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 March 31, 2022

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 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 April 15, 2022: 23,131,134
(Number of Shares)

Graybar Electric Company, Inc. and Subsidiaries
Quarterly Report on Form 10-Q
For the Period Ended March 31, 2022
(Unaudited)

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

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

		(Unaudited) Three Months Ended March 31,		
(Stated in millions, except per share data)		**2022**		2021
Net Sales	**$**	**2,381.8**	$	1,900.5
Cost of merchandise sold		**(1,902.5)**		(1,539.6)
Gross Margin		**479.3**		360.9
Selling, general and administrative expenses		**(324.0)**		(277.9)
Depreciation and amortization		**(13.0)**		(12.2)
Other income, net		**0.9**		0.5
Income from Operations		**143.2**		71.3
Non-operating expenses		**(5.5)**		(7.8)
Income before Provision for Income Taxes		**137.7**		63.5
Provision for income taxes		**(35.3)**		(16.2)
Net Income		**102.4**		47.3
Net income attributable to noncontrolling interests		**(0.2)**		(0.1)
Net Income attributable to Graybar Electric Company, Inc.	**$**	**102.2**	$	47.2
Net Income attributable to Graybar Electric Company, Inc. per share of Common Stock	**$**	**4.42**	$	2.07
Cash Dividends per share of Common Stock	**$**	**0.30**	$	0.30
Average Common Shares Outstanding		**23.1**		22.8

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

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

	(Unaudited) Three Months Ended March 31,	
(Stated in millions)	**2022**	2021
Net Income	**$ 102.4**	$ 47.3
Other Comprehensive Income		
Foreign currency translation	**2.2**	1.5
Pension and postretirement benefits liability adjustments (net of tax of $(1.4) and $(2.3), respectively)	**4.4**	6.6
Total Other Comprehensive Income	**6.6**	8.1
Comprehensive Income	**$ 109.0**	$ 55.4
Less: Comprehensive income attributable to noncontrolling interests, net of tax	**0.3**	0.2
Comprehensive Income attributable to Graybar Electric Company, Inc.	**$ 108.7**	$ 55.2

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 BALANCE SHEETS

(Stated in millions, except share and per share data)				March 31, 2022		December 31, 2021
ASSETS				(Unaudited)		
Current Assets						
Cash and cash equivalents			**$**	**44.0**	$	48.5
Trade receivables (less allowances of $9.1 and $9.1, respectively)				**1,498.1**		1,407.6
Merchandise inventory				**866.1**		808.4
Other current assets				**65.7**		54.8
Total Current Assets				**2,473.9**		2,319.3
Property, at cost						
Land				**97.6**		97.6
Buildings				**536.9**		534.1
Furniture and fixtures				**265.7**		261.7
Software				**152.2**		151.4
Finance leases				**14.1**		14.0
Total Property, at cost				**1,066.5**		1,058.8
Accumulated depreciation and amortization				**(631.9)**		(622.1)
Net Property				**434.6**		436.7
Operating Lease Right-of-use Assets				**130.1**		133.1
Other Non-current Assets				**180.4**		179.9
Total Assets			**$**	**3,219.0**	$	3,069.0
LIABILITIES						
Current Liabilities						
Short-term borrowings			**$**	**70.0**	$	124.2
Current portion of long-term debt				**1.7**		1.9
Trade accounts payable				**1,189.4**		1,055.4
Accrued payroll and benefit costs				**143.1**		187.8
Other accrued taxes				**43.8**		42.8
Current operating lease liabilities				**34.3**		34.0
Other current liabilities				**157.6**		142.9
Total Current Liabilities				**1,639.9**		1,589.0
Postretirement Benefits Liability				**68.4**		68.5
Pension Liability				**152.6**		159.1
Long-term Debt				**4.0**		4.2
Non-current Operating Lease Liabilities				**104.0**		107.5
Other Non-current Liabilities				**9.1**		8.8
Total Liabilities				**1,978.0**		1,937.1
SHAREHOLDERS' EQUITY						
	Shares at					
Capital Stock	**March 31, 2022**	December 31, 2021				
Common, stated value $20.00 per share						
Authorized	**50,000,000**	50,000,000				
Issued to voting trustees	**19,401,014**	18,956,496				
Issued to shareholders	**4,004,296**	3,929,845				
In treasury, at cost	**(255,750)**	(53,108)				
Outstanding Common Stock	**23,149,560**	22,833,233		**463.0**		456.7
Advance Payments on Subscriptions to Common Stock				**1.1**		—
Retained Earnings				**945.5**		850.3
Accumulated Other Comprehensive Loss				**(174.0)**		(180.5)
Total Graybar Electric Company, Inc. Shareholders' Equity				**1,235.6**		1,126.5
Noncontrolling Interests				**5.4**		5.4
Total Shareholders' Equity				**1,241.0**		1,131.9
Total Liabilities and Shareholders' Equity			**$**	**3,219.0**	$	3,069.0

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 CASH FLOWS

	(Unaudited)	
	Three Months Ended March 31,	
(Stated in millions)	**2022**	2021
Cash Flows from Operating Activities		
Net Income	**$ 102.4**	$ 47.3
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	**13.0**	12.2
Non-cash operating lease expense	**9.1**	8.5
Deferred income taxes	**(2.9)**	(4.4)
Net gain on disposal of property	**(0.1)**	—
Net income attributable to noncontrolling interests	**(0.2)**	(0.1)
Changes in assets and liabilities:		
Trade receivables	**(90.5)**	(29.4)
Merchandise inventory	**(57.7)**	(36.6)
Other current assets	**(10.9)**	(0.9)
Other non-current assets	**(1.5)**	(0.6)
Trade accounts payable	**134.0**	95.5
Accrued payroll and benefit costs	**(44.7)**	(22.0)
Other current liabilities	**18.0**	4.7
Other non-current liabilities	**(9.8)**	(5.5)
Total adjustments to net income	**(44.2)**	21.4
Net cash provided by operating activities	**58.2**	68.7
Cash Flows from Investing Activities		
Proceeds from disposal of property	**0.2**	0.3
Capital expenditures for property	**(8.2)**	(10.0)
Acquisition of business, net of cash acquired	**—**	(0.1)
Net cash used by investing activities	**(8.0)**	(9.8)
Cash Flows from Financing Activities		
Net decrease in short-term borrowings	**(54.2)**	(50.0)
Principal payments under finance arrangements	**(0.6)**	(0.7)
Sales of common stock	**11.5**	11.1
Purchases of common stock	**(4.1)**	(4.3)
Purchases of noncontrolling interests' common stock	**(0.3)**	(0.5)
Dividends paid	**(7.0)**	(6.9)
Net cash used by financing activities	**(54.7)**	(51.3)
Net (Decrease) Increase in Cash	**(4.5)**	7.6
Cash, Beginning of Year	**48.5**	131.2
Cash, End of Period	**$ 44.0**	$ 138.8

Non-cash Investing and Financing Activities		
Acquisitions of equipment under finance leases	**$ 0.2**	$ 0.2
Acquisitions of assets under operating leases	**$ 5.9**	$ 10.2

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 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, 2021	$ 456.7	$ —	$ 850.3	$ (180.5)	$ 5.4	$ 1,131.9
Net income			102.2		0.2	102.4
Other comprehensive income				6.5	0.1	6.6
Stock issued	10.4					10.4
Stock purchased	(4.1)				(0.3)	(4.4)
Advance payments		1.1				1.1
Dividends declared			(7.0)			(7.0)
March 31, 2022	$ 463.0	$ 1.1	$ 945.5	$ (174.0)	$ 5.4	$ 1,241.0

	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

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

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

1. DESCRIPTION OF THE BUSINESS

Graybar Electric Company, Inc. (“Graybar”, “Company”, "we", "our", or "us") is a New York corporation, incorporated in 1925. We are engaged in the distribution of electrical and communications and data networking products and 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"). In our primary role as third-party wholesale distributor, we neither manufacture nor contract to manufacture the products that we sell; however, one of our subsidiaries may contract to manufacture some of its private label lighting fixtures. 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 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, 2021, 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 our 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 three months ended March 31, 2022 and 2021. 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 87% of the total inventories at March 31, 2022 and 89% at March 31, 2021. 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 income from operations 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 is 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, 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, on a straight-line 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, 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 have the option under our Amended Credit Agreement, as defined in Note 5, "Debt", to continue to use LIBOR until June 30, 2023. As such, this Update does not have a material impact on our contracts and our consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers", which requires companies to apply ASC 606, "Revenue from Contracts with Customers" to recognize and measure contract assets and contract liabilities from contracts with customers acquired in a business combination. This creates an exception to the general recognition and measurement principle in ASC 805, which uses fair value. The guidance is effective for fiscal years beginning after December 15, 2022 and interim periods within those fiscal years. Early adoption is permitted and the guidance should be applied prospectively. We are currently evaluating the impact of adopting the Update on our consolidated financial statements, and the adoption would be dependent upon whether we pursue any acquisitions in the future.

3. REVENUE

The following table summarizes the percentages of our net sales attributable to each of our vertical markets for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
Construction	**57.7 %**	58.6 %
CIG	**25.1**	25.6
Industrial & Utility	**17.2**	15.8
Total net sales	**100.0 %**	100.0 %

Certain reclassifications have been made to the vertical market assigned to customers in the prior year's information to conform to the March 31, 2022 presentation.

We had no material contract assets, contract liabilities, or deferred contract costs recorded on the condensed consolidated balance sheet as of March 31, 2022 and December 31, 2021. In addition, for the three months ended March 31, 2022 and 2021, revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period is not material.

4. INCOME TAXES

Our total provision for income taxes was $35.3 million and $16.2 million for the three months ended March 31, 2022 and 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 three months ended March 31, 2022 was 25.6%, compared to 25.5% for the three months ended March 31, 2021.

Our federal income tax returns for the tax years 2018 and forward are available for examination by the U.S. Internal Revenue Service (“IRS”). The statute of limitations for the 2018 federal return will expire on October 15, 2022, unless extended by consent. Our state income tax returns for 2017 through 2021 remain subject to examination by various state authorities with the latest period closing on December 31, 2026. We have not extended the statutes of limitations in any state jurisdictions with respect to years prior to 2017.

5. DEBT

Revolving Credit Facility

At March 31, 2022, and December 31, 2021, 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 2026 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. Our borrowing availability under the facility is reduced by the amount of borrowings by Graybar Canada, but we may use the sublimit amount to increase our borrowings, to the extent available. If we were to use available borrowings under the Amended Credit Agreement that included the sublimit amount, then Graybar Canada’s available capacity would be reduced by our use of such amount. 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.

The Amended Credit Agreement contains customary affirmative and negative covenants for credit facilities of this type, including limitations on us and all but certain of our subsidiaries with respect to indebtedness (with specified, limited exceptions), liens, changes in the nature of our business, investments, mergers and acquisitions, issuance of equity securities, dispositions of assets and dissolution of certain subsidiaries, transactions with affiliates, as well as securitizations, factoring transactions, and transactions with sanctioned parties or in violation of certain US or Canadian anti-corruption and anti-money laundering laws. There are also maximum leverage ratio and minimum interest coverage ratio financial covenants to which we will be subject during the term of the Amended Credit Agreement.

We were in compliance with all covenants under the Amended Credit Agreement as of March 31, 2022 and December 31, 2021.

There were $70.0 million and $124.2 million in short-term borrowings under the Amended Credit Agreement, respectively, as of March 31, 2022 and December 31, 2021.

Short-term borrowings outstanding during the three months ended March 31, 2022 ranged from a minimum of $33.1 million to a maximum of $173.1 million. Short-term borrowings outstanding during the three months ended March 31, 2021 ranged from a minimum of no short-term borrowings to a maximum of $50.0 million.

At March 31, 2022, we had unused lines of credit under the Amended Credit Agreement amounting to $679.6 million available, compared to $625.4 million at December 31, 2021. 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 $0.8 million and $0.2 million for the three months ended March 31, 2022 and 2021, 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. 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 during a three-year issuance period ending in June 2024.

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 March 31, 2022 and December 31, 2021.

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 March 31, 2022 and December 31, 2021.

Letters of Credit

We had total letters of credit of $6.1 million outstanding at both March 31, 2022 and December 31, 2021, 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. 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 March 31, 2022 and December 31, 2021.

The net periodic benefit cost for the three months ended March 31, 2022 and 2021 includes the following components:

	Pension Benefits Three Months Ended March 31,		Postretirement Benefits Three Months Ended March 31,	
Components of Net Periodic Benefit Cost	**2022**	2021	**2022**	2021
Selling, general and administrative expenses:				
Service cost	**$ 7.1**	$ 7.6	**$ 0.5**	$ 0.6
Total selling, general and administrative expenses	**$ 7.1**	$ 7.6	**$ 0.5**	$ 0.6
Non-operating expenses:				
Interest cost	**$ 6.1**	$ 6.1	**$ 0.5**	$ 0.4
Expected return on plan assets	**(7.7)**	(7.8)	**—**	—
Amortization of net actuarial loss	**5.7**	8.6	**0.1**	0.3
Total non-operating expenses	**$ 4.1**	$ 6.9	**$ 0.6**	$ 0.7
Net periodic benefit cost	**$ 11.2**	$ 14.5	**$ 1.1**	$ 1.3

We made qualified and nonqualified pension contributions totaling $12.0 million during the three-month period ended March 31, 2022 and contributions totaling $11.6 million during the three-month period ended March 31, 2021. Additional contributions of $30.0 million are expected to be paid during the remainder of 2022, 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 March 31, 2022, 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 $7.0 million and $6.9 million for the three months ended March 31, 2022 and 2021, respectively.

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 March 31, 2022 and December 31, 2021.

8. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table represents amounts reclassified from accumulated other comprehensive loss for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
	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	**$ 5.8**	$ 8.9
Tax benefit	**(1.4)**	(2.3)
Total reclassifications for the period, net of tax	**$ 4.4**	$ 6.6

The following table represents the activity included in accumulated other comprehensive loss for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Foreign Currency	Pension and Other Postretirement Benefits	Total	Foreign Currency	Pension and Other Postretirement Benefits	Total
Beginning balance January 1,	**$ (5.0)**	**$ (175.5)**	**$ (180.5)**	$ (5.1)	$ (241.6)	$ (246.7)
Other comprehensive income before reclassifications	**2.1**	**—**	**2.1**	1.4	—	1.4
Amounts reclassified from accumulated other comprehensive income (net of tax $(1.4) and $(2.3))	**—**	**4.4**	**4.4**	—	6.6	6.6
Net current-period other comprehensive income	**2.1**	**4.4**	**6.5**	1.4	6.6	8.0
Ending balance March 31,	**$ (2.9)**	**$ (171.1)**	**$ (174.0)**	$ (3.7)	$ (235.0)	$ (238.7)

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, 2021, 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; a sustained interruption in the operation of our information systems; the ongoing impact of the coronavirus (COVID-19) pandemic; 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, 2021.

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"). In our primary role as third-party wholesale distributor, we neither manufacture nor contract to manufacture the products that we sell; however, one of our subsidiaries may contract to manufacture some of its private label lighting fixtures. 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

Our net sales for the first quarter of 2022 increased $481.3 million, or 25.3%, to $2,381.8 million, compared to $1,900.5 million for the first quarter of 2021. This was a new quarterly net sales record for the Company. Gross margin for the first quarter of 2022 increased $118.4 million, or 32.8%, to $479.3 million, compared to gross margin of $360.9 million for the same three-month period ended March 31, 2021. Several factors contributed to increased net sales and gross margin, including favorable conditions in our industry, price inflation, and a favorable sales mix. Our gross margin rate increased to 20.1% for the first quarter of 2022, compared to 19.0% for the first quarter of 2021.

Selling, general and administrative ("SG&A") expenses increased $46.1 million, or 16.6%, to $324.0 million for the three months ended March 31, 2022 from $277.9 million for the three months ended March 31, 2021, primarily due to higher labor and transportation costs. SG&A as a percentage of net sales decreased to 13.6% for the first quarter of 2022, compared to 14.6% for the same period in 2021.

Income from operations increased $71.9 million, or 100.8%, to $143.2 million for the three months ended March 31, 2022, from $71.3 million for the same three-month period last year. Our increase in gross margin, partially offset by the increase in SG&A expenses, contributed to this improvement. As a result, net income attributable to Graybar Electric Company, Inc. for the three months ended March 31, 2022 increased by $55.0 million, or 116.5%, to $102.2 million for the three months ended March 31, 2022, compared to $47.2 million for the same three-month period last year.

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

Consolidated Results of Operations

Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

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 March 31, 2022 and 2021:

	Three Months Ended March 31, 2022		Three Months Ended March 31, 2021	
	Dollars	**Percent**	Dollars	Percent
Net Sales	**$ 2,381.8**	**100.0 %**	$ 1,900.5	100.0 %
Cost of merchandise sold	**(1,902.5)**	**(79.9)**	(1,539.6)	(81.0)
Gross Margin	**479.3**	**20.1**	360.9	19.0
Selling, general and administrative expenses	**(324.0)**	**(13.6)**	(277.9)	(14.6)
Depreciation and amortization	**(13.0)**	**(0.5)**	(12.2)	(0.6)
Other income, net	**0.9**	**—**	0.5	—
Income from Operations	**143.2**	**6.0**	71.3	3.8
Non-operating expenses	**(5.5)**	**(0.2)**	(7.8)	(0.4)
Income before Provision for Income Taxes	**137.7**	**5.8**	63.5	3.4
Provision for income taxes	**(35.3)**	**(1.5)**	(16.2)	(0.9)
Net Income	**102.4**	**4.3**	47.3	2.5
Net income attributable to noncontrolling interests	**(0.2)**	**—**	(0.1)	—
Net Income attributable to Graybar Electric Company, Inc.	**$ 102.2**	**4.3 %**	$ 47.2	2.5 %

Net sales increased to $2,381.8 million for the three months ended March 31, 2022, compared to $1,900.5 million for the three months ended March 31, 2021, an increase of $481.3 million, or 25.3%. Net sales in our construction, CIG, and industrial & utility vertical markets increased by 23.5%, 22.6%, and 36.5%, respectively, for the three months ended March 31, 2022, compared to the same three-month period of 2021.

Gross margin increased $118.4 million, or 32.8%, to $479.3 million from $360.9 million due to increased net sales for the three months ended March 31, 2022, compared to the same period of 2021. Our gross margin as a percentage of net sales was 20.1% for the three months ended March 31, 2022, compared to 19.0% for the same three-month period in 2021. The increase in gross margin rate was primarily due to a favorable sales mix and gross margin initiatives.

SG&A expenses increased $46.1 million, or 16.6%, to $324.0 million for the three months ended March 31, 2022, compared to $277.9 million for the three months ended March 31, 2021, mainly due to higher compensation and benefit-related expenses and higher outgoing freight expenses for the three months ended March 31, 2022. SG&A expenses as a percentage of net sales were 13.6% for the three months ended March 31, 2022, down from 14.6% for the three months ended March 31, 2021.

Depreciation and amortization for the three months ended March 31, 2022 increased $0.8 million, or 6.6%, to $13.0 million from $12.2 million for the same three-month period in 2021, due to higher intangibles amortization expense and an increase in property, at cost. Total property, at cost, at March 31, 2022 was $1,066.5 million, an increase of $53.2 million, or 5.3%, when compared to total property, at cost, at March 31, 2021 of $1,013.3 million. Depreciation and amortization as a percentage of net sales totaled 0.5% for the three months ended March 31, 2022, down from 0.6% for the three months ended March 31, 2021.

Non-operating expenses decreased $2.3 million, or 29.5%, to $5.5 million for the three months ended March 31, 2022, compared to $7.8 million for the same period of 2021. The decrease was primarily due to decreases in non-service cost components of pension net periodic benefit costs of $2.8 million, partially offset by an increase in interest expense, net of $0.6 million for the three months ended March 31, 2022, compared to the same three-month period in 2021. The increase in interest expense, net was due to higher levels of average outstanding short-term borrowings and higher interest rates for the three months ended March 31, 2022, compared to the same three-month period in 2021.

Income before provision for income taxes totaled $137.7 million for the three months ended March 31, 2022, an increase of $74.2 million, or 116.9%, from $63.5 million for the three months ended March 31, 2021. 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 $19.1 million, or 117.9%, to $35.3 million for the three months ended March 31, 2022, compared to $16.2 million for the same period in 2021. 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 three months ended March 31, 2022, compared to 25.5% for 2021. The effective tax rate for the three months ended March 31, 2022 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-month period ended March 31, 2022 increased $55.0 million, or 116.5%, to $102.2 million from $47.2 million for the three months ended March 31, 2021.

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 March 31, 2022 were $44.0 million, compared to $48.5 million at December 31, 2021, a decrease of $4.5 million, or 9.3%. Cash on hand at March 31, 2022 is reflective of strong cash flows from operating activities as a result of increased net income and effective working capital management. As a result, short-term borrowings decreased by $54.2 million, or 43.6%, to $70.0 million at March 31, 2022, from $124.2 million at December 31, 2021. Current assets exceeded current liabilities by $834.0 million at March 31, 2022, an increase of $103.7 million, or 14.2%, from $730.3 million at December 31, 2021.

<u>Operating Activities</u>

Cash flows provided by operating activities for the three months ended March 31, 2022 was $58.2 million, compared to cash flows provided by operating activities of $68.7 million for the three months ended March 31, 2021, a decrease of $10.5 million, or 15.3%. Cash provided by operating activities for the three months ended March 31, 2022 was primarily attributable to net income of $102.4 million adjusted for an increase in trade accounts payable of $134.0 million and an increase in other current liabilities of $18.0 million during the three months ended March 31, 2022, partially offset by an increase in trade accounts receivable of $90.5 million, an increase in merchandise inventory levels of $57.7 million and a decrease in accrued payroll and benefit costs of $44.7 million from December 31, 2021 to March 31, 2022.

The average number of days of sales in trade receivables for the three-month period ended March 31, 2022 increased moderately compared to the same three-month period ended March 31, 2021. The days in inventory increased significantly for the three months ended March 31, 2022, compared to the three months ended March 31, 2021.

Investing Activities

Net cash used by investing activities totaled $8.0 million for the three months ended March 31, 2022, compared to net cash used by investing activities of $9.8 million for the same three-month period in 2021, a decrease of $1.8 million. The decrease was due to lower capital expenditures in the three months ended March 31, 2022, compared to the three months ended March 31, 2021.

Financing Activities

Net cash used by financing activities for the three months ended March 31, 2022 totaled $54.7 million, compared to net cash used by financing activities of $51.3 million for the three months ended March 31, 2021, an increase of $3.4 million. The increase was primarily due to net payments on short-term borrowings of $54.2 million during the three months ended March 31, 2022, compared to net payments on short-term borrowings of $50.0 million in the same three-month period in 2021.

Liquidity

Our cash and cash equivalents at March 31, 2022 were $44.0 million, compared to $48.5 million at December 31, 2021. We also had a $750.0 million amended committed revolving credit facility ("Amended Credit Agreement") with $679.6 million in available capacity at March 31, 2022, compared to available capacity of $625.4 million at December 31, 2021. At March 31, 2022 and December 31, 2021, 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. 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 economic 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 March 31, 2022 and December 31, 2021. 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 both March 31, 2022 and December 31, 2021, 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, 2021.

Item 4. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2022, 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 March 31, 2022, 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
January 1 - January 31, 2022	69,161	$20.00	N/A
February 1 - February 28, 2022	78,479	$20.00	N/A
March 1 - March 31, 2022	55,002	$20.00	N/A
Total	202,642	$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	Form of Award Agreement under Graybar Long Term 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 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.

April 25, 2022	/s/ Kathleen M. Mazzarella
Date	Kathleen M. Mazzarella President and Chief Executive Officer (Principal Executive Officer)
April 25, 2022	/s/ David M. Meyer
Date	David M. Meyer Senior Vice President and Chief Financial Officer (Principal Financial Officer)

AWARD AGREEMENT
(GRAYBAR LONG TERM INCENTIVE PLAN)

THIS AWARD AGREEMENT (this "Award Agreement") is entered into as of ____________, 20__ ("Award Date") by and between Graybar Electric Company, Inc. and the undersigned individual (the "Participant").

RECITALS

A. Graybar Electric Company, Inc. ("Graybar") has adopted the Graybar Long Term Incentive Plan (the "Plan"), effective as of March 9, 2021.

B. The Board has determined that the Participant will be eligible to participate in the Plan on the terms and conditions set forth in this Award Agreement and the Plan.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the agreements and covenants set forth herein, the parties agree to the terms and conditions set forth below.

ARTICLE I - PLAN

1.1 Definitions. Except as otherwise provided herein, or unless the context otherwise requires, the capitalized terms used in this Award Agreement and not defined herein will have the same meanings as set forth in the Plan.

1.2 Incorporation of Plan. The Plan, a copy of which has been provided to the Participant, is hereby incorporated into this Award Agreement as if fully set forth herein, and the Participant agrees to be bound by all of the terms and provisions contained in the Plan and this Award Agreement. By the Participant's signature below, the Participant hereby acknowledges receipt of a copy of the Plan and confirms his or her understanding and acceptance of all of the terms and conditions contained in the Plan and this Award Agreement.

ARTICLE II – AWARD AND TARGETS

2.1 Award. As of the Award Date, the key terms of the award to the Participant under this Award Agreement are set forth on Exhibit A attached hereto and incorporated herein by this reference.

2.2 Example. Exhibit B sets forth an example of the calculation of the Bonus(es) utilizing hypothetical numbers and dollar amounts.

ARTICLE III - MISCELLANEOUS

3.1 Headings. The headings contained in the Award Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, enlarge, or describe the scope or intent of the Plan nor in any way will they affect this Award Agreement or the construction of any provision thereof.

3.2 Amendments. Except as otherwise provided in the Plan, this Award Agreement may not be modified or amended unless a written amendment is signed by the parties hereto.

3.3 No Rights; Unfunded Obligation. Should any investment be acquired in connection with the liabilities assumed under the Plan and this Award Agreement, it is expressly understood and agreed that the Participant will not have any right with respect to, or claim against, such assets nor will any such purchase be construed to create a trust of any kind or a fiduciary relationship between or among Graybar, the Company and the Participant or any other person. Any such assets will be and remain a part of the general, unpledged, unrestricted assets of Graybar and the Company, subject to the claims of its general creditors. To the extent the Participant acquires a right to receive payment under the Plan and this Award Agreement, such right will be no greater than the right of any unsecured general creditor of Graybar or the Company.

3.4 Applicable Law. To the extent not preempted by federal law, this Award Agreement will be governed by, construed and administered under the laws of the State of Missouri.

3.5 Tax Withholding and Reporting. The Company will deduct, or cause to be deducted, from any distributions hereunder any taxes or other amounts required by law to be withheld therefrom. The Participant acknowledges that the Company's sole liability regarding taxes is to forward any amounts withheld to the appropriate taxing authorities.

3.6 No Guarantee of Employment. This Award Agreement is not an employment policy or contract. It does not give the Participant the right to remain an employee of the Company nor does it interfere with any Company right to discharge the Participant. It also does not require the Participant to remain an employee nor interfere with the Participant's right to terminate employment at any time.

3.7 Restrictive Covenants. Participant acknowledges and agrees that, by virtue of his or her relationship with the Company, Participant has and will obtain knowledge of the business, operations and activities of the Company and its Affiliates, and has been and will be provided non-public Confidential Information (as defined below) of the Company and its Affiliates that would not have been provided to Participant but for the position of Participant with Company. Participant agrees and recognizes that the Company and its Affiliates would be irreparably harmed and damaged, if Participant (i) solicits any current or prospective customers or employees of the Company or its Affiliates in violation of the provisions of this Section 3.7, (ii) enters into an activity competing with the Company or its Affiliates, or (iii) makes unauthorized use or disclosure of any of the Confidential Information (as defined below) of the Company or its Affiliates. Consequently, in order to be eligible to participate in the Plan, which Participant acknowledges that he or she is not eligible to participate in such Plan in the absence of agreeing to the provisions of this Section 3.7, Participant acknowledges and agrees to the provisions set forth below.

(a) Non-Solicitation. Participant will not, during his or her employment with the Company and its Affiliates and for the three (3) year period immediately after Participant's termination of employment with the Company and its Affiliates, directly or indirectly through any other person, corporation, partnership, company, joint venture, or other business entity or trust:

(i) solicit or induce any person or entity that presently is, or has been during Participant's employment, a customer of the Company or any of its Affiliates or has been involved in communication with Company regarding potentially being a customer of Company or any of its Affiliates, to discontinue or reduce the business relationship and dealings between customer and Company or any of its Affiliates or to become a customer of any other person or entity for products or services the same as, or similar to, those products and services as from time to time are developed, marketed or sold by the Company or any of its Affiliates, or approach any such person or entity for such purpose, or authorize or knowingly approve the taking of such actions by any other person or entity, or assist any other person or entity in taking such action; or

(ii) solicit or induce any person that presently is (or was at any time during the two (2) year period immediately prior to Participant's termination of employment with the Company for whatever reason) an employee or independent contractor (1099) of the Company or any of its Affiliates to (a) cease their employment or other relationship with Company or any of its Affiliates, or (b) accept employment or a consulting or other relationship with a person or entity other than Company or any of its Affiliates, or (c) approach any such employee or independent contractor of Company or its Affiliates for such purpose, or authorize or knowingly approve the taking of such actions by any other person or entity, or assist any such person or entity in taking such action.

(b) <u>Non-Compete</u>.

(i) During Participant's employment with the Company and its Affiliates and for the three (3) year period immediately after Participant's termination of employment with the Company and its Affiliates, Participant will not, directly or indirectly, including without limitation as an officer, director, proprietor, employee, independent contractor, partner, member, shareholder or other holder of equity interests, investor, joint venturer, lender, creditor, guarantor, independent contractor, advisor, agent, sales or marketing representative or other participant, engage in or assist with any activity which is the same as, similar to or competitive with the business, operations or activities of the Company and its Affiliates within the United States ("Restricted Activities"). Participant agrees that Company and its Affiliates engage in business, and have customers, across the entire United States and further agrees that it is reasonable to have the United States as the geographic limitation for this Award Agreement.

(ii) Notwithstanding the foregoing, (1) Participant may acquire up to one percent of a publicly-traded company engaged in a Restricted Activity, provided that written notice of such acquisition is provided as soon as possible to the Company; and (2) if the Company or any of its Affiliates acquires a new business after Participant's termination of employment with the Company and its Affiliates that is unrelated to the business, operations or activities of the Company or its Affiliates as of the date of such termination of employment, the term "Restricted Activities" will not include such new business.

(iii) Participant agrees that this Section 3.7 is necessary to protect legitimate interests of the Company and its Affiliates, including but not limited to customer contacts and information developed by the Company and its Affiliates at great cost, confidential and secret information that is not generally known or available to the public, and goodwill and Participant further agrees that the potential restrictions on Participant's future activities imposed by this Section 3.7(b) are reasonable in both duration and scope. In the event that any of the provisions of this Section 3.7(b) should ever be deemed to exceed the duration or scope permitted by applicable law, then such provision will be reformed to the maximum time, scope or other limitation, as the case may be, permitted by applicable law, and each party agrees that the restrictions and prohibitions contained herein will be effective to the fullest extent allowed under applicable law in such jurisdiction. To the extent that Participant fails to comply with the obligations of this Award Agreement, the time limits for the restrictive covenants provided in this

Section 3.7 will commence when Participant is in full compliance with all of the restrictive covenants so that Company may have the full protection intended by this Section 3.7.

(c) Company Information and Property.

(i) For purposes of this Section 3.7, the term "Confidential Information" means the following: (1) all monthly, quarterly and annual financial statements and operating reports for the Company and its Affiliates; (2) all secret information and information maintained as confidential by the Company and its Affiliates of a technical nature or otherwise related to any products, techniques or research and development of products or techniques, such as, but not limited to, methods, know-how, formulae, compositions, processes, discoveries, machines, equipment, models, prototypes, devices, inventions, computer programs, cost systems, manufacturing methods, processes, or design drawings of the Company or its Affiliates; (3) all proprietary or confidential information of the Company and its Affiliates regarding its or their business, operations or activities, such as, but not limited to, financial documents not described in (1) above, pricing, costs, purchasing, profits, market share, sales, customer lists, supplier lists, prospective customers, prospective suppliers or marketing or other business plans or strategies; and (4) all information maintained by the Company or an Affiliate of the Company as confidential or proprietary, including, without limitation, financial information, personnel information, health care information, and information concerning computer programs and plans for future developments, as well as other trade secrets. Notwithstanding anything herein to the contrary, the term "Confidential Information" does not include any information which (a) is now or hereafter becomes generally available to the public other than as a result of a disclosure in violation of any obligation of confidentiality owed to the Company or an Affiliate of the Company, (b) was in the possession of Participant on a non-confidential basis prior to its disclosure to Participant by the Company, (c) becomes available to Participant on a non-confidential basis from sources other than the Company, provided such disclosure to Participant is not as a result of a disclosure in violation of any obligation of confidentiality owed to the Company or an Affiliate of the Company, or (d) is required to be disclosed by order of a court or other government body of competent jurisdiction (provided Participant notifies the Company prior to complying with the order and provides the Company with the maximum opportunity possible to seek relief therefrom).

(ii) Participant acknowledges the competitive value, and the confidential, proprietary nature, of all Confidential Information disclosed to Participant. Further, Participant acknowledges that any disclosure of Confidential Information in violation of the terms hereof would irreparably damage the Company, its Affiliates and their businesses. Accordingly, Participant agrees, from and after the date hereof, that Participant will not, other than in the proper performance of Participant's duties in Participant's capacity as an officer, director or employee of the Company or its Affiliates and for the benefit of Company or its Affiliates, directly or indirectly disclose, or use, any Confidential Information. Participant further agrees not to use any Confidential Information in any way detrimental to the Company or its Affiliates and to take all reasonable steps to maintain the confidentiality of Confidential Information, including but not limited to keeping Confidential Information in a secure place. Participant acknowledges and agrees that, as between the Company and Participant, the Company is the exclusive owner of such Confidential Information.

(iii) Notwithstanding any of the foregoing, Participant will have the right to disclose Confidential Information to attorneys and certified public accountants engaged by Participant for the purpose of advising Participant in connection with Participant's fiduciary responsibilities arising from any position held by Participant in relation to the Company (collectively, “Advisors”); provided, however, that prior to disclosing any Confidential Information to an Advisor, Participant will make the confidentiality restrictions contained herein known to the Advisor and will obtain from the Advisor a written agreement to abide by said restrictions. Participant will in all circumstances remain liable to the Company for any Advisor’s violation of the confidentiality restrictions contained herein.

(iv) Participant agrees that, at any time upon the request of Company or upon the termination of Participant 's employment without request by Company, Participant will promptly deliver to the Company all Confidential Information in the possession of Participant in whatever form, including documents and information prepared by Participant related to or arising from Participant’s relationship with and/or duties to Company, and all correspondence, equipment, laptop, tablets, cell phones, credit cards, drawings, blueprints, manuals, letters, notes, notebooks, reports, flow-charts, programs, proposals and other documents of the Company or any of its Affiliates, and including without limiting the foregoing all documents and other information concerning the customers, products and processes of the Company and its Affiliates.

(v) Under the Defend Trade Secrets Act of 2016, no person or employee may be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State, or local government official or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law. An individual or employee enjoys the same protections for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual or employee who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual or employee and use the trade secret information in the court proceeding, if the individual or employee files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order.

(d) Work Made For Hire. Participant agrees to assign, and hereby assigns, to the Company, all rights, title and interests in and to any idea, creation, discovery, work of authorship or invention, including but not limited to any and all patent rights and copyright rights conceived, created, or developed by Participant, whether individually or jointly with other individual(s), during his or her employment with the Company and its Affiliates (an “Innovation”), if that Innovation (a) was made in the scope of Participant’s employment, (b) was made with the use of the time, material, resources or information of the Company or its Affiliates, or (c) related to the business of the Company or any Affiliate of the Company. Participant agrees to promptly communicate and disclose all Innovations to the Company and to execute and deliver to the Company any instruments deemed necessary by the Company to effect disclosure and assignment thereof to the Company, and to take such actions (including execution of United States and foreign patent applications) reasonably required by the Company to secure, protect, and enforce the Company’s rights, title and interests in and to any Innovations.

(e) Miscellaneous.

(1) Participant acknowledges that the services to be rendered by Participant are of a special, unique and extraordinary character and, in connection with such services; Participant will have access to Confidential Information vital to the Company's business. By reason of this, Participant expressly agrees that any breach or threatened breach of any provision of this Section 3.7 by Participant will result in irreparable damage to the Company and its Affiliates and the remedies available at law for a breach or threatened breach would be inadequate. In recognition thereof, Participant agrees that the Company is entitled to obtain equitable relief from a court of competent jurisdiction in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. In the event a party brings an action to enforce the provisions of this Award Agreement, the prevailing party as determined by the court will be entitled to recover from the other party all reasonable costs and attorneys' fees incurred by the prevailing party in such action.

(2) Participant agrees that in an action by the Company to enforce this Section 3.7, the existence of any claims or causes of action of Participant against the Company do not constitute a defense to the enforcement, by the Company, of Participant's obligations and agreements under this Section 3.7.

(3) Participant agrees that in order for the Company to preserve its rights under this Award Agreement, the Company may advise any third party of the existence of this Award Agreement and of its terms and conditions. Participant specifically releases and agrees to indemnify and hold the Company harmless from any liability for doing so.

(4) The provisions of this Section 3.7 survive the termination of Participant's employment for whatever reason or the party electing to terminate. The provisions of this Section 3.7 are binding on the heirs, executors, administrators and legal representatives of Participant, and will inure to the benefit of the Company, its Affiliates, and all of their successors and assigns.

(5) The Company's failure to exercise any of its rights in the event Participant breaches any provision of this Section 3.7 or the Company's failure to exercise any of its rights under similar contracts with other employees, will not be construed as a waiver of any breach or prevent the Company from later enforcing strict compliance with any and all provisions of this Section 3.7.

3.8 Submission to Jurisdiction. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS PLAN OR ANY DOCUMENT RELATED HERETO MAY BE BROUGHT IN THE COURTS OF ST. LOUIS COUNTY, STATE OF MISSOURI OR ANY COURT OF THE UNITED STATES OF AMERICA FOR THE EASTERN DISTRICT OF MISSOURI AND, BY THE PARTICIPANT'S EXECUTION OF THE AWARD AGREEMENT, THE PARTICIPANT, GENERALLY AND UNCONDITIONALLY, (1) AGREES TO THE JURISDICTION OF SUCH COURTS, (2) WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH HE OR SHE MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS; AND (3) CONSENTS TO THE SERVICE OF PROCESS OF ANY OF SUCH COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED

MAIL, POSTAGE PREPAID, AT HIS OR HER ADDRESS ON RECORD WITH A COMPANY, SUCH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER SUCH MAILING.

3.9 Severability. If any part or provision of this Award Agreement is held unenforceable or in conflict with controlling law, the validity of the remaining parts or provisions of this Award Agreement will be unaffected.

3.10 Acknowledgement. PARTICIPANT HEREBY ACKNOWLEDGES THAT HE OR SHE (a) HAS HAD AN OPPORTUNITY TO REVIEW THIS AWARD AGREEMENT, CONSULT WITH COUNSEL AND ASK THE COMPANY QUESTIONS ABOUT THIS AWARD AGREEMENT AND (b) UNDERSTANDS THE MEANING AND EFFECT OF EACH PROVISION OF THIS AWARD AGREEMENT.

* * * * *

IN WITNESS WHEREOF, each of the parties has caused this Award Agreement to be executed as of the day first above written.

PARTICIPANT	GRAYBAR ELECTRIC COMPANY, INC.
	By:
Print Name:	Print Name:
Date:	Title:
	Date:

EXHIBIT A

KEY TERMS AND PERFORMANCE GOALS

A.1 Key Award Terms. As of the Award Date, some of the key terms of the award to the Participant under this Award Agreement are set forth below.

(a) Performance Period. The Performance Period is January 1, 2022 through December 31, 2024.

(b) Targets. The Targets are described below.

(1) There is a Time-Based Target defined below in Section A.2.

(2) There is a Performance-Based Target defined below in Section A.3(a) as the “Net Sales Target”.

(3) There is a Performance-Based Target defined below in Section A.3(b) as the “EBITDA Growth Target”.

(c) Target Award. The Target Award for each Target is set forth below

(1) For the Time-Based Target, the Target Award is $______________ for the Performance Period.

(2) For the Net Sales Target, the Target Award is $______________ for the Performance Period.

(3) For the EBITDA Growth Target, the Target Award is $______________ for the Performance Period.

A.2 Time-Based Target, Threshold and Participation Percentage.

(a) Threshold. For the Time-Based Target, the Threshold is the Participant must remain continuously employed with the Company or any of its Affiliates for the applicable calendar year in the Performance Period.

(b) Time-Based Target and Participation Percentage. The “Time-Based Target” is for the Participant to remain continuously employed by the Company or any of its Affiliates for each calendar year in the Performance Period, and the Participation Percentage for each calendar year for doing so is 33%.

A.3 Performance-Based Targets, Thresholds and Participation Percentages.

(a) Net Sales Target.

(1) Threshold. For the Net Sales Target, the Threshold is “Net Sales” (as defined in Section A.3(a)(3) below) must exceed $______________.

(2) Target and Participation Percentages. The "Net Sales Target" consists of the following financial targets and associated Participation Percentages:

NET SALES TARGET	PARTICIPATION PERCENTAGE
$______________ to $______________	___%
$______________ to $______________	___%
$______________ to $______________	___%
$______________ to $______________	___%
$______________ to $______________	___%
$______________ to $______________	___%
$______________ to $______________	___%
$______________ to $______________	___%
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$______________ to $______________	___%
$______________ to $______________	___%
$______________ to $______________	___%
$______________ to $______________	___%
$______________ to $______________	___%

(3) Net Sales Defined. For purposes of this Section A.3(a), "Net Sales" means the total net sales of Graybar and its Affiliates generated after deduction of returns,

allowances for damaged or missing goods and any discounts allowed, as reflected on Graybar's financial statements for the final calendar year in the Performance Period for which the determination is being made; provided, however, that the Board may make such adjustments as it determines appropriate or necessary to account for changes in the accounting rules utilized by the Company.

(b) EBITDA Growth Target.

(1) Threshold. For the EBITDA Growth Target, the Threshold is "EBITDA Growth" (as defined in Section A.3(b)(3) below) must exceed $______________.

(2) Target and Participation Percentages. The "EBITDA Growth Target" consists of the following financial targets and associated Participation Percentages:

EBITDA GROWTH TARGET	PARTICIPATION PERCENTAGE
$_______________ to $_______________	___%
$_______________ to $_______________	___%
$_______________ to $_______________	___%
$_______________ to $_______________	___%
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$_______________ to $_______________	___%
$_______________ to $_______________	___%

EBITDA Growth Target	Participation Percentage
$_______________ to $_______________	___%
$_______________ to $_______________	___%
$_______________ to $_______________	___%
$_______________ to $_______________	___%
$_______________ to $_______________	___%
$_______________ to $_______________	___%
$_______________ to $_______________	___%
$_______________ to $_______________	___%

(3) Defined Terms. For purposes of this Section A.3(b), the quoted terms set forth below have the meanings ascribed to them below.

(A) "EBITDA" means, for each fiscal year in the Performance Period, earnings before interest, taxes, depreciation, amortization, gains or losses from the sale of assets other than in the ordinary course of business, and other unusual or non-reoccurring items, gains or losses (including, without limitation, pension settlement expenses, profit sharing expenses, and tax exempt interest), all as determined by the Board in good faith and calculated in accordance with generally accepted accounting principles and as reflected on the Graybar's financial statements for the Performance Period for which the determination is being made; provided, however, that the Board may make such adjustments as it determines appropriate or necessary to account for changes in the accounting rules utilized by Graybar.

(B) "EBITDA Growth" means the sum of EBITDA for the fiscal years of Graybar in the Performance Period.

EXHIBIT B

EXAMPLES OF BONUS CALCULATIONS

The following are hypothetical examples of how a Participant's Bonus is calculated.

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: April 25, 2022

/s/ Kathleen M. Mazzarella

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

Exhibit 31.2

CERTIFICATION

I, David M. Meyer, 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: April 25, 2022

/s/ David M. Meyer

David M. Meyer
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

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

(1) The Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2022 (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: April 25, 2022

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

(1) The Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2022 (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: April 25, 2022

/s/ David M. Meyer

David M. Meyer
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)