage) multiplied by the Final Performance Index for their respective district(s).

5.3 Branch

5.3.1 Awards to branch participants will be based on their Guideline Incentive (eligible salary multiplied by guideline percentage) multiplied by the Branch Final Performance Index for their respective branch(es). MIP eligible earnings include overtime for MIP participants who receive overtime.

5.4 A district or branch participant who has responsibility in more than one district or branch will have his/her Guideline Incentive allocated to the district or branch on the basis of either budgeted sales or as directed by the District Vice President or appropriate Officer. (See paragraph 3.3.)

5.5 No participant will receive an award in excess of the maximum of applicable total points multiplied by his/her Guideline Incentive.

5.6 Awards for each year, subject to the provisions of this Plan, will be paid no later than March 15 of the following year.

5.7 A District Vice President and a Senior Vice President or appropriate Officer will approve all individual awards. The President will also approve all awards and may make any adjustments deemed appropriate.

6. PRESIDENT’S DISCRETIONARY FUNDS

6.1 The President will have an MIP Discretionary Fund equivalent to a set percentage of the total Guideline Incentives for all participants.

6.2 The President shall annually request of each Officer recommendations for discretionary payments to any MIP participant or group of MIP participants.

6.3 The appropriate Officer may recommend discretionary payments to any participant or group of participants. Such awards shall not cause any individual to exceed the maximum of applicable total points multiplied by his/her Guideline Incentive.

6.3.1 These discretionary payments may include but are not limited to participants who transfer between branches or districts who may be paid the greater of the actual MIP earned or the MIP that would have been earned had they remained in the old unit for the entire year.

6.4 The appropriate Officer may recommend that a discretionary award, subject to limitations, be awarded to a Branch to cover unusual situations or exceptional performance.

6.5 It is not required that any or all Discretionary Funds be awarded. The total amount disbursed by the President will be reported to the Board of Directors.

7. MODIFICATION OF THE PLAN

7.1 The Company reserves the right to withdraw from this Plan, at any time, any line of merchandise that it sees fit for any reason. In case of the withdrawal of any line as provided for above, sales and profits will be adjusted to eliminate the line or lines of merchandise withdrawn and the adjusted sales and profits as approved by the Controller will be the sales and profits on which compensation will be based.

7.2 The Company reserves the right to establish different incentive targets for districts and branches that budget to produce negative or marginal net profit. Such special arrangements will be recommended by the Compensation Committee for approval by the President. Affected personnel will be notified in writing of the revised plan by January 31 of the incentive year.

7.3 The awards as computed under this Plan will be reviewed by the District Vice Presidents and Officers, who may recommend adjustments to the President. The President is authorized to make any adjustments necessary to correct distortions in unit or individual awards.

7.4 Notwithstanding any of the provisions of this Plan, the Company reserves the right to withdraw or to modify in whole or in part this Management Incentive Plan at any time. Notice of such modification or withdrawal would be given in writing to the employees covered by the Plan.

8. COMMUNICATION OF THE PLAN

8.1 District Vice Presidents will communicate this Plan to all employees who come under its provisions. As soon as the Plan has been read to or by an employee, the employee will sign a statement acknowledging that he/she fully understands the Management Incentive Plan and agrees to its provisions. Such statements will be signed on G. I. 16.3 Attachment A and will be retained in the District Vice President’s files for review by Internal Auditors.

8.2 It is important that all participants fully understand both how their incentive pay is determined and how their performance can affect the performance of the unit. Whether understanding is achieved through group or individual meetings is at the discretion of the District Vice President.

9. TERM OF PLAN

9.1 This Plan supersedes and replaces all Management Incentive Plans previously issued. It will remain effective for each succeeding year until terminated. The procedure outlined in Section 8 above will be followed with the issuance of this Instruction and whenever a new member comes under its provisions.

9.2 Questions regarding interpretation or application of these instructions should be referred to the Senior Vice President-Human Resources.

K. M. MAZZARELLA

President

EXHIBIT 21

GRAYBAR ELECTRIC COMPANY, INC.

LIST OF SUBSIDIARIES

Graybar International, Inc., a Missouri corporation

Graybar Financial Services, Inc., a Missouri corporation

Graybar Electric Limited, a Nova Scotia corporation

Graybar Canada Limited, a Nova Scotia corporation

Graybar Services, Inc., an Illinois corporation

Distribution Associates, Inc., a Missouri corporation

Graybar Business Services, Inc., a Missouri corporation

Graybar Electric Canada Limited, a Nova Scotia corporation

Commonwealth Controls Corporation, a Missouri corporation

Graybar Newfoundland Limited, a Newfoundland and Labrador corporation

Graybar Energy Limited, an Ontario corporation

25 NC, LLC, a Missouri limited liability company

Exhibit 31.1

CERTIFICATION

I, Kathleen M. Mazzarella, certify that:

1) I have reviewed this annual report on Form 10-K 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.

Date: March 13, 2014

/s/ KATHLEEN M. MAZZARELLA

Kathleen M. Mazzarella

President, Chief Executive Officer and Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, Randall R. Harwood, certify that:

1) I have reviewed this annual report on Form 10-K 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.

Date: March 13, 2014

/s/ RANDALL R. HARWOOD

Randall R. Harwood

Senior Vice President, Chief Financial Officer and
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 Principal 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 Annual Report on Form 10-K of the Company for the annual period ended December 31, 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.

/s/ KATHLEEN M. MAZZARELLA

Kathleen M. Mazzarella
President, Chief Executive Officer and Principal Executive Officer

March 13, 2014

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 Principal 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 Annual Report on Form 10-K of the Company for the annual period ended December 31, 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.

/s/ RANDALL R. HARWOOD

Randall R. Harwood

Senior Vice President, Chief Financial Officer and Principal Financial Officer

March 13, 2014