



JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

State of Utah  
Department of Commerce  
Division of Securities

FRANCINE A. GIANI  
*Executive Director*

THAD LEVAR  
*Deputy Director*

WAYNE KLEIN  
*Director of Securities*

October 31, 2006

Alice W. Lehnoff  
Corporate Counsel  
Graybar Electric Company, Inc.  
P.O. Box 7231  
St. Louis, MO 63177-1231

Re: Graybar Electric Company, Inc. ("Graybar") Request for No-Action Letter

Dear Ms. Lehnoff:

The Utah Division of Securities ("Division") has reviewed your October 10, 2006 request for a no-action letter, as well as additional documentation you provided to the Division's Corporate Finance section related to the registration by coordination of an offering of Graybar common stock. Your request for a no-action letter from the Division is authorized by Section 61-1-25(5) of the Utah Uniform Securities Act ("Act") and Utah Administrative Code Rule R164-25-5.

Specifically, your letter requests that the Division grant an exemption or take a no-action position with respect to the participation in the offering of one Utah resident who is a "qualified retiree" under the Graybar plan described in your letter.

Based upon the information filed with this office, the staff of the Division will not recommend any enforcement or administrative action, or require Graybar to license as an issuer-agent for this single transaction, should the transaction proceed as outlined in your request.

This response does not purport to express any legal conclusions regarding the applicability of statutory or regulatory provisions of federal or state securities laws to the questions presented. It merely expresses the position of the Division staff on enforcement or administrative actions.

As this recommendation is based upon the representations made to the Division, any different facts or conditions of a material nature might require a different conclusion.

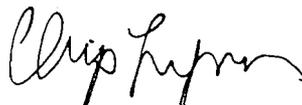
Ms. Alice W. Lehnoff  
October 31, 2006  
Page 2 of 2

---

Furthermore, this no-action letter relates only to the transaction described above and will not apply to future similar transactions. Finally, the issuance of a no-action letter does not absolve any party from complying with the anti-fraud provisions contained in Section 61-1-1 of the Act.

Very truly yours,

UTAH DIVISION OF SECURITIES

A handwritten signature in black ink, appearing to read "Charles M. Lyons". The signature is written in a cursive style with a large, prominent initial "C".

Charles M. Lyons  
Securities Analyst



P. O. BOX 7231  
ST. LOUIS, MO 63177-1231

Alice W. Lehnhoff

Corporate Counsel  
Phone 314-573-9200  
Direct 314-573-9245  
Fax 314-573-9445

October 10, 2006

**BY FACSIMILE**

Gary Bowen,  
Corporate Finance Examiner  
Department of Commerce,  
Division of Securities  
160 East 300 South  
2nd Floor  
Salt Lake City, UT 84114

**Re: Graybar Electric Company, Inc. ("Graybar")  
File # B00622856**

Dear Mr. Bowen:

Set forth below are our responses to the comments contained in your letter to me dated September 29, 2006:

1. A copy of each of the documents previously filed with the U.S. Securities and Exchange Commission ("SEC") that are incorporated by reference on page 24 of the Prospectus included in the Graybar S-1 was sent to you last week.

2. Use of Proceeds -- The information relating to the use of proceeds is set forth under the caption "Purpose of Issue." When viewed in the context of a company that is 100% owned by its active, full-time employees and retirees, we believe that "Purpose of Issue" is more descriptive of what this offering is about. The offering is primarily intended to permit new active, full-time employees to obtain an equity interest in Graybar and to permit existing active, full-time employees to increase their stake. It is not viewed as a means of raising money. If that were Graybar's objective, it could be more efficiently accomplished by borrowing under available lines of credit at rates significantly below the \$2.00 per share (10%) annual cash dividend that is paid on the Graybar Common Stock. As stated in the Prospectus under "Purpose of Issue," the net proceeds will be used in part to replenish funds that have been used to

repurchase Common Stock pursuant to Graybar's repurchase option and the balance will be used for general working capital purposes.

Dilution -- The concept of dilution is not applicable in Graybar's case. The price at which subscribers purchase Graybar Common Stock is, and has been for many years, \$20.00 per share. A shareholder may offer to resell the shares to Graybar at the same price at any time and is obligated to do so under certain circumstances related to termination of employment, other than retirement on a regular pension, and death. Graybar has always exercised its repurchase option.

Financial Statements -- Only active, full-time Graybar employees and qualified retirees who were active, full-time employees at the commencement of the Three-Year Common Stock Purchase Plan (the "Plan") are eligible to subscribe for Common Stock in the offering. Employees may access the financial statements and other information about Graybar through the Graybar website and internal postings to employees and are accustomed to viewing it in this way even outside the context of an offering. We believe that potential subscribers have ready access to the financial information necessary to enable them to make an informed investment decision without actually including the financial statements in the Prospectus.

3. There is only one "qualified retiree" who resides in Utah. No present Graybar employee qualifies as an issuer-agent and it would not be feasible to undertake the effort to do so for that one person. Unless the Division is able to grant an exemption or issue a no-action position, Graybar will have no choice but to exclude that one person from participation in the offering. If there is a procedure for filing for such an exemption or no-action position, please advise. In regard to a possible exemption or no-action position, there are several points worth noting as discussed below.

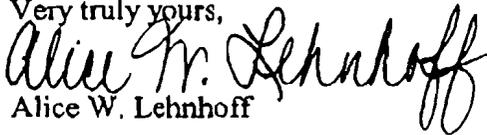
First, the retiree is qualified to subscribe for shares in the offering only because he or she was an employee on March 31, 2004. Prior to 2004, when the Plan was adopted, the pattern had been for Graybar to offer securities to its employees once every three years. The Plan provided for annual offerings of a number of shares that would be approximately one-third of the three-year total in each of 2004, 2005 and 2006. Accordingly, the Plan includes a transitional provision, which will not be necessary in future Common Stock Purchase Plans, that enables a person who was an employee on March 31, 2004 but who retired on or prior to March 31 of 2005 or 2006, when eligibility for the offering being made in that year was otherwise determined, to subscribe for shares in the offering. Otherwise, if 2004 were the only year in which the qualified retiree, who was then an employee, had been eligible under the Plan, he or she would only have been able to purchase approximately one-third of the number of shares that he or she would have been able to purchase if the prior three-year pattern had remained in effect.

Second, there is no active solicitation of potential subscribers. They are provided with the Prospectus and form of Subscription Agreement and advised of the number of shares they may subscribe for and employees are offered the opportunity to attend optional information meetings. There is no "sales" effort and there is no person who "represents" Graybar "in effecting or attempting to effect ... sales of securities." The functions performed by Graybar employees in connection with the offering will be administrative in nature.

Third, the ability to participate in the offerings is clearly a benefit to those who are eligible. They have the opportunity to purchase shares for \$20.00 and receive dividends that since 1961 have been paid at an annual rate of at least \$2.00 per share (a 10% return). Because they may offer to sell the shares back to Graybar at the \$20.00 issue price at any time pursuant to Graybar's repurchase option, which Graybar has never failed to exercise, their money is not really at risk. These features make the stock a very good investment for Graybar's employees and, in this case, the qualified retiree, who should be given the opportunity to decide whether to subscribe.

Please call me if you have further questions or comments or if there is further information that you would like us to provide. We look forward to your advice regarding the possibility of obtaining an exemptive order or no-action position with respect to the question of issuer-agent licensing with respect to the one qualified retiree. Thank you for your cooperation.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alice W. Lehnhoff". The signature is fluid and cursive, with the first name "Alice" being the most prominent.

Alice W. Lehnhoff