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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2021

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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	N/A	N/A

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 every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files).

YES ☒ NO ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

YES ☐ NO ☒

Common Stock Outstanding at July 15, 2021: 22,791,738
(Number of Shares)

Graybar Electric Company, Inc. and Subsidiaries
Quarterly Report on Form 10-Q
For the Period Ended June 30, 2021
(Unaudited)

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	(Unaudited)			
	Three Months Ended June 30,		**Six Months Ended June 30,**	
(Stated in millions, except per share data)	**2021**	2020	**2021**	2020
Net Sales	**$ 2,232.4**	$ 1,763.0	**$ 4,132.9**	$ 3,536.2
Cost of merchandise sold	**(1,809.6)**	(1,429.7)	**(3,349.2)**	(2,862.5)
Gross Margin	**422.8**	333.3	**783.7**	673.7
Selling, general and administrative expenses	**(297.3)**	(261.2)	**(575.2)**	(551.3)
Depreciation and amortization	**(12.2)**	(13.3)	**(24.4)**	(26.5)
Other income, net	**1.9**	0.4	**2.4**	1.0
Income from Operations	**115.2**	59.2	**186.5**	96.9
Non-operating expenses	**(7.3)**	(8.6)	**(15.1)**	(16.1)
Income before Provision for Income Taxes	**107.9**	50.6	**171.4**	80.8
Provision for income taxes	**(27.6)**	(13.5)	**(43.8)**	(22.2)
Net Income	**80.3**	37.1	**127.6**	58.6
Net income attributable to noncontrolling interests	**(0.2)**	—	**(0.3)**	(0.1)
Net Income attributable to Graybar Electric Company, Inc.	**$ 80.1**	$ 37.1	**$ 127.3**	$ 58.5
Net Income attributable to Graybar Electric Company, Inc. per share of Common Stock	**$ 3.51**	$ 1.64	**$ 5.58**	$ 2.58
Cash Dividends per share of Common Stock	**$ 0.30**	$ 0.30	**$ 0.60**	$ 0.60
Average Common Shares Outstanding	**22.8**	22.7	**22.8**	22.7

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

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

	(Unaudited)			
	Three Months Ended June 30,		**Six Months Ended June 30,**	
(Stated in millions)	**2021**	2020	**2021**	2020
Net Income	**$ 80.3**	$ 37.1	**$ 127.6**	$ 58.6
Other Comprehensive Income				
Foreign currency translation	**2.0**	4.1	**3.5**	(5.1)
Pension and postretirement benefits liability adjustments (net of tax of $(2.2), $(2.0), $(4.5) and $(3.9), respectively)	**6.2**	5.7	**12.8**	11.2
Total Other Comprehensive Income	**8.2**	9.8	**16.3**	6.1
Comprehensive Income	**$ 88.5**	$ 46.9	**$ 143.9**	$ 64.7
Less: Comprehensive income attributable to noncontrolling interests, net of tax	**0.2**	0.2	**0.4**	—
Comprehensive Income attributable to Graybar Electric Company, Inc.	**$ 88.3**	$ 46.7	**$ 143.5**	$ 64.7

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

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

(Stated in millions, except share and per share data)		**June 30, 2021**		December 31, 2020
ASSETS		(Unaudited)		
Current Assets				
Cash and cash equivalents	**$**	**108.3**	$	131.2
Trade receivables (less allowances of $7.2 and $6.9, respectively)		**1,290.3**		1,109.0
Merchandise inventory		**732.4**		588.5
Other current assets		**57.4**		56.6
Total Current Assets		**2,188.4**		1,885.3
Property, at cost				
Land		**81.4**		78.9
Buildings		**513.3**		504.5
Furniture and fixtures		**256.5**		255.7
Software		**156.1**		153.5
Finance leases		**14.3**		14.6
Total Property, at cost		**1,021.6**		1,007.2
Accumulated depreciation and amortization		**(614.6)**		(600.6)
Net Property		**407.0**		406.6
Operating Lease Right-of-use Assets		**121.6**		118.8
Other Non-current Assets		**150.8**		140.5
Total Assets	**$**	**2,867.8**	$	2,551.2
LIABILITIES				
Current Liabilities				
Short-term borrowings	**$**	**—**	$	50.0
Current portion of long-term debt		**2.2**		2.3
Trade accounts payable		**1,115.6**		884.1
Accrued payroll and benefit costs		**100.0**		121.7
Other accrued taxes		**46.3**		44.2
Current operating lease liabilities		**32.0**		31.2
Other current liabilities		**131.8**		104.4
Total Current Liabilities		**1,427.9**		1,237.9
Postretirement Benefits Liability		**73.8**		74.1
Pension Liability		**188.0**		197.9
Long-term Debt		**4.8**		5.7
Non-current Operating Lease Liabilities		**98.6**		95.9
Other Non-current Liabilities		**5.2**		4.7
Total Liabilities		**1,798.3**		1,616.2
SHAREHOLDERS' EQUITY				

	Shares at					
Capital Stock	**June 30, 2021**	December 31, 2020				
Common, stated value $20.00 per share						
Authorized	**50,000,000**	50,000,000				
Issued to voting trustees	**19,337,561**	18,755,472				
Issued to shareholders	**4,015,221**	3,905,994				
In treasury, at cost	**(537,714)**	(57,047)				
Outstanding Common Stock	**22,815,068**	22,604,419		**456.3**		452.1
Advance Payments on Subscriptions to Common Stock				**0.6**		—
Retained Earnings				**838.7**		725.1
Accumulated Other Comprehensive Loss				**(230.5)**		(246.7)
Total Graybar Electric Company, Inc. Shareholders' Equity				**1,065.1**		930.5
Noncontrolling Interests				**4.4**		4.5
Total Shareholders' Equity				**1,069.5**		935.0
Total Liabilities and Shareholders' Equity			**$**	**2,867.8**	$	2,551.2

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

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

	(Unaudited) Six Months Ended June 30,	
(Stated in millions)	**2021**	2020
Cash Flows from Operating Activities		
Net Income	**$ 127.6**	$ 58.6
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	**24.4**	26.5
Non-cash operating lease expense	**17.1**	16.6
Deferred income taxes	**(15.2)**	(9.8)
Net gain on disposal of property	**(1.0)**	—
Net income attributable to noncontrolling interests	**(0.3)**	(0.1)
Changes in assets and liabilities:		
Trade receivables	**(179.3)**	35.3
Merchandise inventory	**(143.0)**	59.0
Other current assets	**(0.8)**	(5.4)
Other non-current assets	**(0.8)**	(1.0)
Trade accounts payable	**231.1**	(10.9)
Accrued payroll and benefit costs	**(21.7)**	(74.4)
Other current liabilities	**32.8**	8.0
Other non-current liabilities	**(9.7)**	(10.8)
Total adjustments to net income	**(66.4)**	33.0
Net cash provided by operating activities	**61.2**	91.6
Cash Flows from Investing Activities		
Proceeds from disposal of property	**0.9**	0.1
Capital expenditures for property	**(20.6)**	(16.0)
Acquisition of business, net of cash acquired	**(3.8)**	—
Net cash used by investing activities	**(23.5)**	(15.9)
Cash Flows from Financing Activities		
Net (decrease) increase in short-term borrowings	**(50.0)**	182.0
Principal payments under finance arrangements	**(1.2)**	(2.8)
Sales of common stock	**14.4**	13.5
Purchases of common stock	**(9.6)**	(8.8)
Purchases of noncontrolling interests' common stock	**(0.5)**	(0.7)
Dividends paid	**(13.7)**	(13.7)
Net cash (used) provided by financing activities	**(60.6)**	169.5
Net (Decrease) Increase in Cash	**(22.9)**	245.2
Cash, Beginning of Year	**131.2**	60.8
Cash, End of Period	**$ 108.3**	$ 306.0

Non-cash Investing and Financing Activities		
Acquisitions of equipment under finance leases	**$ 0.2**	$ 0.3
Acquisitions of assets under operating leases	**$ 20.8**	$ 30.0

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

Graybar Electric Company, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited, stated in millions)

	Graybar Electric Company, Inc. Shareholders' Equity					
	Common Stock	Common Stock Subscribed, Unissued	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Shareholders' Equity
December 31, 2020	$ 452.1	$ —	$ 725.1	$ (246.7)	$ 4.5	$ 935.0
Net income			47.2		0.1	47.3
Other comprehensive income				8.0	0.1	8.1
Stock issued	10.0					10.0
Stock purchased	(4.3)				(0.5)	(4.8)
Advance payments		1.1				1.1
Dividends declared			(6.9)			(6.9)
March 31, 2021	$ 457.8	$ 1.1	$ 765.4	$ (238.7)	$ 4.2	$ 989.8
Net income			80.1		0.2	80.3
Other comprehensive income				8.2		8.2
Stock issued	3.8					3.8
Stock purchased	(5.3)					(5.3)
Advance payments		(0.5)				(0.5)
Dividends declared			(6.8)			(6.8)
June 30, 2021	$ 456.3	$ 0.6	$ 838.7	$ (230.5)	$ 4.4	$ 1,069.5

	Graybar Electric Company, Inc. Shareholders' Equity					
	Common Stock	Common Stock Subscribed, Unissued	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Shareholders' Equity
December 31, 2019	$ 449.5	$ —	$ 694.0	$ (250.6)	$ 4.9	$ 897.8
Net income			21.4		0.1	21.5
Other comprehensive loss				(3.4)	(0.3)	(3.7)
Stock issued	9.4					9.4
Stock purchased	(4.2)				(0.1)	(4.3)
Advance payments		1.1				1.1
Dividends declared			(6.9)			(6.9)
March 31, 2020	$ 454.7	$ 1.1	$ 708.5	$ (254.0)	$ 4.6	$ 914.9
Net income			37.1			37.1
Other comprehensive income				9.6	0.2	9.8
Stock issued	3.6					3.6
Stock purchased	(4.6)				(0.6)	(5.2)
Advance payments		(0.6)				(0.6)
Dividends declared			(6.8)			(6.8)
June 30, 2020	$ 453.7	$ 0.5	$ 738.8	$ (244.4)	$ 4.2	$ 952.8

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

1. DESCRIPTION OF THE BUSINESS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

The unaudited condensed consolidated financial statements included herein have been prepared by Graybar pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the “Commission”) applicable to interim financial reporting. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations, although we believe that our disclosures are adequate to make the information presented not misleading. The preparation of financial statements in accordance with GAAP requires the use of estimates and assumptions that affect reported amounts. Our condensed consolidated financial statements include amounts that are based on management’s best estimates and judgments. Actual results could differ from those estimates. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2020, included in our latest Annual Report on Form 10-K.

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

Principles of Consolidation

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

Estimates

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

Revenue Recognition

Sales revenue is recognized when performance obligations are satisfied, which is typically upon delivery of the product to the customer. Sometimes product is purchased from the manufacturer and drop-shipped to the customer. We generally take control of the goods when shipped by the manufacturer and then recognize revenue when control of the product transfers to the customer. Revenues recognized are primarily for product sales, but may also include freight and handling charges. Our standard warehouse shipping terms are FOB shipping point, under which control passes to the customer at the time of shipment. We also earn revenue for professional services, general contracting services, and storage services. Such service revenue represented less than 1% of net sales for the six months ended June 30, 2021 and 2020. Revenue is reported net of all taxes, primarily sales tax, assessed by governmental authorities as a result of revenue-producing transactions.

Outgoing Freight Expenses

We record 95% of outgoing freight expenses as a component of selling, general and administrative expenses.

Cash and Cash Equivalents

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

Allowance for Credit Losses

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

Merchandise Inventory

Our inventory, comprised entirely of finished goods, is stated at the lower of cost (generally determined using the last-in, first-out ("LIFO") cost method) or market. Inventories valued using the LIFO method comprised 90% of the total inventories at June 30, 2021 and June 30, 2020. LIFO accounting is a method of accounting that, compared with other inventory accounting methods, generally provides better matching of current costs with current sales.

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

Vendor Allowances

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

Property and Depreciation

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

Fair Value

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

Foreign Currency Exchange Rate

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

Goodwill

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

Definite Lived Intangible Assets

The cost of intangible assets with determinable useful lives is amortized to reflect the pattern of economic benefits consumed, either on a straight-line or accelerated basis over the estimated periods benefited. Customer relationships, trade names and other non-contractual intangible assets with determinable lives are amortized over periods generally ranging from 3 to 20 years. Intangible assets are tested for impairment if events or circumstances occur indicating that the respective asset might be impaired.

Income Taxes

Our income tax provision is recorded in accordance with a full-year forecasted rate methodology, including discrete items in the periods in which they occur. We recognize deferred tax assets and liabilities to reflect the future tax consequences of events that have been recognized in the financial statements or tax returns. A deferred tax asset or liability results from the temporary difference between an item's carrying value as reflected in the financial statements and its tax basis, and is calculated using enacted applicable tax rates. We assess the likelihood that our deferred tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not likely, a valuation allowance is established. Changes in the valuation allowance, when recorded, are included in the provision for income taxes in the condensed consolidated financial statements. We classify interest expense and penalties as part of our provision for income taxes based upon applicable federal and state interest/underpayment percentages. We assess uncertainty regarding tax positions taken in previously filed returns and record reserves in accordance with the guidance under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740-10, "Accounting for Uncertainty in Income Taxes".

Other Postretirement Benefits

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

Pension Plan

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

Leases

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, current operating lease liabilities, and non-current operating lease liabilities on our condensed consolidated balance sheets. Amounts related to finance leases are included in property and equipment, current portion of long-term debt, and long-term debt on our condensed consolidated balance sheets. ROU assets and lease liabilities are recognized and measured on the date the underlying asset is made available to us.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. We use our incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Operating lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

For certain leases, such as real estate and information technology ("IT") equipment, we account for the lease and non-lease components as a single lease component. For all other leases, we account for the lease and non-lease components separately. We have elected as an accounting policy not to apply the recognition requirements for short-term leases. Therefore, leases with a term of twelve months or less are not recorded on the condensed consolidated balance sheets. Lease expenses associated with short-term leases are immaterial and are recorded in the condensed consolidated statements of income in selling, general and administrative expenses. Additionally, for certain vehicle leases, we apply a portfolio approach to account for the operating lease ROU assets and liabilities.

Non-operating Expenses

Non-operating expenses are comprised of interest expense, net and non-service cost components of the net periodic benefit cost for the pension and other postretirement benefit plans. The non-service cost components include interest cost, expected return on plan assets, amortization of net actuarial gains/losses, amortization of prior service costs/gains, and charges due to settlement of certain plan liabilities.

New Accounting Standards

In March 2020, the FASB issued Accounting Standard Update ("ASU" or "Update") 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" that provides temporary relief to the GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative rates. This Update is effective for all entities as of March 12, 2020 through December 31, 2022. The guidance on contract modifications, which is applicable to Graybar, can be applied prospectively from any date beginning March 12, 2020 and may also be applied to modifications of existing contracts made earlier in the interim period that includes March 12, 2020. We have evaluated the impact of the adoption of the Update on our contracts and our consolidated financial statements. We do not engage in hedging transactions and we anticipate that our few impacted contracts will continue to use LIBOR until at least December 31, 2021. As such, we currently believe this Update will not have a material impact on our contracts and our consolidated financial statements.

3. REVENUE

The following table summarizes the percentages of our net sales attributable to each of our vertical markets for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2021	2020	**2021**	2020
Construction	**58.3 %**	58.0 %	**58.4 %**	57.9 %
CIG	**26.0**	27.2	**25.8**	26.9
Industrial & Utility	**15.7**	14.8	**15.8**	15.2
Total net sales	**100.0 %**	100.0 %	**100.0 %**	100.0 %

We had no material contract assets, contract liabilities, or deferred contract costs recorded on the condensed consolidated balance sheet as of June 30, 2021 and December 31, 2020. In addition, for the three and six months ended June 30, 2021 and 2020, revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period is not material.

Revenue expected to be recognized in any future year related to remaining performance obligations is not material. As permitted in ASC Topic 606, "Revenue from Contracts with Customers", we have elected to omit disclosure related to performance obligations for revenue pertaining to contracts that have an original expected duration of one year or less, to contracts where revenue is recognized as invoiced and to contracts with variable consideration related to wholly unsatisfied performance obligations.

4. INCOME TAXES

Our total provision for income taxes was $27.6 million and $43.8 million for the three and six months ended June 30, 2021, respectively. We record our income tax provision using a full-year forecasted methodology, including discrete items in the period in which they occur. Our year-to-date effective tax rate for the six months ended June 30, 2021 was 25.6%.

Our unrecognized tax benefits of $1.7 million at both June 30, 2021 and December 31, 2020, are uncertain tax positions that would impact our effective tax rate if recognized. We are periodically engaged in tax return examinations, the review of statute of limitation periods, and settlements surrounding income taxes.

We classify interest expense and penalties as part of our provision for income taxes based upon applicable federal and state interest and underpayment percentages. We have accrued $0.4 million and $0.3 million in interest and penalties at June 30, 2021 and December 31, 2020, respectively. Interest was computed on the difference between the provision for income taxes recognized in accordance with GAAP and the amount of benefit previously taken or expected to be taken in our federal, state, and local income tax returns.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law on March 27, 2020. The CARES Act, among other things, includes tax provisions relating to refundable payroll tax credits, deferment of employer social security payments, net operating loss utilization and carryback periods, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property ("QIP"). On December 27, 2020, the Taxpayer Certainty and Disaster Tax Relief Act of 2020 was enacted as part of the Consolidated Appropriations Act, 2021, followed by the American Rescue Plan Act on March 1, 2021. These recent laws, among many other provisions, expand and extend the refundable employee retention tax credits previously made available under the CARES Act and allow a full deduction for business meals for the 2021 and 2022 tax years. We do not believe that the CARES Act or subsequent stimulus packages will have a material impact on our income tax provision for 2021. We will continue to evaluate the impact of new legislation on our financial position, results of operations, and cash flows.

Our federal income tax returns for the tax years 2017 and forward are available for examination by the U.S. Internal Revenue Service ("IRS"). The statute of limitations for the 2017 federal return will expire on October 15, 2021. Our state income tax returns for 2016 through 2020 remain subject to examination by various state authorities with the latest period closing on December 31, 2025. We have not extended the statutes of limitations in any state jurisdictions with respect to years prior to 2016.

5. DEBT

Revolving Credit Facility

At June 30, 2021 and December 31, 2020, we, along with Graybar Canada Limited, our Canadian operating subsidiary ("Graybar Canada"), had an unsecured, five-year, $750.0 million committed revolving credit agreement maturing in August 2023 with Bank of America, N.A. and the other lenders named therein (the "Amended Credit Agreement"), which includes a combined letter of credit sub-facility of up to $25.0 million, a U.S. swing-line loan facility of up to $75.0 million, and a Canadian swing-line loan facility of up to $20.0 million. The Amended Credit Agreement includes a $100.0 million sublimit (in U.S. or Canadian dollars) for borrowings by Graybar Canada. The Amended Credit Agreement contains an accordion feature, which allows us to request increases in the aggregate borrowing commitments of up to $375.0 million.

We were in compliance with all covenants under the Amended Credit Agreement as of June 30, 2021 and December 31, 2020.

There were no short-term borrowings under the Amended Credit Agreement at June 30, 2021, compared to $50.0 million of short-term borrowings at December 31, 2020.

Short-term borrowings outstanding during the six months ended June 30, 2021 ranged from a minimum of $0.0 million to a maximum of $50.0 million. Short-term borrowings outstanding during the six months ended June 30, 2020 ranged from a minimum of $55.0 million to a maximum of $370.0 million.

At June 30, 2021, we had unused lines of credit under the Amended Credit Agreement amounting to $749.6 million available, compared to $699.6 million at December 31, 2020. These lines are available to meet our short-term cash requirements and are subject to annual fees of up to 40 basis points (0.40%).

Interest expense, net was $0.2 million and $1.5 million for the three months ended June 30, 2021 and 2020, respectively. Interest expense, net was $0.4 million and $2.4 million for the six months ended June 30, 2021 and 2020, respectively.

Private Placement Shelf Agreements

We have an uncommitted, unsecured $100.0 million private placement shelf agreement (the "Prudential Shelf Agreement") with PGIM, Inc., which is expected to allow us to issue senior promissory notes to affiliates of PGIM, Inc. at fixed rate terms to be agreed upon at the time of any issuance during a three-year issuance period ending in August 2023. We also have an uncommitted, unsecured $150.0 million private placement shelf agreement (the "MetLife Shelf Agreement") with MetLife Investment Management, LLC (formerly known as MetLife Investment Advisors, LLC), and MetLife Investment Management Limited (collectively, “MetLife”) and each other MetLife affiliate that becomes a party to the agreement.

In June 2021, we amended the MetLife Shelf Agreement. The amendment among other things, increased availability under the MetLife Shelf Agreement from $100.0 million to $150.0 million, joined MetLife Investment Management Limited in substitution, and release, of Metropolitan Life Insurance Company, and extended the issuance period to June 2024. The other material terms of the MetLife Shelf Agreement remain unchanged. The MetLife Shelf Agreement is expected to allow us to issue senior promissory notes to MetLife at fixed or floating rate economic terms to be agreed upon at the time of issuance.

We remain obligated under a most favored lender clause which is designed to ensure that any notes in the future under the Prudential Shelf Agreement and MetLife Shelf Agreement will continue to be of equal ranking with indebtedness under our Amended Credit Agreement.

No notes have been issued under either the Prudential Shelf Agreement or the MetLife Shelf Agreement as of June 30, 2021 and December 31, 2020.

Each shelf agreement contains representations and warranties of the Company and the applicable lender, events of default and affirmative and negative covenants, customary for agreements of this type. These covenants are substantially similar to those contained in the Amended Credit Agreement, subject to a number of exceptions and qualifications set forth in the applicable shelf agreement. All outstanding obligations of Graybar under one or both of these agreements may be declared immediately due and payable upon the occurrence of an event of default.

We were in compliance with all covenants under the Prudential Shelf Agreement and the MetLife Shelf Agreement as of June 30, 2021 and December 31, 2020.

Letters of Credit

We had total letters of credit of $6.1 million outstanding at June 30, 2021, of which $0.4 million were issued under the Amended Credit Agreement. We had total letters of credit of $6.3 million outstanding at December 31, 2020, of which $0.4 million were issued under the Amended Credit Agreement. The letters of credit are issued primarily to support certain workers' compensation insurance policies.

6. PENSION AND OTHER POSTRETIREMENT BENEFITS

We have a noncontributory defined benefit pension plan (the "Pension Plan") covering substantially all employees first hired prior to July 1, 2015 after the completion of one year of service and 1,000 hours of service. The Pension Plan provides retirement benefits based on an employee’s final average earnings and years of service. These employees become 100% vested after three years of service, regardless of age. A supplemental benefit plan provides nonqualified pension benefits for compensation in excess of the IRS compensation limits applicable to the Pension Plan and eligible compensation deferred by a participant.

Our funding policy is to make contributions to the Pension Plan, provided that the total annual contributions will not be less than the Employee Retirement Income Security Act of 1974 (“ERISA”) and the Pension Protection Act of 2006 minimums or greater than the maximum tax-deductible amount, to review the contribution and funding strategy on a regular basis, and to allow discretionary contributions to be made by us from time to time. The assets of the Pension Plan are invested primarily in fixed income investments and equity securities. We pay nonqualified pension benefits when they are due according to the terms of the supplemental benefit plan.

We provide certain postretirement healthcare and life insurance benefits to retired employees. Substantially all of our employees hired or rehired prior to 2014 may become eligible for postretirement medical benefits if they reach the age and service requirements of the retiree medical plan and retire on a pension (except a deferred pension) under the Pension Plan. Medical benefits are self-insured and claims are administered through a third party administrator. The cost of coverage is determined based on the annual projected plan costs. The participant's premium or cost is determined based on Company guidelines. Postretirement life insurance benefits are insured through an insurance company. We fund postretirement benefits as incurred, and accordingly, there were no assets held in the postretirement benefits plan at June 30, 2021 and December 31, 2020.

The net periodic benefit cost for the three and six months ended June 30, 2021 and 2020 includes the following components:

	Pension Benefits Three Months Ended June 30,		Postretirement Benefits Three Months Ended June 30,	
Components of Net Periodic Benefit Cost	**2021**	2020	**2021**	2020
Selling, general and administrative expenses:				
Service cost	**$ 7.6**	$ 7.1	**$ 0.5**	$ 0.6
Total selling, general and administrative expenses	**$ 7.6**	$ 7.1	**$ 0.5**	$ 0.6
Non-operating expenses:				
Interest cost	**$ 5.8**	$ 6.8	**$ 0.5**	$ 0.6
Expected return on plan assets	**(7.6)**	(8.0)	**—**	—
Amortization of:				
Net actuarial loss	**8.3**	7.6	**0.1**	0.1
Total non-operating expenses	**$ 6.5**	$ 6.4	**$ 0.6**	$ 0.7
Net periodic benefit cost	**$ 14.1**	$ 13.5	**$ 1.1**	$ 1.3

	Pension Benefits Six Months Ended June 30,		Postretirement Benefits Six Months Ended June 30,	
Components of Net Periodic Benefit Cost	**2021**	2020	**2021**	2020
Selling, general and administrative expenses:				
Service cost	**$ 15.2**	$ 14.3	**$ 1.1**	$ 1.1
Total selling, general and administrative expenses	**$ 15.2**	$ 14.3	**$ 1.1**	$ 1.1
Non-operating expenses:				
Interest cost	**$ 11.9**	$ 13.8	**$ 0.9**	$ 1.2
Expected return on plan assets	**(15.4)**	(16.4)	**—**	—
Amortization of:				
Net actuarial loss	**16.9**	14.8	**0.4**	0.3
Total non-operating expenses	**$ 13.4**	$ 12.2	**$ 1.3**	$ 1.5
Net periodic benefit cost	**$ 28.6**	$ 26.5	**$ 2.4**	$ 2.6

We made qualified and nonqualified pension contributions totaling $10.0 million during the three-month periods ended June 30, 2021 and June 30, 2020. Contributions made during the six-month periods ended June 30, 2021 and 2020 totaled $21.6 million and $21.8 million, respectively. Additional contributions of $20.0 million are expected to be paid during the remainder of 2021, but may change at our discretion.

7. CAPITAL STOCK

Our common stock is 100% owned by active and retired employees, and there is no public trading market for our common stock. Since 1928, substantially all of the issued and outstanding shares of common stock have been held of record by voting trustees under successive voting trust agreements. A new Voting Trust Agreement was established effective March 3, 2017, which expires by its terms on March 1, 2027 because under applicable New York law, a voting trust may not have a term greater than ten years. At June 30, 2021, approximately 83% of our outstanding common stock was held in the 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. Shareholders may elect to participate in the voting trust at any time during the term of the voting trust.

No holder of our common stock or voting trust interests representing our common stock ("common stock", "common shares", or "shares") may sell, transfer or otherwise dispose of any shares without first offering us the option to purchase those shares at the price at which they were issued. We also have the option to purchase at the issue price the common shares of any shareholder who ceases to be an employee for any reason other than death or "retirement" (as defined in our amended restated certificate of incorporation), and on the first anniversary of any holder's death. In the past, we have always exercised these purchase options, and we expect to continue to do so in the foreseeable future. However, we can make no assurance that we will continue to exercise our purchase option in the future. All outstanding shares have been issued at $20.00 per share.

Cash dividends paid were $6.8 million for the three months ended June 30, 2021 and 2020. Cash dividends paid were $13.7 million for the six months ended June 30, 2021 and 2020.

We also have 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 our Board of Directors. There were no shares of preferred stock outstanding at June 30, 2021 and December 31, 2020.

8. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table represents amounts reclassified from accumulated other comprehensive loss for the three months ended June 30, 2021 and 2020:

	Three Months Ended June 30, 2021	**Three Months Ended June 30, 2020**
	Amortization of Pension and Other Postretirement Benefits Items	**Amortization of Pension and Other Postretirement Benefits Items**
	Actuarial Losses Recognized	**Actuarial Losses Recognized**
Affected Line in Condensed Consolidated Statement of Income:		
Non-operating expenses	**$ 8.4**	$ 7.7
Tax benefit	**(2.2)**	(2.0)
Total reclassifications for the period, net of tax	**$ 6.2**	$ 5.7

The following table represents amounts reclassified from accumulated other comprehensive loss for the six months ended June 30, 2021 and 2020:

	Six Months Ended June 30, 2021	**Six Months Ended June 30, 2020**
	Amortization of Pension and Other Postretirement Benefits Items	**Amortization of Pension and Other Postretirement Benefits Items**
	Actuarial Losses Recognized	**Actuarial Losses Recognized**
Affected Line in Condensed Consolidated Statement of Income:		
Non-operating expenses	**$ 17.3**	$ 15.1
Tax benefit	**(4.5)**	(3.9)
Total reclassifications for the period, net of tax	**$ 12.8**	$ 11.2

The following table represents the activity included in accumulated other comprehensive loss for the three months ended June 30, 2021 and 2020:

	Three Months Ended June 30, 2021			Three Months Ended June 30, 2020		
	Foreign Currency	**Pension and Other Postretirement**	**Total**	**Foreign Currency**	**Pension and Other Postretirement**	**Total**
Beginning balance April 1,	**$ (3.7)**	**$ (235.0)**	**$ (238.7)**	$ (16.6)	$ (237.4)	$ (254.0)
Other comprehensive income before reclassifications	**2.0**	**—**	**2.0**	3.9	—	3.9
Amounts reclassified from accumulated other comprehensive income (net of tax $(2.2) and $(2.0))	**—**	**6.2**	**6.2**	—	5.7	5.7
Net current-period other comprehensive income	**2.0**	**6.2**	**8.2**	3.9	5.7	9.6
Ending balance June 30,	**$ (1.7)**	**$ (228.8)**	**$ (230.5)**	$ (12.7)	$ (231.7)	$ (244.4)

The following table represents the activity included in accumulated other comprehensive loss for the six months ended June 30, 2021 and 2020:

	Six Months Ended June 30, 2021			Six Months Ended June 30, 2020		
	Foreign Currency	**Pension and Other Postretirement**	**Total**	**Foreign Currency**	**Pension and Other Postretirement**	**Total**
Beginning balance January 1,	**$ (5.1)**	**$ (241.6)**	**$ (246.7)**	$ (7.7)	$ (242.9)	$ (250.6)
Other comprehensive income (loss) before reclassifications	**3.4**	**—**	**3.4**	(5.0)	—	(5.0)
Amounts reclassified from accumulated other comprehensive income (net of tax $(4.5) and $(3.9))	**—**	**12.8**	**12.8**	—	11.2	11.2
Net current-period other comprehensive income (loss)	**3.4**	**12.8**	**16.2**	(5.0)	11.2	6.2
Ending balance June 30,	**$ (1.7)**	**$ (228.8)**	**$ (230.5)**	$ (12.7)	$ (231.7)	$ (244.4)

9. COMMITMENTS AND CONTINGENCIES

We are subject to various claims, disputes, and administrative and legal matters incidental to our 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.

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

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

The following discussion should be read in conjunction with our accompanying unaudited condensed consolidated financial statements and notes thereto, and our audited consolidated financial statements, notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations as of and for the year ended December 31, 2020, included in our Annual Report on Form 10-K for such period as filed with the United States Securities and Exchange Commission (the "Commission"). The results shown herein are not necessarily indicative of the results to be expected in any future periods.

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes", "projects", "expects", "anticipates", "estimates", "intends", "strategy", "plan", "may", "will", "would", "will be", "will continue", "will likely result", and other similar expressions. We intend such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the PSLRA. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse impact on our operations and future prospects on a consolidated basis include, but are not limited to: general economic conditions, particularly in the residential, commercial, and industrial building construction industries; the ongoing impact of the coronavirus (COVID-19) pandemic; a sustained interruption in the operation of our information systems; volatility in the prices of industrial commodities; cyber-attacks; increased funding requirements and expenses related to our pension plan; disruptions in our sources of supply; the inability, or limitations on our ability, to borrow under our existing credit facilities or any replacements thereof; adverse legal proceedings or other claims; compliance with changing governmental regulations; and the inability, or limitations on our ability, to raise debt or equity capital. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless otherwise required by applicable securities law. Further information concerning our business, including additional factors that could materially impact our financial results, is included herein and in our other filings with the Commission. Actual results and the timing of events could differ materially from the forward-looking statements as a result of certain factors, a number of which are outlined in Item 1A., "Risk Factors", of our Annual Report on Form 10-K for the year ended December 31, 2020.

All dollar amounts, except per share data, are stated in millions in the following discussion and accompanying tables.

Background

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

Our common stock is 100% owned by active and retired employees, and there is no public trading market for our common stock. No holder of our common stock or voting trust interests representing our common stock ("common stock", "common shares", or "shares") may sell, transfer, or otherwise dispose of any shares without first offering us the option to purchase those shares at the price at which they were issued. We also have the option to purchase at the issue price the common shares of any shareholder who ceases to be an employee for any reason other than death or "retirement" (as defined in our amended restated certificate of incorporation), and on the first anniversary of any holder's death. In the past, we have always exercised these purchase options, and we expect to continue to do so in the foreseeable future. However, we can make no assurance that we will continue to exercise our purchase option in the future. All outstanding shares have been issued at $20.00 per share.

Business Overview

Graybar's net sales for the second quarter of 2021 increased $469.4 million, or 26.6%, to $2,232.4 million, compared to $1,763.0 million for the second quarter of 2020. This was a new quarterly net sales record for the Company. Several factors contributed to this increase, including improved economic conditions, accelerated reopening of businesses and industries, and price inflation.

Gross margin for the second quarter of 2021 increased $89.5 million, or 26.9%, to $422.8 million, compared to gross margin of $333.3 million for the same three months ended June 30, 2020. While price inflation contributed to higher net sales and gross margin, our gross margin rate remained at 18.9% for the second quarter of 2021, consistent with the second quarter of 2020.

Selling, general and administrative ("SG&A") expenses as a percentage of net sales decreased to 13.3% for the second quarter of 2021, compared to 14.8% for the same period in 2020.

Income from operations increased $56.0 million, or 94.6%, to $115.2 million for the three months ended June 30, 2021, from $59.2 million for the same three-month period last year. Our increase in gross margin, coupled with our continued focus on managing our SG&A expenses contributed to this improvement. As a result, net income attributable to Graybar Electric Company, Inc. for the three months ended June 30, 2021 increased by $43.0 million, or 115.9%, to $80.1 million for the three months ended June 30, 2021, compared to $37.1 million for the same period last year.

Net sales for the six months ended June 30, 2021 increased $596.7 million, or 16.9%, to $4,132.9 million, when compared to $3,536.2 million for the six months ended June 30, 2020. Gross margin increased $110.0 million, or 16.3%, to $783.7 million for the six months ended June 30, 2021, compared to gross margin of $673.7 million for the same six-month period last year. Gross margin rate was 19.0% for the six months ended June 30, 2021, compared to 19.1% for the same six-month period last year.

Net income attributable to Graybar Electric Company, Inc. for the six months ended June 30, 2021 increased by $68.8 million, or 117.6%, to $127.3 million, compared to $58.5 million for the same six-month period last year.

While the overall economy continues to improve, the markets we serve may continue to be affected by variables such as supply chain constraints, raw material shortages, price inflation, labor issues, and the ongoing spread of COVID-19 and its variants. We remain focused on providing exceptional service to our customers, minimizing potential risks, and sustaining our strong financial position.

Consolidated Results of Operations

Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

The following table sets forth certain information relating to our operations stated in millions of dollars and as a percentage of net sales for the three months ended June 30, 2021 and 2020:

	Three Months Ended June 30, 2021		Three Months Ended June 30, 2020	
	Dollars	**Percent**	Dollars	Percent
Net Sales	**$ 2,232.4**	**100.0 %**	$ 1,763.0	100.0 %
Cost of merchandise sold	**(1,809.6)**	**(81.1)**	(1,429.7)	(81.1)
Gross Margin	**422.8**	**18.9**	333.3	18.9
Selling, general and administrative expenses	**(297.3)**	**(13.3)**	(261.2)	(14.8)
Depreciation and amortization	**(12.2)**	**(0.6)**	(13.3)	(0.7)
Other income, net	**1.9**	**0.1**	0.4	—
Income from Operations	**115.2**	**5.1**	59.2	3.4
Non-operating expenses	**(7.3)**	**(0.3)**	(8.6)	(0.5)
Income before Provision for Income Taxes	**107.9**	**4.8**	50.6	2.9
Provision for income taxes	**(27.6)**	**(1.2)**	(13.5)	(0.8)
Net Income	**80.3**	**3.6**	37.1	2.1
Net income attributable to noncontrolling interests	**(0.2)**	**—**	—	—
Net Income attributable to Graybar Electric Company, Inc.	**$ 80.1**	**3.6 %**	$ 37.1	2.1 %

Net sales increased to $2,232.4 million for the quarter ended June 30, 2021, compared to $1,763.0 million for the quarter ended June 30, 2020, an increase of $469.4 million, or 26.6%. For the three months ended June 30, 2021, net sales in our construction, CIG, and industrial & utility vertical markets increased by 27.1%, 21.4%, and 34.5%, respectively, when compared to the same three-month period of 2020.

Gross margin increased $89.5 million, or 26.9%, to $422.8 million for the three months ended June 30, 2021, from $333.3 million for the same period in 2020. The increase in gross margin was primarily due to increased net sales in the second quarter of 2021. Our gross margin as a percentage of net sales was 18.9% for the three months ended June 30, 2021 and 2020.

SG&A expenses increased $36.1 million, or 13.8%, to $297.3 million in the second quarter of 2021 from $261.2 million in the second quarter of 2020, due primarily to higher compensation and benefit-related expenses for the three months ended June 30, 2021. SG&A expenses as a percentage of net sales were 13.3% for the three months ended June 30, 2021, down from 14.8% for the three months ended June 30, 2020.

Depreciation and amortization for the three months ended June 30, 2021 decreased $1.1 million, or 8.3%, to $12.2 million from $13.3 million, compared to the same period in 2020 due to a decrease in property, at cost. Total property, at cost, at June 30, 2021 was $1,021.6 million, a decrease of $11.2 million, or 1.1%, when compared to total property, at cost, at June 30, 2020 of $1,032.8 million. Depreciation and amortization as a percentage of net sales decreased to 0.6% for the three months ended June 30, 2021, compared to 0.7% for the three months ended June 30, 2020.

Non-operating expenses for the three months ended June 30, 2021 decreased $1.3 million, or 15.1%, to $7.3 million from $8.6 million for the three months ended June 30, 2020. The decrease was primarily due to a decrease in interest expense, net of $1.3 million as there were no short-term borrowings for the three months ended June 30, 2021, compared to the same three-month period in 2020.

Income before provision for income taxes totaled $107.9 million for the three months ended June 30, 2021, an increase of $57.3 million, or 113.2%, from $50.6 million for the three months ended June 30, 2020. The increase was primarily due to our increase in gross margin partially offset by increases in SG&A expenses.

Our total provision for income taxes increased $14.1 million, or 104.4%, to $27.6 million for the three months ended June 30, 2021, compared to $13.5 million for the same period of 2020. The increase in our provision for income taxes quarter over quarter is due to increased pretax income. Our effective tax rate was 25.6% for the three months ended June 30, 2021, compared to 26.7% for the same period of 2020. The decrease in the effective tax rate was primarily driven by reductions in 2021 permanent adjustment limitations, state expense, and discrete tax charges. The effective tax rate for the three months ended June 30, 2021 was higher than the 21.0% U.S. federal statutory rate primarily due to state, local and foreign income taxes.

Net income attributable to Graybar Electric Company, Inc. for the three months ended June 30, 2021 increased $43.0 million, or 115.9%, to $80.1 million from $37.1 million for the three months ended June 30, 2020.

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

The following table sets forth certain information relating to our operations stated in millions of dollars and as a percentage of net sales for the six months ended June 30, 2021 and 2020:

	Six Months Ended June 30, 2021		Six Months Ended June 30, 2020	
	Dollars	**Percent**	Dollars	Percent
Net Sales	**$ 4,132.9**	**100.0 %**	$ 3,536.2	100.0 %
Cost of merchandise sold	**(3,349.2)**	**(81.0)**	(2,862.5)	(80.9)
Gross Margin	**783.7**	**19.0**	673.7	19.1
Selling, general and administrative expenses	**(575.2)**	**(13.9)**	(551.3)	(15.6)
Depreciation and amortization	**(24.4)**	**(0.6)**	(26.5)	(0.7)
Other income, net	**2.4**	**—**	1.0	—
Income from Operations	**186.5**	**4.5**	96.9	2.8
Non-operating expenses	**(15.1)**	**(0.4)**	(16.1)	(0.5)
Income before Provision for Income Taxes	**171.4**	**4.1**	80.8	2.3
Provision for income taxes	**(43.8)**	**(1.0)**	(22.2)	(0.6)
Net Income	**127.6**	**3.1**	58.6	1.7
Net income attributable to noncontrolling interests	**(0.3)**	**—**	(0.1)	—
Net Income attributable to Graybar Electric Company, Inc.	**$ 127.3**	**3.1 %**	$ 58.5	1.7 %

Net sales increased to $4,132.9 million for the six months ended June 30, 2021, compared to $3,536.2 million for the six months ended June 30, 2020, an increase of $596.7 million, or 16.9%. Net sales in our construction, CIG, and industrial & utility vertical markets increased by 17.8%, 12.5%, and 21.2%, respectively, for the six months ended June 30, 2021, compared to the same six-month period of 2020.

Gross margin increased $110.0 million, or 16.3%, to $783.7 million from $673.7 million due to increased net sales for the six months ended June 30, 2021, compared to the same period of 2020. Our gross margin as a percentage of net sales was 19.0% for the six months ended June 30, 2021, compared to 19.1% for the same six-month period in 2020.

SG&A expenses increased $23.9 million, or 4.3%, to $575.2 million, for the six months ended June 30, 2021, compared to $551.3 million for the six months ended June 30, 2020, due primarily to increases in management and sales incentive compensation and benefit-related expenses for the six months ended June 30, 2021. SG&A expenses as a percentage of net sales were 13.9% for the six months ended June 30, 2021, down from 15.6% for the six months ended June 30, 2020.

Depreciation and amortization for the six months ended June 30, 2021 decreased $2.1 million, or 7.9%, to $24.4 million from $26.5 million for the same six-month period in 2020, due to a decrease in property, at cost. Total property, at cost, at June 30, 2021 was $1,021.6 million, a decrease of $11.2 million, or 1.1%, when compared to total property, at cost, at June 30, 2020 of $1,032.8 million. Depreciation and amortization as a percentage of net sales totaled 0.6% for the six months ended June 30, 2021, down from 0.7% for the six months ended June 30, 2020.

Non-operating expenses decreased $1.0 million to $15.1 million for the six months ended June 30, 2021, compared to $16.1 million for the same period of 2020. The decrease was primarily due to a decrease in interest expense, net of $2.0 million partially offset by an increase in non-service cost components of pension net periodic benefit costs of $1.2 million for the six months ended June 30, 2021, compared to the same six-month period in 2020. The decrease in interest expense, net was due to lower levels of average outstanding short-term borrowings and lower interest rates for the six months ended June 30, 2021, compared to the same six-month period in 2020.

Income before provision for income taxes totaled $171.4 million for the six months ended June 30, 2021, an increase of $90.6 million, or 112.1%, from $80.8 million for the six months ended June 30, 2020. The increase was primarily due to our increase in gross margin partially offset by increases in SG&A expenses.

Our total provision for income taxes increased $21.6 million, or 97.3%, to $43.8 million for the six months ended June 30, 2021, compared to $22.2 million for the same period in 2020. The increase in our provision for income taxes year over year resulted from increased pretax income. Our year-to-date effective tax rate was 25.6% for the six months ended June 30, 2021, compared to 27.5% for 2020. The decrease in the effective tax rate was primarily driven by reductions in 2021 permanent adjustment limitations, state expense, and discrete tax charges. The effective tax rate for the six months ended June 30, 2021 was higher than the 21.0% U.S. federal statutory rate primarily due to state, local, and foreign income taxes.

Net income attributable to Graybar Electric Company, Inc. for the six-month period ended June 30, 2021 increased $68.8 million, or 117.6%, to $127.3 million from $58.5 million for the six months ended June 30, 2020.

Financial Condition and Liquidity

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

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

Our cash and cash equivalents at June 30, 2021 were $108.3 million, compared to $131.2 million at December 31, 2020, a decrease of $22.9 million, or 17.5%. Cash on hand at June 30, 2021 is reflective of continuing strong cash flows from operating activities as a result of increased net income and effective working capital management. As a result, we had no short-term borrowings at June 30, 2021, compared to $50.0 million at December 31, 2020. Current assets exceeded current liabilities by $760.5 million at June 30, 2021, an increase of $113.1 million, or 17.5%, from $647.4 million at December 31, 2020.

Operating Activities

Cash flows provided by operating activities for the six months ended June 30, 2021 was $61.2 million, compared to cash provided by operating activities of $91.6 million for the six months ended June 30, 2020, a decrease of $30.4 million, or 33.2%. Cash provided by operating activities for the six months ended June 30, 2021 was primarily attributable to net income of $127.6 million, an increase in trade accounts payable of $231.1 million, and an increase in other current liabilities of $32.8 million during the six months ended June 30, 2021, partially offset by an increase in trade receivables of $179.3 million, and an increase in merchandise inventory levels of $143.0 million from December 31, 2020 to June 30, 2021.

The average number of days of sales in trade receivables for the six-month period ended June 30, 2021 improved moderately compared to the same six-month period ended June 30, 2020. The days in inventory improved moderately for the six months ended June 30, 2021, compared to the six months ended June 30, 2020.

Investing Activities

Net cash used by investing activities totaled $23.5 million for the six months ended June 30, 2021, compared to net cash used by investing activities of $15.9 million for the same six-month period in 2020, an increase of $7.6 million. The increase was due to higher capital expenditures and the acquisition of a business, net of cash acquired in the six months ended June 30, 2021, compared to the six months ended June 30, 2020.

Financing Activities

Net cash used by financing activities for the six months ended June 30, 2021 totaled $60.6 million, compared to net cash provided by financing activities of $169.5 million for the six months ended June 30, 2020, a decrease of $230.1 million. The decrease was primarily due to net payments on short-term borrowings of $50.0 million during the six months ended June 30, 2021, compared to net short-term borrowings of $182.0 million in the same six-month period in 2020.

Liquidity

Our cash and cash equivalents at June 30, 2021 were $108.3 million, compared to $131.2 million at December 31, 2020. We also had a $750.0 million amended committed revolving credit facility (“Amended Credit Agreement”) with $749.6 million in available capacity at June 30, 2021, compared to available capacity of $699.6 million at December 31, 2020. At June 30, 2021 and December 31, 2020, we also had two uncommitted, unsecured private placement shelf agreements ("Shelf Agreements"). One of the Shelf Agreements is expected to allow us to issue senior promissory notes up to $100.0 million to PGIM, Inc. at fixed rate terms to be agreed upon at the time of any issuance during a three-year issuance period ending in August 2023. At June 30, 2021, our other Shelf Agreement is expected to allow us to issue senior promissory notes up to $150.0 million to MetLife Investment Management, LLC (formerly known as MetLife Investment Advisors, LLC), and MetLife Investment Management Limited (collectively, “MetLife”) and each other MetLife affiliate that becomes party to the agreement at fixed or floating rate terms to be agreed upon at the time of any issuance during a three-year issuance period ending in June 2024.

We have not issued any notes under the Shelf Agreements as of June 30, 2021 and December 31, 2020. For further discussion related to our Amended Credit Agreement and our Shelf Agreements, refer to Note 5, "Debt", of the notes to the condensed consolidated financial statements located in Item 1., “Financial Statements”, of this Quarterly Report on Form 10-Q.

We had total letters of credit of $6.1 million outstanding at June 30, 2021, of which $0.4 million was issued under the Amended Credit Agreement. We had total letters of credit of $6.3 million outstanding at December 31, 2020, of which $0.4 million was issued under the Amended Credit Agreement. The letters of credit are issued primarily to support certain workers' compensation insurance policies.

New Accounting Standards Updates

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in the policies, procedures, controls, or risk profile from those provided in Item 7A., “Quantitative and Qualitative Disclosures About Market Risk”, of our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 4. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2021, was performed under the supervision and with the participation of management. Based on that evaluation, our management, including the Principal Executive Officer and Principal Financial Officer, concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) Changes in internal control over financial reporting

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

PART II – OTHER INFORMATION

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

Our common stock is 100% owned by active and retired employees, and there is no public trading market for our common stock. Since 1928, substantially all of the issued and outstanding shares of common stock have been held of record by voting trustees under successive voting trust agreements. A new Voting Trust Agreement was established effective March 3, 2017, which expires by its terms on March 1, 2027, because under applicable New York law, a voting trust may not have a term greater than ten years. At June 30, 2021, approximately 83% of our outstanding common stock was held in the 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. Shareholders may elect to participate in the voting trust at any time during the term of the voting trust.

No holder of our common stock or voting trust interests representing our common stock ("common stock", "common shares", or "shares") may sell, transfer, or otherwise dispose of any shares without first offering us the option to purchase those shares at the price at which they were issued. We also have the option to purchase at the issue price the common shares of any shareholder who ceases to be an employee for any cause other than death or "retirement" (as defined in our amended restated certificate of incorporation), and on the first anniversary of any holder's death. In the past, we have always exercised these purchase options, and we expect to continue to do so in the foreseeable future. However, we can make no assurance that we will continue to exercise our purchase option in the future. All outstanding shares 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
April 1 - April 30, 2021	102,046	$20.00	N/A
May 1 - May 31, 2021	86,791	$20.00	N/A
June 1 - June 30, 2021	73,990	$20.00	N/A
Total	262,827	$20.00	N/A

Item 6. Exhibits.

3.1	Restated Certificate of Incorporation, as amended, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated June 8, 2017 (Commission File No. 000-00255) and incorporated herein by reference.
3.2	By-laws as amended through March 9, 2017, filed as Exhibit 3(ii) to the Company's Current Report on Form 8-K dated March 9, 2017 (Commission File No. 000-00255) and incorporated herein by reference.
4	Voting Trust Agreement, dated as of March 3, 2017, a form of which is attached as Exhibit A to the Prospectus dated January 6, 2017, constituting a part of the Company's Registration Statement on Form S-1/A (Registration No. 333-214560), and incorporated herein by reference.
9	Voting Trust Agreement dated as of March 3, 2017, included at Exhibit 4 above.
10.1	Amendment No. 2 to Private Shelf Agreement dated June 25, 2021 between the Company and Metropolitan Life Insurance Company, MetLife Investment Management, LLC (formerly MetLife Investment Advisors, LLC), MetLife Investment Management Limited, and other MetLife affiliates
10.2	Management Incentive Plan*
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 of 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 – the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL 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
104	Cover Page Interactive Data File (formatted in Inline XBRL contained in Exhibit 101)
	* Compensation arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GRAYBAR ELECTRIC COMPANY, INC.

August 5, 2021	/s/ Kathleen M. Mazzarella
Date	Kathleen M. Mazzarella President and Chief Executive Officer (Principal Executive Officer)
August 5, 2021	/s/ Scott S. Clifford
Date	Scott S. Clifford Senior Vice President and Chief Financial Officer (Principal Financial Officer)

Exhibit 10.1

AMENDMENT NO. 2
TO
PRIVATE SHELF AGREEMENT

Dated as of June 25, 2021

Metropolitan Life Insurance Company and
MetLife Investment Management, LLC (formerly
known as MetLife Investment Advisors, LLC)
and each other MetLife Party which becomes
bound by the Agreement (defined below)
c/o MetLife Investment Management, LLC
One MetLife Way
Whippany, New Jersey 07981

MetLife Investment Management Limited
c/o MetLife Investment Management, LLC
One MetLife Way
Whippany, NJ 07981

Ladies and Gentlemen:

We refer to the Private Shelf Agreement, dated as of September 22, 2016 (as heretofore and as further amended, restated, supplemented or otherwise modified from time to time, the "**Agreement**"), by and among Graybar Electric Company, Inc., a New York corporation (the "**Company**"), Metropolitan Life Insurance Company ("*MLIC*"), MetLife Investment Management, LLC ("*MIM LLC*") (formerly known as MetLife Investment Advisors, LLC), and each MetLife Party which becomes party to the Agreement (each, a "**Purchaser**" and collectively, the "**Purchasers**"). Unless otherwise defined herein, the terms defined in the Agreement shall be used herein as therein defined.

The Company, MLIC, MIM LLC and the Purchasers desire to amend the Agreement to modify certain provisions of the Agreement as set forth below, including adding MetLife Investment Management Limited as a party to the Agreement as set forth below and removing MLIC as a party to the Agreement as set forth below.

It is hereby agreed by you and us as follows:

I. AMENDMENTS TO AGREEMENT.

Subject to the conditions herein (including, without limitation, Section II(b)), effective on the date hereof (the "**Effective Date**"), the Agreement is hereby amended by this letter amendment (this "**Amendment**") as follows:

(a) **MetLife Investment Management, LLC.** All references to "MetLife Investment Advisors, LLC" in the Agreement shall be replaced with references to "MetLife Investment Management, LLC".

(b) **MetLife Investment Management Limited.** All references to "Metropolitan Life Insurance Company" in the Agreement shall be replaced with references to "MetLife Investment Management Limited".

(c) **MetLife.** The definition of and all references to "MetLife" in the Agreement shall now refer to MetLife Investment Management, LLC and MetLife Investment Management Limited, collectively (and for the avoidance of doubt, such definition and related references shall no longer include Metropolitan Life Insurance Company).

(d) **Facility Amount.** The cover page of the Agreement, the first page of the Agreement and Section 1 of the Agreement are hereby amended by replacing the number "$100,000,000" with the number "$150,000,000".

(e) **Section 2(b).** Section 2(b) of the Agreement is hereby amended by replacing the phrase "the third anniversary of the date of this Agreement" with "the third anniversary of the Second Amendment Effective Date".

(f) **Section 17.1(b).** Section 17.1(b) of the Agreement is hereby deleted and replaced in its entirety as follows:

> (b) (i) with the written consent of MetLife (and without the consent of any other holder of Notes), the provisions of the first sentence of Section 1 and the provisions of Section 2 may be amended or waived (except insofar as any such amendment or waiver would affect any rights or obligations with respect to the purchase and sale of Notes which shall have become Accepted Notes prior to such amendment or waiver), and (ii) prior to the purchase and sale of a Series of Accepted Notes, with the written consent of all of the Purchasers which shall have become obligated to purchase Accepted Notes of any such Series (and not without the written consent of all such Purchasers), any of the provisions of Sections 2 and 4 may be amended or waived insofar as such amendment or waiver would affect only rights or obligations with respect to the purchase and sale of the Accepted Notes of such Series or the terms and provisions of such Accepted Notes;

(g) **Schedule A New Defined Terms.** The following definitions are inserted to Schedule A in their correct alphabetical order to read as follows:

"**Second Amendment"** shall mean Amendment No. 2 to the Agreement, which amendment is dated June 25, 2021.

"**Second Amendment Effective Date**" shall mean the Effective Date of the Second Amendment (as defined the Second Amendment)."

II. JOINDER & RELEASE.

(a) At the Second Amendment Effective Date, MetLife Investment Management Limited agrees to join the Agreement as "MetLife" for all purposes of the Agreement (the "*Joinder*") and to be bound by all provisions applicable to MetLife. Without limiting the foregoing, MetLife Investment Management Limited hereby, jointly and severally, with the other MetLife Parties under the Agreement, accepts and agrees to perform and observe all of the covenants set forth therein. The Company and other parties to the Agreement acknowledge and agree to such Joinder.

(b) At the Second Amendment Effective Date, Metropolitan Life Insurance Company shall be released from all obligations under the Agreement (the "*Releas*e") and shall no longer be a party thereto. The Company and other parties to the Agreement acknowledge and agree to such Release.

III. CONDITIONS TO EFFECTIVENESS OF AMENDMENTS, JOINDER AND RELEASE.

(a) **Representations and Warranties**. The Company represents and warrants that (i) the execution and delivery of this Amendment has been duly authorized by all necessary corporate action of the Company and this Amendment has been executed and delivered by a duly authorized officer of the Company, and all necessary or required consents to this Amendment (other than any consents required to be obtained solely by a Purchaser) have been obtained and are in full force and effect, (ii) the Agreement, as amended by this Amendment, constitutes the legal, valid and binding obligation contract and agreement of the Company enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally, and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), (iii) each representation and warranty set forth in Section 5 of the Agreement (as modified by the updated Schedules attached hereto), is true and correct as of the date of execution and delivery of this Amendment by the Company with the same effect as if made on such date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they were true and correct as of such earlier date) and (iv) no Event of Default or Default under the Agreement exists or has occurred and is continuing on the date hereof.

(b) **Effectiveness**. This Amendment shall become effective upon fulfillment of the following conditions: (i) the Company and MetLife shall have executed a copy of this

Amendment on or prior to the Second Amendment Effective Date, (ii) MetLife shall have received a copy of the resolutions of the board of the Company authorizing the execution, delivery and performance by the Company of this Amendment, certified by its secretary or assistant secretary, and (iii) MetLife shall have received such other documents and certificates as it may reasonably request relating to the Amendment and the transactions contemplated by the Amendment.

IV. MISCELLANEOUS.

(a) **Reference to and Effect on Agreement**. Upon the effectiveness of this Amendment, each reference to the Agreement in any other document, instrument or agreement shall mean and be a reference to the Agreement as modified by this Amendment. Except as specifically set forth in Section I and Section II hereof, the Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. The execution, delivery and effectiveness of this Amendment shall not be construed as a course of dealing or other implication that any holder of the Notes has agreed to or is prepared to grant any consents or agree to any waiver to the Agreement in the future, whether or not under similar circumstances.

(b) **Expenses.** The Company hereby confirms its obligations under the Agreement, whether or not the transactions hereby contemplated are consummated, to pay, promptly after request by MetLife, all reasonable out-of-pocket costs and expenses, including attorneys' fees and expenses, incurred by them in connection with this Amendment and the transactions contemplated hereby, in enforcing any rights under this Amendment, or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Amendment or the transactions contemplated hereby.

(c) **Governing Law.** **THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK (EXCLUDING ANY CONFLICTS OF LAW RULES WHICH WOULD OTHERWISE CAUSE THIS AMENDMENT TO BE CONSTRUED OR ENFORCED IN ACCORDANCE WITH, OR THE RIGHTS OF THE PARTIES TO BE GOVERNED BY, THE LAWS OF ANY OTHER JURISDICTION).**

(d) **Counterparts; Section Titles.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment. The section titles contained in this Amendment are and shall be without substance, meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

[SIGNATURE PAGE TO FOLLOW]

If you agree to the terms and provisions hereof, please evidence your agreement by executing and returning at least one counterpart of this Amendment No. 2 to the other parties hereto.

Very truly yours,

GRAYBAR ELECTRIC COMPANY, INC.

By: /s/ T. E. Carpenter
Name: Timothy E. Carpenter
Title: Vice President - Treasurer

Agreed as of the date first above written:

METROPOLITAN LIFE INSURANCE COMPANY

By: /s/ Jennifer Potenta
Name: Jennifer Potenta
Title: Authorized Signatory

METLIFE INVESTMENT MANAGEMENT, LLC

By: /s/ Jennifer Potenta
Name: Jennifer Potenta
Title: Authorized Signatory

METLIFE INVESTMENT MANAGEMENT LIMITED

By: /s/ A. Bannister
Name: Annette Bannister
Title: Authorized Signatory

Disclosure Materials

Filing		Filed/Effective	File/Film Number
8-K		6/10/2021	000-00255 211007449
DEFA14C		4/30/2021	000-00255 21875243
DEF 14C		4/30/2021	000-00255 21875226
10-Q		4/26/2021	000-00255 21853587
8-K		3/24/2021	000-00255 21768189
10-K		3/19/2021	000-00255 21758011
10-K		3/10/2021	000-00255 21729700
SC 13G/A		2/12/2021	000-00255 21627946

All of the above filings by the Company or the Voting Trust with the United States Securities and Exchange Commission are incorporated herein by this reference.

SUBSIDIARIES OF THE COMPANY AND OWNERSHIP OF SUBSIDIARY STOCK

(i) SUBSIDIARIES OF THE COMPANY

ENTITY NAME	JURISDICTION OF INCORPORATION, FORMATION OR ORGANIZATION	PERCENTAGE OF SHARES HELD OR BENEFICIALLY OWNED (DOMESTIC SUBSIDIARIES ONLY)
Graybar Management Services, LLC	Delaware	100%
GRIPP, LLC	Missouri	100%
Gnewco, LLC	Delaware	100%
GBE Sub, LLC	Missouri	100%
GBE2, LLC	Delaware	100%
Shingle & Gibb Automation, LLC	Delaware	100%
Cape Electrical Supply Holding LLC	Delaware	100%
Cape Electrical Supply LLC	Delaware	100%
Michigan Utility Supply, LLC	Michigan	100%
Advantage Industrial Automation, Inc.	Georgia	100%
Graybar Business Services, Inc.	Missouri	100%
Distribution Associates Incorporated	Missouri	100%
Graybar Electric Limited	Nova Scotia	
Graybar Electric Canada Limited	Nova Scotia	
Graybar Canada Limited	Nova Scotia	
Graybar Energy Limited	Ontario	
Graybar Financial Services, Inc.	Missouri	100%
Graybar Aus. Pty Ltd.	Australia (Victoria)	
Graybar de México S. de RL de CV	Mexico	
Graybar International, Inc.	Missouri	100%
Graybar Newfoundland Limited	Newfoundland & Labrador	*

(ii) AFFILIATES OF THE COMPANY

The Affiliates of the Company are as follows:

(1) Graybar Voting Trust. The Graybar Voting Trust, pursuant to the Voting Trust Agreement dated as of March 3, 2017, holds approximately 83% of the outstanding shares of the Company at March 31, 2021.

(2) Graybar Newfoundland Limited is the 49% general partner in Innunuk Traders Limited Partnership.

(iii) DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

K. M. Mazzarella	Chairman, President and Chief Executive Officer and Director
D. A. Bender	Vice President – Business Performance and Director
S. S. Clifford	Senior Vice President and Chief Financial Officer and Director
D. E. DeSousa	Senior Vice President and General Manager and Director
M. W. Geekie	Senior Vice President, Secretary and General Counsel and Director
R. H. Harvey	District Vice President, New York and Director
W. P. Mansfield	Senior Vice President – Marketing and Director
D. G. Maxwell	Senior Vice President – Sales, and Director
B. L. Propst	Senior Vice President – Human Resources and Director

FINANCIAL STATEMENTS

See unaudited Company financial statements for and as of the period ended March 31, 2021 as filed by the Company with the Securities and Exchange Commission in its Form 10-Q filed on April 26, 2021.

MOST RECENT CLOSED TAX YEAR

December 31, 2016

EXISTING INDEBTEDNESS

INDEBTEDNESS EXISTING ON MARCH 31, 2021

(Stated in thousands)

DEBT SOURCE	OBLIGOR	BALANCE OUTSTANDING AS OF MARCH 31, 2021
LONG TERM DEBT:		
	Graybar Electric Company, Inc., Cape Electrical Supply LLC, & Cape Electrical Supply Holdings, LLC	
TOTAL LONG TERM DEBT:		$7,500
Undrawn letters of credit issued by Bank of America and Commerce Bank		$6,286

(1) There are various inter-company notes that are eliminated in consolidation.

(2) Graybar Canada Limited overdraft line

(3) Indebtedness under the Third Amendment to Credit Agreement, dated August 10, 2018, by and among, the Company, Graybar Canada Limited and the lenders from time to time party thereto, 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 Canada Branch, as Canadian Administrative Agent, Canadian Swing Line Lender and Canadian L/C Issuer.

(4) Notes issuable under the Senior Notes (none outstanding at Third Amendment Effective Date)

EXISTING INVESTMENTS

Graybar Management Services, LLC
GBE Sub, LLC
GBE2, LLC
Advantage Industrial Automation, Inc.
Graybar Electric Limited
Graybar International, Inc.
Graybar Services, Inc.
Distribution Associates, Inc.
Graybar Financial Services, Inc.
Graybar Business Services, Inc.

In addition to the subsidiaries listed above, the Company (and its subsidiaries) have outstanding investments in the subsidiaries and affiliates set forth in Schedule 5.4, which are incorporated by reference.

Exhibit 10.2

G. I. 16.3

July 7, 2021
(Effective January 1, 2021)

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 (as defined in the amended Restated Certificate of Incorporation of the Company).

2.1.2 An employee on an unpaid leave of absence will cease to be a participant during the leave. An employee who returns from the leave to an eligible position outlined in paragraph 2.1 above will continue participation upon their return. 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, 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 Senior Vice President. (See paragraph 5.5.)

3.4 Upon the recommendation of the District Vice President and approval by the Senior Vice President and General Manager 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 and General Manager 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 and General Manager 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 and General Manager 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 and General Manager 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 and General Manager 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 Employee Resources 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.

3.5 Upon the recommendation of the District Vice President and approval by the Senior Vice President and General Manager and the President, net profits for Districts opening a new branch(es) may be adjusted to exclude the net profits of the new branch house(s) if they have an adverse effect on MIP awards.

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 (see G. I. 16.3 Supplement 1), 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 consolidated financial performance of the Company including Graybar Corporate, districts, zones and all subsidiaries 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 Participants who transfer between branches or districts will 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.

5.5 In exceptional circumstances a participant may receive a guaranteed MIP for the year, upon recommendation to and pre-approval by the Senior Vice President HR. Such participant will receive the greater of their MIP guarantee or their incentive earned under the terms of the plan. In all cases, participants must meet eligibility requirements of the MIP for payment.

5.6 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 Senior Vice President and General Manager. (See paragraph 3.3.)

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

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

5.9 A District Vice President and the Senior Vice President and General Manager or appropriate Senior Vice President 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 the Senior Vice President and General Manager and the Senior Vice Presidents recommendations for discretionary payments to any MIP participant or group of MIP participants.

6.3 The Senior Vice President and General Manager or appropriate Senior Vice President 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.

6.4 The Senior Vice President and General Manager 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 appropriate District Vice President, Senior Vice President and General Manager and Senior Vice Presidents, 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

Approved by the Board of Directors June 10, 2021

Exhibit 31.1

CERTIFICATION

I, Kathleen M. Mazzarella, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 5, 2021

/s/ Kathleen M. Mazzarella

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

Exhibit 31.2

CERTIFICATION

I, Scott S. Clifford, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 5, 2021

/s/ Scott S. Clifford

Scott. S. Clifford
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

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

(1) The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2021 (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.

Date: August 5, 2021

/s/ Kathleen M. Mazzarella

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

Exhibit 32.2

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

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

(1) The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2021 (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.

Date: August 5, 2021

/s/ Scott S. Clifford

Scott. S. Clifford
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)