Nassau County Shared Services,
Office of Purchasing

Staff Summary A-32-2020

Subject: 3-Ply Disposable Face Masks (RQEM20000035)	Date: May 21, 2020
Department: Shared Services, Office of Purchasing	Vendor Name: Fastenal Company
Department Head Name: Melissa Gallucci	Contract Number: A-32-2020
Department Head Signature Melissa Gallucci	Contract Manager Name: Kimberly Stanton

Proposed Legislative Action					
	To	Date	Approval	Info	Other
	Assgn Comm				
	Rules Comm				
	Full Leg				

Internal Approvals			
Date & Init.	Approval	Date & Init.	Approval
	Dept. Head		
ND	Budget	05/28/2020 PJL	County Atty.
	Deputy C.E.	7/8/20	County Exec.

Narrative

Purpose: To ratify the award and execution of a purchase order for the Office of Emergency Management for Two Hundred Thousand (200,000) 3-Ply Disposable Face Masks made on an emergency basis pursuant to Section 702(d) of the Nassau County Charter.

Discussion: The Nassau County Office of Emergency Management requested an emergency procurement of 3-Ply Disposable Face Masks needed to help Nassau County distribute to patients at hospitals and during EMS transport for COVID-19 afflicted patients.

The Commissioner of Shared Services was authorized by the County Executive to immediately purchase from the open market the necessary materials, supplies, equipment and services to address the COVID-19 public health emergency pursuant to an Emergency Purchase Authorization dated February 7, 2020. The 3-Ply Disposable Face Masks are critical in protecting the patient in hospital and during EMS transport, but should the need arise, can substitute as a first responder mask where the N95 is used now. Proper personal protective equipment (PPE) is essential to assist our response professionals in performing their jobs safely. The Department of Shared Services is satisfied that Fastenal Company is a responsible vendor and was the lowest priced vendor for 3-Ply Disposable Face Masks at the time these masks were made available to the County and that the County could identify that could meet the County's delivery requirements, had available stock, could meet required specifications, and was willing to accept a County purchase order for payment. The County continues to explore and identify additional face mask vendors as the need arises.

The Commissioner of Shared Services now seeks the County Legislature's approval to ratify this emergency purchase of 3-Ply Disposable Face Masks.

Impact on Funding: The maximum amount authorized under this purchase order shall be One Hundred and Ninety-Six Thousand Dollars ($196,000.00) from general funds.

Recommendation: The Commissioner of Shared Services recommends that the Nassau County Legislature ratify the award and execution of the said purchase order with Fastenal Company.

05/28/2020
INSURANCE APPROVAL:

COUNTY OF NASSAU

INTER – DEPARTMENTAL MEMO

TO: CLERK OF THE COUNTY LEGISLATURE **A-32-2020**

FROM: MELISSA GALLUCCI - COMMISSIONER OF SHARED SERVICES

DATE: May 11, 2020

SUBJECT: RESOLUTION – THE NASSAU COUNTY OFFICE OF EMERGENCY MANAGEMENT

THIS RESOLUTION IS RECOMMENDED BY THE COMMISSIONER OF SHARED SERVICES TO RATIFY THE AWARD AND EXECUTION OF A PURCHASE ORDER IN THE AMOUNT OF ONE HUNDRED NINETY-SIX THOUSAND DOLLARS AND NO CENTS ($196,000.00) ON BEHALF OF THE NASSAU COUNTY OFFICE OF EMERGENCY MANAGEMENT TO FASTENAL COMPANY FOR 3-PLY DISPOSABLE FACE MASKS.

THE ABOVE DESCRIBED RESOLUTION AND SUPPORTING DOCUMENTATION ATTACHED HERETO IS FORWARDED FOR YOUR REVIEW, APPROVAL, AND SUBSEQUENT TRANSMITTAL TO THE NASSAU COUNTY LEGISLATURE FOR INCLUSION IN ITS AGENDA.

Melissa Gallucci
MELISSA GALLUCCI
COMMISSIONER OF SHARED SERVICES

MS: br
ENCL: (1) STAFF SUMMARY
(2) DISCLOSURE STATEMENT
(3) RESOLUTION
(4) CERTIFICATE OF LIABILITY INSURANCE
(5) POLITICAL CONTRIBUTION FORM

RESOLUTION 2020

A RESOLUTION RATIFYING THE COMMISIONER OF SHARED SERVICES AWARD AND EXECUTION OF A PURCHASE ORDER BETWEEN THE COUNTY OF NASSAU, ACTING ON BEHALF OF THE NASSAU COUNTY OFFICE OF EMERGENCY MANAGEMENT, AND FASTENAL COMPANY

APPROVED AS TO FORM

Deputy County Attorney
Daniel Gregware

WHEREAS, the County Executive has authorized the Commissioner of Shared Services, pursuant to Section 702(d) of the Nassau County Charter, to immediately purchase from the open market the necessary materials, supplies, equipment and services to address the COVID-19 public health emergency; and

WHEREAS, the Commissioner of Shared Services has made an award to Fastenal Company to provide 3-ply disposable face masks on an emergency basis to assist Nassau County in their response to the COVID-19 public health emergency;

RESOLVED, the Nassau County Legislature ratifies the Commissioner of Shared Services award and execution of the said Purchase Order with Fastenal Company.

COUNTY OF NASSAU

POLITICAL CAMPAIGN CONTRIBUTION DISCLOSURE FORM

1. Has the vendor or any corporate officers of the vendor provided campaign contributions pursuant to the New York State Election Law in (a) the period beginning April 1, 2016 and ending on the date of this disclosure, or (b), beginning April 1, 2018, the period beginning two years prior to the date of this disclosure and ending on the date of this disclosure, to the campaign committees of any of the following Nassau County elected officials or to the campaign committees of any candidates for any of the following Nassau County elected offices: the County Executive, the County Clerk, the Comptroller, the District Attorney, or any County Legislator?

YES [ ] NO [X] If yes, to what campaign committee?

2. VERIFICATION: This section must be signed by a principal of the consultant, contractor or Vendor authorized as a signatory of the firm for the purpose of executing Contracts.

The undersigned affirms and so swears that he/she has read and understood the foregoing statements and they are, to his/her knowledge, true and accurate.

The undersigned further certifies and affirms that the contribution(s) to the campaign committees identified above were made freely and without duress, threat or any promise of a governmental benefit or in exchange for any benefit or remuneration.

Electronically signed and certified at the date and time indicated by:
Terry Owen [OROTH@FASTENAL.COM]

Dated: 05/08/2020 02:01:40 PM

Vendor: Fastenal Company

Title: Senior Executive Vice President

PRINCIPAL QUESTIONNAIRE FORM

All questions on these questionnaires must be answered by all officers and any individuals who hold a ten percent (10%) or greater ownership interest in the proposer. Answers typewritten or printed in ink. If you need more space to answer any question, make as many photocopies of the appropriate page(s) as necessary and attach them to the questionnaire.

COMPLETE THIS QUESTIONNAIRE CAREFULLY AND COMPLETELY. FAILURE TO SUBMIT A COMPLETE QUESTIONNAIRE MAY MEAN THAT YOUR BID OR PROPOSAL WILL BE REJECTED AS NON-RESPONSIVE AND IT WILL NOT BE CONSIDERED FOR AWARD

1. Principal Name: KEVIN FITZGERALD
   Date of birth: 12/06/1978
   Home address: 2001 THEURER BLVD
   City: WINONA State/Province/Territory: MN Zip/Postal Code: 55987
   Country: US

   Business Address: 2001 THEURER BLVD
   City: WINONA State/Province/Territory: MN Zip/Postal Code: 55987
   Country US
   Telephone: 507-453-8565

   Other present address(es):
   City: State/Province/Territory: Zip/Postal Code:
   Country:
   Telephone:

   List of other addresses and telephone numbers attached

2. Positions held in submitting business and starting date of each (check all applicable)

President		Treasurer	
Chairman of Board		Shareholder	
Chief Exec. Officer		Secretary	
Chief Financial Officer		Partner	
Vice President	06/01/2014		
(Other)			

3. Do you have an equity interest in the business submitting the questionnaire?
   YES [ ] NO [X] If Yes, provide details.

4. Are there any outstanding loans, guarantees or any other form of security or lease or any other type of contribution made in whole or in part between you and the business submitting the questionnaire?
   YES [ ] NO [X] If Yes, provide details.

5. Within the past 3 years, have you been a principal owner or officer of any business or notfor-profit organization other than the one submitting the questionnaire?
   YES [ ] NO [X] If Yes, provide details.

6. Has any governmental entity awarded any contracts to a business or organization listed in Section 5 in the past 3 years while you were a principal owner or officer?

YES [ ] NO [X] If Yes, provide details.

NOTE: An affirmative answer is required below whether the sanction arose automatically, by operation of law, or as a result of any action taken by a government agency. Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

7. In the past (5) years, have you and/or any affiliated businesses or not-for-profit organizations listed in Section 5 in which you have been a principal owner or officer:

a. Been debarred by any government agency from entering into contracts with that agency?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

b. Been declared in default and/or terminated for cause on any contract, and/or had any contracts cancelled for cause?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

c. Been denied the award of a contract and/or the opportunity to bid on a contract, including, but not limited to, failure to meet pre-qualification standards?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

d. Been suspended by any government agency from entering into any contract with it; and/or is any action pending that could formally debar or otherwise affect such business's ability to bid or propose on contract?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

8. Have any of the businesses or organizations listed in response to Question 5 filed a bankruptcy petition and/or been the subject of involuntary bankruptcy proceedings during the past 7 years, and/or for any portion of the last 7 year period, been in a state of bankruptcy as a result of bankruptcy proceedings initiated more than 7 years ago and/or is any such business now the subject of any pending bankruptcy proceedings, whenever initiated?

YES [ ] NO [X] If 'Yes', provide details for each such instance. (Provide a detailed response to all questions check "Yes". If you need more space, photocopy the appropriate page and attached it to the questionnaire.)

9.

a. Is there any felony charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

b. Is there any misdemeanor charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

c. Is there any administrative charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

d. In the past 10 years, have you been convicted, after trial or by plea, of any felony, or of any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? Y
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

e. In the past 5 years, have you been convicted, after trial or by plea, of a misdemeanor?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

f. In the past 5 years, have you been found in violation of any administrative or statutory charges?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

10. In addition to the information provided in response to the previous questions, in the past 5 years, have you been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency and/or the subject of an investigation where such investigation was related to activities performed at, for, or on behalf of the submitting business entity and/or an affiliated business listed in response to Question 5?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

11. In addition to the information provided, in the past 5 years has any business or organization listed in response to Question 5, been the subject of a criminal investigation and/or a civil anti-trust investigation and/or any other type of investigation by any government agency, including but not limited to federal, state, and local regulatory agencies while you were a principal owner or officer?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

12. In the past 5 years, have you or this business, or any other affiliated business listed in response to Question 5 had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

13. For the past 5 tax years, have you failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

I, KEVIN FITZGERALD, hereby acknowledge that a materially false statement willfully or fraudulently made in connection with this form may result in rendering the submitting business entity and/or any affiliated entities non-responsible, and, in addition, may subject me to criminal charges.

I, KEVIN FITZGERALD, hereby certify that I have read and understand all the items contained in this form; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this form; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this form as additional inducement to enter into a contract with the submitting business entity.

CERTIFICATION

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID OR FUTURE BIDS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

FASTENAL

Name of submitting business

Electronically signed and certified at the date and time indicated by:
KEVIN FITZGERALD [KFITZGER@FASTENAL.COM]

VP GOVT SALES

Title

05/08/2020 03:49:01 PM

Date

Business History Form

The contract shall be awarded to the responsible proposer who, at the discretion of the County, taking into consideration the reliability of the proposer and the capacity of the proposer to perform the services required by the County, offers the best value to the County and who will best promote the public interest.

In addition to the submission of proposals, each proposer shall complete and submit this questionnaire. The questionnaire shall be filled out by the owner of a sole proprietorship or by an authorized representative of the firm, corporation or partnership submitting the Proposal.

NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.

(USE ADDITIONAL SHEETS IF NECESSARY TO FULLY ANSWER THE FOLLOWING QUESTIONS).

Date: 05/04/2020

1) Proposer's Legal Name: Fastenal Company

2) Address of Place of Business: 2001 Theurer Blvd.

City: Winona State/Province/Territory: MN Zip/Postal Code: 55987

Country: US

Address: Fastenal has 2,100+ branch locations worldwide. List available upon request.
City: Winona State/Province/Territory: MN Zip/Postal Code: 55987
Country: US
Start Date: End Date:

[redacted]

3) Mailing Address (If different):

City: State/Province/Territory: Zip/Postal Code:

Country:

Phone:

Does the business own or rent its facilities? Both If other, please provide details:

4) Dun and Bradstreet number: 04 265 3634

5) Federal I.D. Number: 41-0948415

6) The proposer is a: Corporation (Describe)

7) Does this business share office space, staff, or equipment expenses with any other business?
YES [ ] NO [X] If yes, please provide details:

8) Does this business control one or more other businesses?

YES [X] NO [ ] If yes, please provide details:

Fastenal operates a number of subsidiaries worldwide. See attached.

1 File(s) Uploaded: Fastenal Company Subsidiaries.pdf

9) Does this business have one or more affiliates, and/or is it a subsidiary of, or controlled by, any other business?
YES [ ] NO [X] If yes, please provide details:

10) Has the proposer ever had a bond or surety cancelled or forfeited, or a contract with Nassau County or any other government entity terminated?
YES [ ] NO [X] If yes, state the name of bonding agency, (if a bond), date, amount of bond and reason for such cancellation or forfeiture: or details regarding the termination (if a contract).

11) Has the proposer, during the past seven years, been declared bankrupt?
YES [ ] NO [X] If yes, state date, court jurisdiction, amount of liabilities and amount of assets

12) In the past five years, has this business and/or any of its owners and/or officers and/or any affiliated business, been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency? And/or, in the past 5 years, have any owner and/or officer of any affiliated business been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency, where such investigation was related to activities performed at, for, or on behalf of an affiliated business.
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

13) In the past 5 years, has this business and/or any of its owners and/or officers and/or any affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies? And/or, in the past 5 years, has any owner and/or officer of an affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies, for matters pertaining to that individual's position at or relationship to an affiliated business.
YES [X] NO [ ] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

On 10-8-2015, the Office of Federal Contract Compliance Programs (OFCCP) announced a settlement between the OFCCP and Fastenal. The matter involved Fastenal's distribution centers in Indianapolis and Atlanta. Based on a statistical analysis of these warehouse locations done during routine desk audits, the OFCCP contended that Fastenal should have hired additional female and Black applicants for part-time General Warehouse positions during 2011 and 2012. Fastenal vehemently denied the accusations that it discriminated against anyone in the hiring process. There were legitimate and non-discriminatory reasons that subject individuals were not hired. However, Fastenal ultimately agreed to a settlement with the OFCCP in the amount of $1,253,611 in order to avoid the extreme costs, time drain and uncertainty associated with litigation. In addition, Fastenal has made several enhancements to its hiring processes and procedures to prevent this type of situation from occurring in the future.

14) Has any current or former director, owner or officer or managerial employee of this business had, either before

or during such person's employment, or since such employment if the charges pertained to events that allegedly occurred during the time of employment by the submitting business, and allegedly related to the conduct of that business:

a) Any felony charge pending?

YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

b) Any misdemeanor charge pending?

YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

c) In the past 10 years, you been convicted, after trial or by plea, of any felony and/or any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business?

YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

d) In the past 5 years, been convicted, after trial or by plea, of a misdemeanor?

YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

e) In the past 5 years, been found in violation of any administrative, statutory, or regulatory provisions?

YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

15) In the past (5) years, has this business or any of its owners or officers, or any other affiliated business had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held?

YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

16) For the past (5) tax years, has this business failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges?

YES [X] NO [ ] If yes, provide details for each such year. Provide a detailed response to all questions checked 'YES'. If you need more space, photocopy the appropriate page and attach it to the questionnaire.

Fastenal Company operates in hundreds of taxing jurisdictions (U.S. federal, state, city, county, as well as multiple foreign countries), and therefore it is not reasonably possible to guarantee that at any given time, there are no outstanding tax liabilities. However, we are not currently aware of any material unresolved tax obligations or litigation matters with any government agencies. Litigation matters that we consider to be probable or reasonably possible to have a material adverse outcome to our financial position are required to be disclosed in the footnotes to our financial statements filed with the Securities and Exchange Commission.

17 Conflict of Interest:

a) Please disclose any conflicts of interest as outlined below. NOTE: If no conflicts exist, please expressly state "No conflict exists."

(i) Any material financial relationships that your firm or any firm employee has that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists, to the best of our knowledge

(ii) Any family relationship that any employee of your firm has with any County public servant that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists, to the best of our knowledge

(iii) Any other matter that your firm believes may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists, to the best of our knowledge

b) Please describe any procedures your firm has, or would adopt, to assure the County that a conflict of interest would not exist for your firm in the future.

Fastenal will confirm with local management that there are no conflicts.

A. Include a resume or detailed description of the Proposer's professional qualifications, demonstrating extensive experience in your profession. Any prior similar experiences, and the results of these experiences, must be identified.

Have you previously uploaded the below information under in the Document Vault?
YES [ ] NO [X]

Is the proposer an Individual?
YES [ ] NO [X] Should the proposer be other than an individual, the Proposal MUST include:

i) Date of formation;

11/28/1967

ii) Name, addresses, and position of all persons having a financial interest in the company, including shareholders, members, general or limited partner. If none, explain.

Fastenal is a publicly held company. See attached Shareholders List.

No individuals with a financial interest in the company have been attached.

1 File(s) Uploaded: Shareholders 2020.pdf

iii) Name, address and position of all officers and directors of the company. If none, explain.

No officers and directors from this company have been attached.

1 File(s) Uploaded: Fastenal Company Management and Director List.docx

iv) State of Incorporation (if applicable);

MN

v) The number of employees in the firm;

21948

vi) Annual revenue of firm;

5333700000

vii) Summary of relevant accomplishments

Fastenal is many things to many different customers: an expert consultant, a logistics company, a technology provider, and more generally, a distributor of wide-ranging industrial and construction products. These aspects of our service share a common foundation: great people, close to our customers.

Our service model centers on approximately 3,200 in-market locations (a combination of public branches and customer-specific onsites), each providing custom inventory and a dedicated sales team to support local customers. These locations are supported by our global distribution network, a closely-aligned supplier network, robust sourcing, quality and manufacturing resources, and multiple teams of subject matter experts and support personnel ? all working toward Fastenal's common goal of Growth Through Customer Service®.

viii) Copies of all state and local licenses and permits.

B. Indicate number of years in business.

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C. Provide any other information which would be appropriate and helpful in determining the Proposer's capacity and reliability to perform these services.

1 File(s) Uploaded: Government Brochure.pdf

D. Provide names and addresses for no fewer than three references for whom the Proposer has provided similar services or who are qualified to evaluate the Proposer's capability to perform this work.

Company	New York City DCAS		
Contact Person	Donna Meeks		
Address	One Centre Street		
City	New York	State/Province/Territory	NY
Country	US		
Telephone	(212) 386-0456		
Fax #			
E-Mail Address	dmeeks@dcas.nyc.gov		

Company	County of Placer		
Contact Person	Brett Wood		
Address	2964 Richardson Drive		
City	Auburn	State/Province/Territory	CA
Country	US		
Telephone	(530) 889-4258		

Fax #	
E-Mail Address	bwood@placer.ca.gov

Company	Multnomah County		
Contact Person	Kate James		
Address	501 SE Hawthorne Blvd #400		
City	Portland	State/Province/Territory	OR
Country	US		
Telephone	(503) 988-7583		
Fax #			
E-Mail Address	kate.z.james@multco.us		

I, Terry Owen, hereby acknowledge that a materially false statement willfully or fraudulently made in connection with this form may result in rendering the submitting business entity and/or any affiliated entities non-responsible, and, in addition, may subject me to criminal charges.

I, Terry Owen, hereby certify that I have read and understand all the items contained in this form; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this form; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this form as additional inducement to enter into a contract with the submitting business entity.

CERTIFICATION

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID OR FUTURE BIDS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

Name of submitting business: Fastenal Company

Electronically signed and certified at the date and time indicated by:
Terry Owen [KFITZGER@FASTENAL.COM]

Sr. Executive Vice President
Title

05/08/2020 03:56:46 PM
Date

FASTENAL

Subsidiaries of Fastenal Company

Geographic Location	Subsidiary Name	Year Incorporated	Jurisdiction of Incorporation
North America			
United States	Fastenal International Holdings Company	1994	Minnesota
	Fastenal Company Purchasing	1997	Minnesota
	Fastenal Company Leasing	1997	Minnesota
	Fastenal IP Company	2005	Minnesota
	Fastenal Air Fleet, LLC	2006	Minnesota
	River Surplus and Supply, LLC	2014	Minnesota
	Fastenal Mexico, LLC	2016	Minnesota
Canada	Fastenal Canada, Ltd.	2008	Canada
Mexico	Fastenal Mexico Services S. de R.L. de C.V.	1999	Mexico
	Fastenal Mexico S. de R.L. de C.V.	1999	Mexico
Central & South America			
Panama	Fastenal Panama S.A.	2009	Panama
	Fastenal Latin America, S.A.	2011	Panama
Brazil	Fastenal Brasil Importação, Exportação e Distribuição Ltda.	2011	Brazil
	Fastenal Brasil Participacoes Ltda.	2011	Brazil
Colombia	Fastenal Colombia S.A.S.	2012	Colombia
Chile	Fastenal Chile SpA	2013	Chile
Asia			
Singapore	Fastenal Singapore PTE Ltd.	2001	Singapore
China	Fastenal Asia Pacific Limited	2003	Hong Kong, China
	FASTCO (Shanghai) Trading Co., Ltd.	2003	Shanghai, China
	Fastenal (Shanghai) International Trading Co. Ltd.	2012	Shanghai, China
	Fastenal (Tianjin) International Trading Co. Ltd.	2012	Tianjin, China
	Fastenal (Shenzhen) International Trading Co. Ltd.	2012	Shenzhen, China
Malaysia	Fastenal Malaysia SDN BHD	2009	Malaysia
Thailand	Fastenal (Thailand) Ltd.	2012	Thailand
India	Fastenal India Sourcing, IT and Procurement Private Ltd.	2013	India
	Fastenal India Wholesale Private Ltd.	2013	India
Europe			
The Netherlands	Fastenal Europe, B.V.	2003	The Netherlands
	Fastenal Netherlands Holdings, B.V.	2015	The Netherlands
Hungary	Fastenal Europe, Kft.	2009	Hungary
United Kingdom	Fastenal Europe, Ltd.	2010	United Kingdom
Germany	Fastenal Europe GmbH	2011	Germany
Czech Republic	Fastenal Europe, s.r.o.	2011	Czech Republic
Italy	Fastenal Europe S.r.l.	2011	Italy
Romania	Fastenal Europe RO S.r.l.	2012	Romania
Sweden	Fastenal Europe AB	2013	Sweden
Poland	Fastenal Europe Sp. z o.o.	2013	Poland
Austria	Fastenal AT GmbH	2016	Austria
Switzerland	Fastenal Europe Sàrl	2017	Switzerland
Ireland	Fastenal Europe IE Limited	2017	Ireland
Spain	Fastenal Europe, S.L.	2018	Spain
France	Fastenal Europe FR Sàrl	2018	France
Belgium	Fastenal Europe BE BV	2019	Belgium

WE ARE WHERE YOU ARE.

SECURITY OWNERSHIP OF PRINCIPAL SHAREHOLDERS AND MANAGEMENT

The following table sets forth, as of February 1, 2020 (unless otherwise noted), the ownership of Fastenal common stock by each shareholder who is known by us to own beneficially more than 5% of our outstanding common stock, by each director and nominee for the office of director, by our named executive officers, and by all directors and executive officers as a group. On February 1, 2020 there were 574,226,297 shares of Fastenal common stock issued and outstanding.

Name and, if Required, Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)		Percentage of Outstanding Shares
Willard D. Oberton	1,037,137	(2)	*
Michael J. Ancius	30,999	(3)	*
Michael J. Dolan	25,000		*
Stephen L. Eastman	7,000	(4)	*
Daniel L. Florness	543,575	(5)	*
Rita J. Heise	68,770	(6)	*
Darren R. Jackson	48,000	(7)	*
Daniel L. Johnson	15,804	(8)	*
Nicholas J. Lundquist	361,350	(9)	*
Scott A. Satterlee	55,626	(10)	*
Reyne K. Wisecup	85,142	(11)	*
Holden Lewis	45,722	(12)	*
Terry M. Owen	175,070	(13)	*
Charles S. Miller	78,350	(14)	*
The Bank of New York Mellon Corporation			
240 Greenwich Street	32,890,338	(15)	5.73%
New York, NY 10286			
BlackRock, Inc.			
55 East 52nd Street	43,[illegible]	(16)	7.[illegible]%
New York, NY 10055			
State Street Corporation			
One Lincoln Street	30,453,691	(17)	5.30%
Boston, MA 02111			
The Vanguard Group			
100 Vanguard Blvd.	69,[illegible]	(18)	12.09%
Malvern, PA 19355			
Directors and executive officers as a group (20 persons)	[illegible]	(19)	*

* Less than 1%.

(1) Except as otherwise indicated in the notes below, the listed beneficial owner has sole voting power and investment power with respect to such shares.

(2) Includes 922,943 shares held in a revocable trust of Mr. Oberton and his wife, over which Mr. Oberton and his wife share voting and investment power and stock options to acquire 100,000 shares of the company's common stock, which are immediately exercisable.

(3) Includes 17,630 shares held in a revocable trust of Mr. Ancius and his wife, over which Mr. Ancius and his wife share voting and investment power, and stock options to acquire 8,474 shares of the company's common stock, which are immediately exercisable.

(4) Consists of 7,000 shares held in Mr. Eastman's revocable trust, over which Mr. Eastman shares voting and investment power with his wife.

(5) Consists of 199,690 shares held jointly by Mr. Florness and his wife, stock options to acquire 314,566 shares of the company's common stock, which are immediately exercisable, approximately 9,319 shares attributable to the account

of Mr. Florness in our 401(k) plan, and 20,000 shares held in a trust of Mr. Florness' father-in-law over which Mr. Florness' wife is the trustee. Mr. Florness has the right to direct the investment of, and the voting of all shares attributable to, his 401(k) plan account. Mr. Florness disclaims beneficial ownership of the shares held in the trust of his father-in-law.

(6) Consists of 20,000 shares held in Ms. Heise's revocable trust, over which Ms. Heise shares voting and investment power with her husband, and stock options to acquire 48,770 shares of the company's common stock, which are immediately exercisable.

(7) Includes 30,000 shares held in a revocable trust of Mr. Jackson and his wife, over which Mr. Jackson and his wife share voting and investment power.

(8) Consists of 7,330 shares held in Mr. Johnson's revocable trust, over which Mr. Johnson and his wife share voting and investment power, and stock options to acquire 8,474 shares of the company's common stock, which are immediately exercisable.

(9) Includes 56,000 shares held by Mr. Lundquist's wife, 1,074 shares held by his father over which he has investment control, stock options to acquire 62,132 shares of the company's common stock, which are immediately exercisable, and 17,344 shares attributable to the account of Mr. Lundquist in our 401(k) plan. Mr. Lundquist has the right to direct the investment of, and the voting of all shares attributable to, his 401(k) plan account. Mr. Lundquist disclaims beneficial ownership of the shares held by his father.

(10) Consists of 25,000 shares held in Mr. Satterlee's revocable trust, over which Mr. Satterlee has voting and investment power, and stock options to acquire 30,626 shares of the company's common stock, which are immediately exercisable.

(11) Consists of 20,000 shares held jointly by Ms. Wisecup and her husband, and stock options to acquire 62,132 shares of the company's common stock, which are immediately exercisable.

(12) Includes stock options to acquire 38,640 shares of the company's common stock, which are immediately exercisable.

(13) Includes stock options to acquire 165,120 shares of the company's common stock, which are immediately exercisable, and 1,550 shares attributable to the account of Mr. Owen in our 401(k) plan. Mr. Owen has the right to direct the investment of, and the voting of all shares attributable to, his 401(k) plan account.

(14) Includes stock options to acquire 59,098 shares of the company's common stock, which are immediately exercisable, and 11,752 shares attributable to Mr. Miller in our 401(k) plan. Mr. Miller has the right to direct the investment of, and the voting of all shares attributable to, his 401(k) plan account.

(15) According to an amendment to a Schedule 13G statement filed with the SEC reflecting ownership as of December 31, 2019, (i) The Bank of New York Mellon Corporation has sole voting power with respect to 26,041,569 shares, shared voting power with respect to 2,175 shares, sole investment power with respect to 26,423,355 shares, and shared investment power with respect to 5,731,359 shares; (ii) BNY Mellon IHC, LLC has sole voting power with respect to 23,703,694 shares, sole investment power with respect to 24,431,013 shares and shared investment power with respect to 5,727,968 shares; and (iii) MBC Investments Corporation has sole voting power with respect to 23,703,694 shares, sole investment power with respect to 24,431,013 shares and shared investment power with respect to 5,727,968 shares.

(16) According to an amendment to a Schedule 13G statement filed with the SEC reflecting ownership as of December 31, 2019, BlackRock, Inc., which is a parent holding company or control person, has sole voting power with respect to 37,722,469 shares and sole investment power with respect to 43,538,940 shares.

(17) According to a Schedule 13G statement filed with the SEC reflecting ownership as of December 31, 2019, State Street Corporation, which is a registered investment advisor, has shared voting power with respect to 27,841,207 shares, and shared investment power with respect to 30,421,624 shares.

(18) According to an amendment to a Schedule 13G statement filed with the SEC reflecting ownership as of December 31, 2019, The Vanguard Group, which is a registered investment advisor, has sole voting power with respect to 880,752 shares, shared voting power with respect to 149,879 shares, sole investment power with respect to 68,434,986 shares, and shared investment power with respect to 982,790 shares. In addition, Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 681,260 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 489,861 shares as a result of its serving as investment manager of Australian investment offerings.

(19) Includes the shares in footnotes (2) through (14), including aggregate stock options to acquire 1,318,390 shares of the company's common stock that are immediately exercisable and 86,479 shares attributable to the 401(k) accounts of certain directors and executive officers.

Fastenal Company Management & Directors

Fastenal Management

Daniel L. Florness, *President and Chief Executive Officer*
2001 Theurer Blvd.
Winona, MN 55987

William J. Drazkowski, *Executive Vice President – Sales*
2001 Theurer Blvd.
Winona, MN 55987

Leland J. Hein, *Senior Executive Vice President – Sales*
2001 Theurer Blvd.
Winona, MN 55987

James C. Jansen, *Executive Vice President – Manufacturing*
2001 Theurer Blvd.
Winona, MN 55987

Holden Lewis, *Executive Vice President and Chief Financial Officer*
2001 Theurer Blvd.
Winona, MN 55987

Sheryl A. Lisowski, *Controller, Chief Accounting Officer, and Treasurer*
2001 Theurer Blvd.
Winona, MN 55987

Charles S. Miller, *Senior Executive Vice President – Sales*
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Winona, MN 55987

Terry M. Owen, *Senior Executive Vice President – Sales Operations*
2001 Theurer Blvd.
Winona, MN 55987

John L. Soderberg, *Executive Vice President – Information Technology*
2001 Theurer Blvd.
Winona, MN 55987

Jeffery M. Watts, *Executive Vice President – International Sales*
900 Wabanaki Drive
Kitchener, ON N2C 0B7

Reyne K. Wisecup, *Senior Executive Vice President – Human Resources*
2001 Theurer Blvd.
Winona, MN 55987

Board of Directors

Willard D. Oberton, *Chairman of the Board*
2001 Theurer Blvd.
Winona, MN 55987

Michael J. Ancius
2001 Theurer Blvd.
Winona, MN 55987

Michael J. Dolan
2001 Theurer Blvd.
Winona, MN 55987

Stephen L. Eastman
2001 Theurer Blvd.
Winona, MN 55987

Daniel L. Florness
2001 Theurer Blvd.
Winona, MN 55987

Rita J. Heise
2001 Theurer Blvd.
Winona, MN 55987

Darren R. Jackson
2001 Theurer Blvd.
Winona, MN 55987

Daniel L. Johnson
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Nicholas J. Lundquist
2001 Theurer Blvd.
Winona, MN 55987

Scott A. Satterlee
2001 Theurer Blvd.
Winona, MN 55987

Reyne K. Wisecup
2001 Theurer Blvd.
Winona, MN 55987


FASTENAL®
GOVERNMENT
CONTRACTS & RESOURCES

THE **POWER** OF

At Fastenal, we do more than pack and ship orders. We engage locally to understand your challenges and goals. We strive for long-term partnership built on measurable results and continuous improvement. And we invest in your success with dedicated personnel, custom in-market inventory, and innovative technology – resources you can leverage to drive a meaningful reduction in the total cost of ownership of your MRO spend. Looking for a strategic supply partner to help you maximize your purchasing and labor dollars?

We're ready to help you spend less and do more for your community. ▷▷▷

PARTNERSHIP

Local Service

In-market inventory & personnel to support your daily supply needs.

Product Offering

Consolidate and simplify purchasing across multiple categories.

State & Cooperative Contracts

Utilize your state or local contract to drive compliance and cost savings.

Inventory Management Solutions

A toolbox of solutions to reduce inventory, touches, and total costs.

e-Business

Solutions to simplify ordering, job costing, and other processes.

Onsite

A fully-customized 'branch' 100% focused on your facility.

Services

Adding value far beyond the product sale.

Disaster Preparedness

Helping you create and execute an effective action plan.

Sustainability

Products and programs to support your environmental initiatives.


BENEFITS OF A FASTENAL
"At the end of the day, what's important for us is making sure our customers and students are taken care of. But another important piece is taxpayer money. Community members *are* always asking us to run the school district like a business. Well, we are running it like a business. We focus on what we do best, and we bring in partners like Fastenal to do what they do best – efficiently distributing parts and supplies so we can make repairs at a very low cost."
Director of Facilities and Maintenance
Fastenal Government Customer

SUPPLY PROGRAM

Speed

Leverage our local stocking and service model to eliminate inventory outages and shorten lead times for spot-buy needs.

Productivity

Rely on our service and solutions to keep employees focused on the job, not the products needed to do it.

Engagement

Trust our local team to understand the nuances of your operation, anticipate your needs, and drive continuous improvement.

Insight

Use our vending and e-business solutions to bring visibility to your inventory, usage, and spend.

Savings

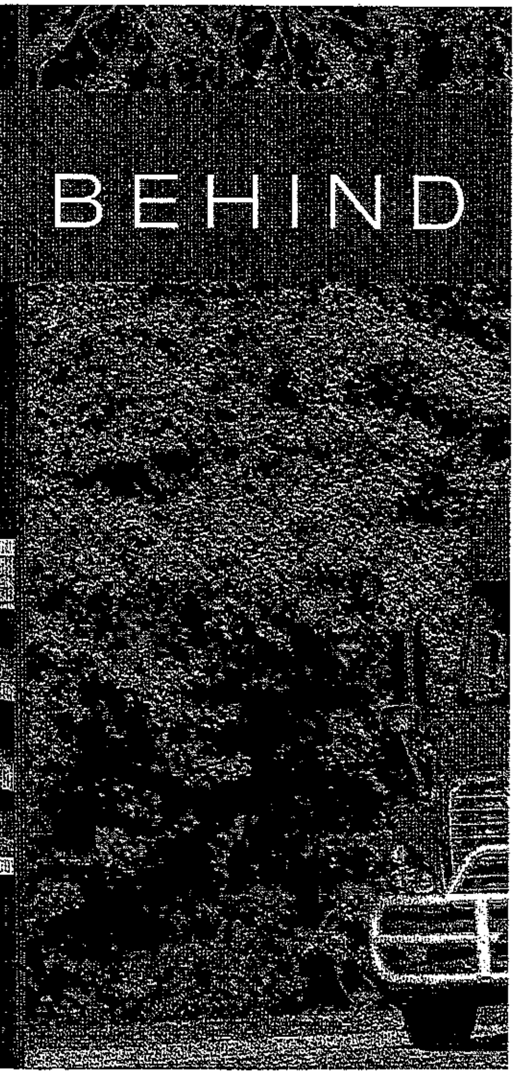
Take advantage of our contract vehicles, category expertise, and inventory solutions to attack TCO from all angles.

Innovation

Work with a proven change agent to introduce lean concepts and the latest technology solutions.

THE **MACHINE** BEHIND

With a network of regional DCs, company-owned trucks, and local branches, we're able to provide an extremely short, efficient supply chain for your organization. If it's a planned need, it will be stocked regionally and locally (or if preferred, onsite) to anticipate your needs. In addition, a broad range of high-demand unplanned needs are staged for same-day or one-day fulfillment.



Our 'feet-on-the-street' model means faster fulfillment and fewer delays for your operation.

14 regional distribution centers

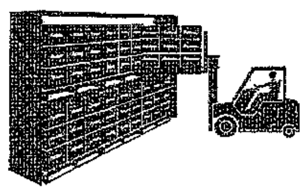
140 million successful transactions

650 heavy trucks **8,300+** local delivery vehicles

148 million miles delivered

YOUR LOCAL TEAM

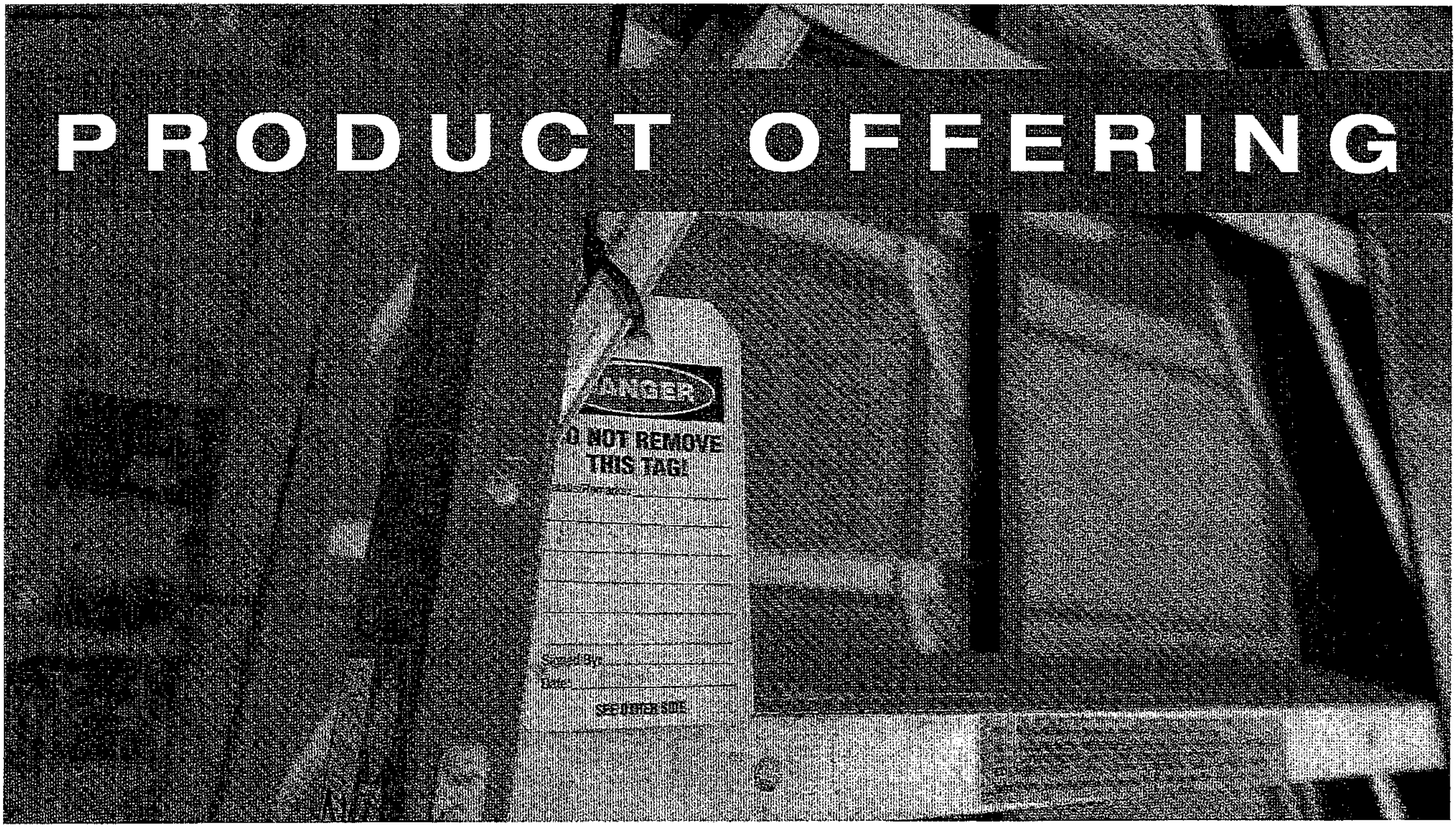
3,200+
in-market locations



12.7 million sq. ft.
of in-market stocking space

150,000+
active point-of-use solutions

PRODUCT OFFERING



- Abrasives
- Adhesives, Sealants & Tape
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- Security
- Tools & Equipment
- Test & Measurement
- Welding

STATE & COOPERATIVE

Compliance made simple

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NASPO ValuePoint formerly WSCA-NASPO

The NASPO ValuePoint Cooperative Purchasing Organization provides the highest standard of excellence in public cooperative contracting. NASPO ValuePoint is a unified, nationally-focused cooperative aggregating the demand of all 50 states, the District of Columbia, the organized US territories and their political subdivisions, and other eligible entities, bringing best value, innovation and competition to the marketplace.

Sourcewell

Sourcewell is a self-supporting government organization that partners with education, government, and nonprofits to boost student and community success. They offer training and shared services to their central Minnesota members, as well as cooperative purchasing solutions throughout North America. Sourcewell is driven by service and the ability to strategically reinvest in member communities.

OMNIA PARTNERS

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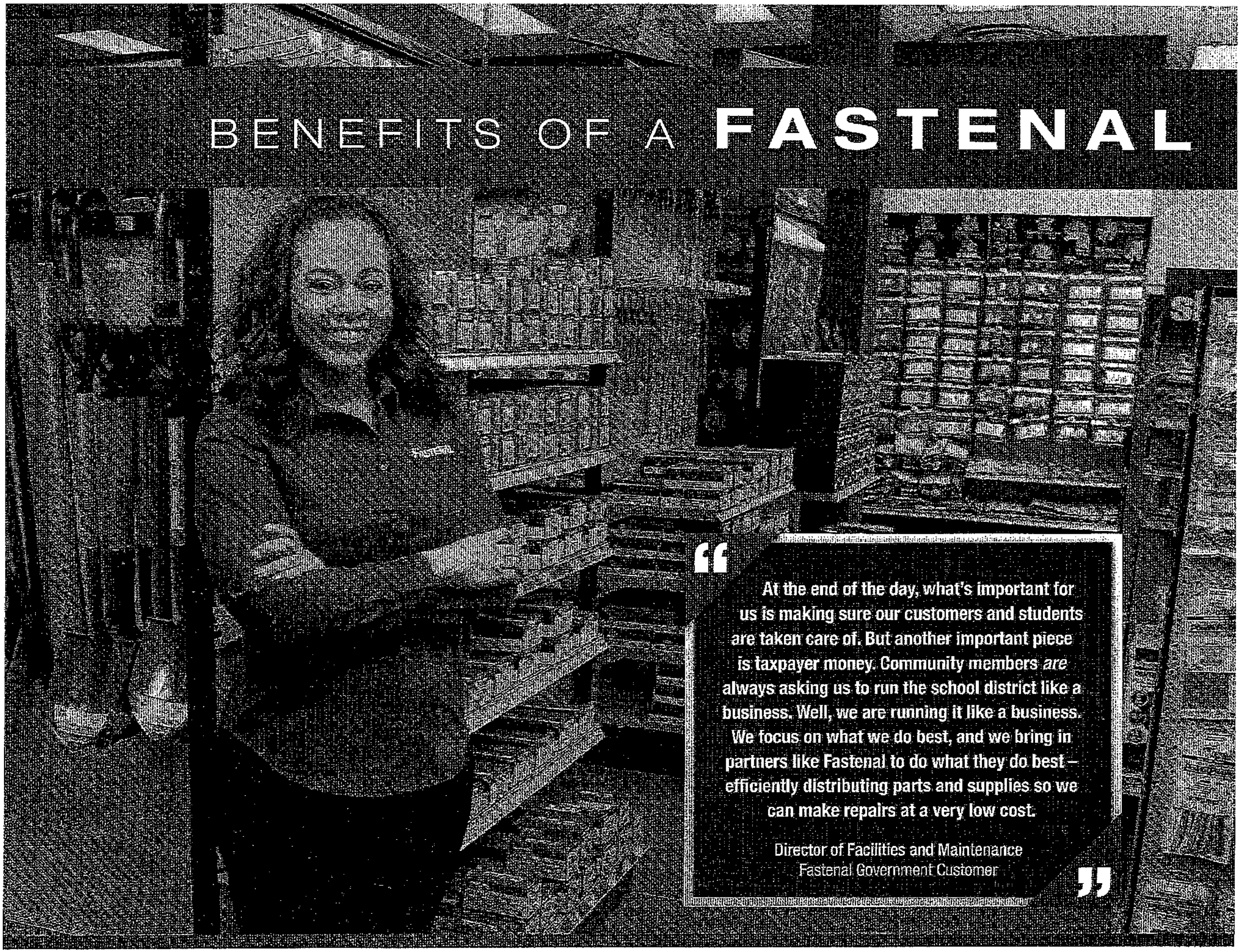
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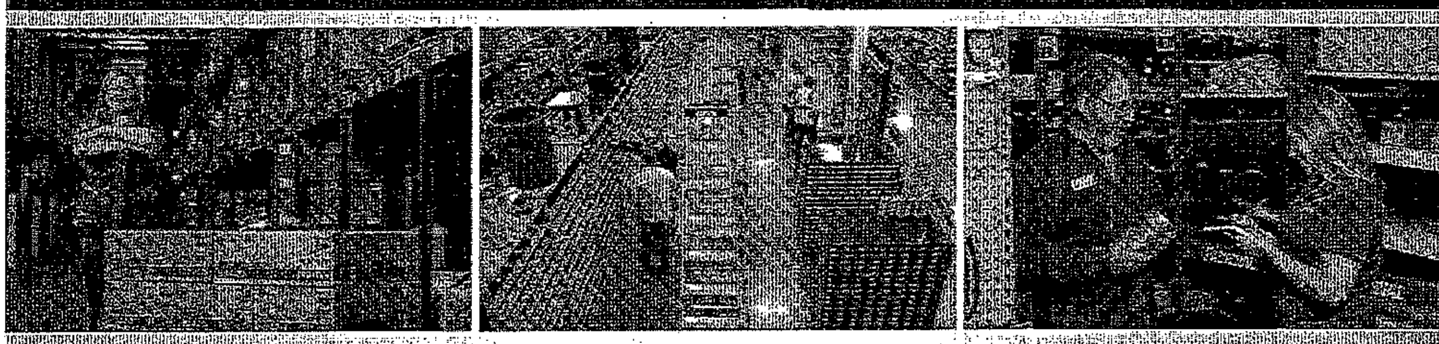

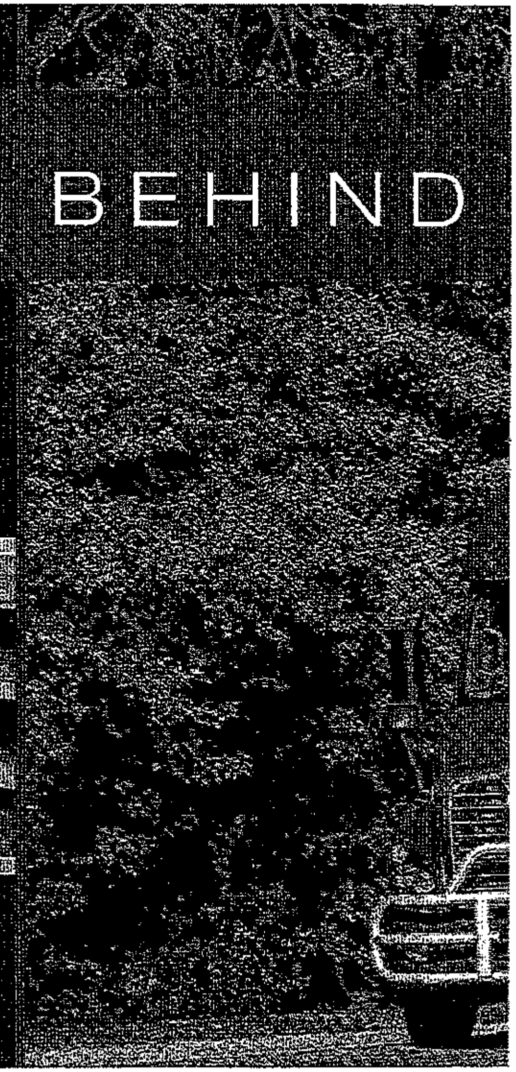

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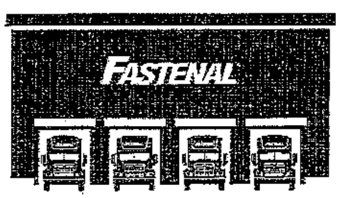
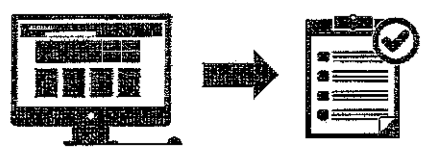


14 regional distribution centers



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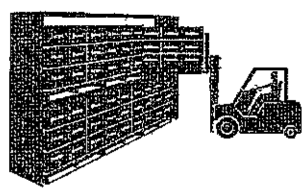

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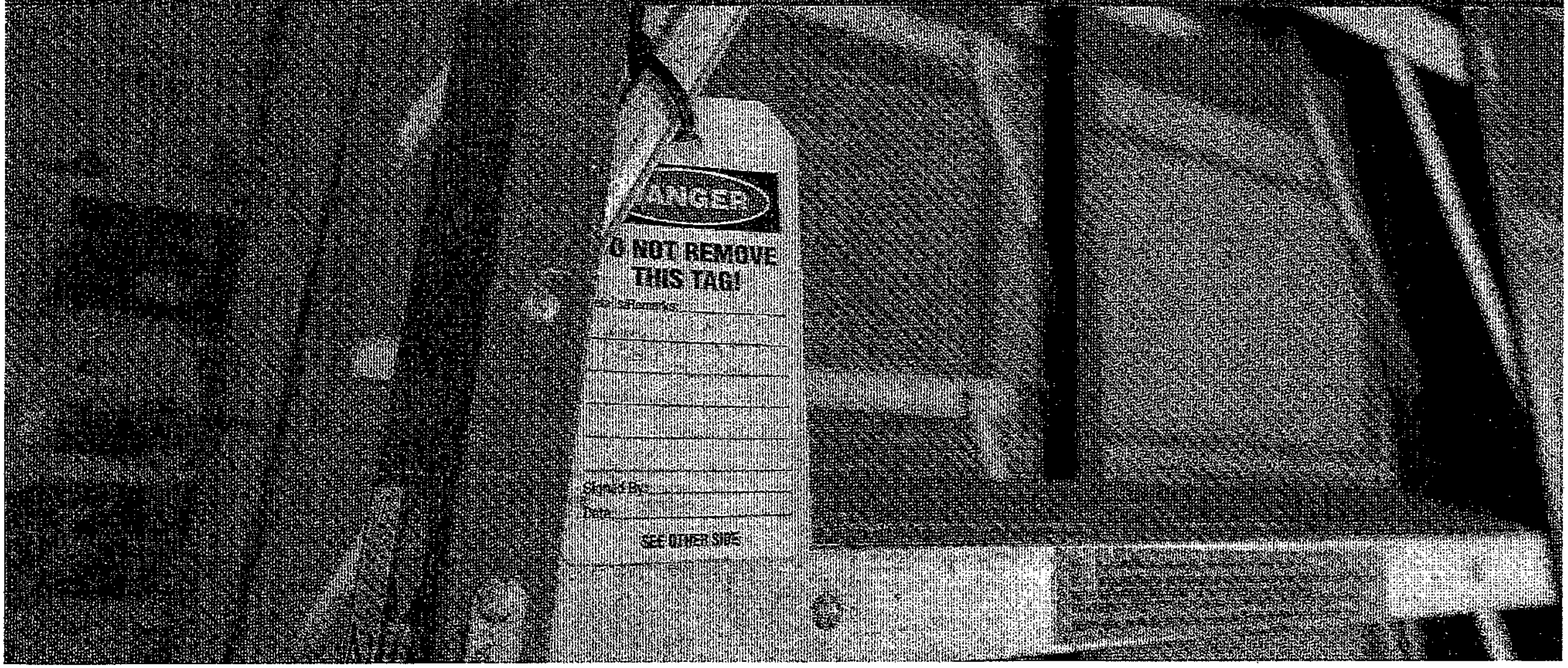

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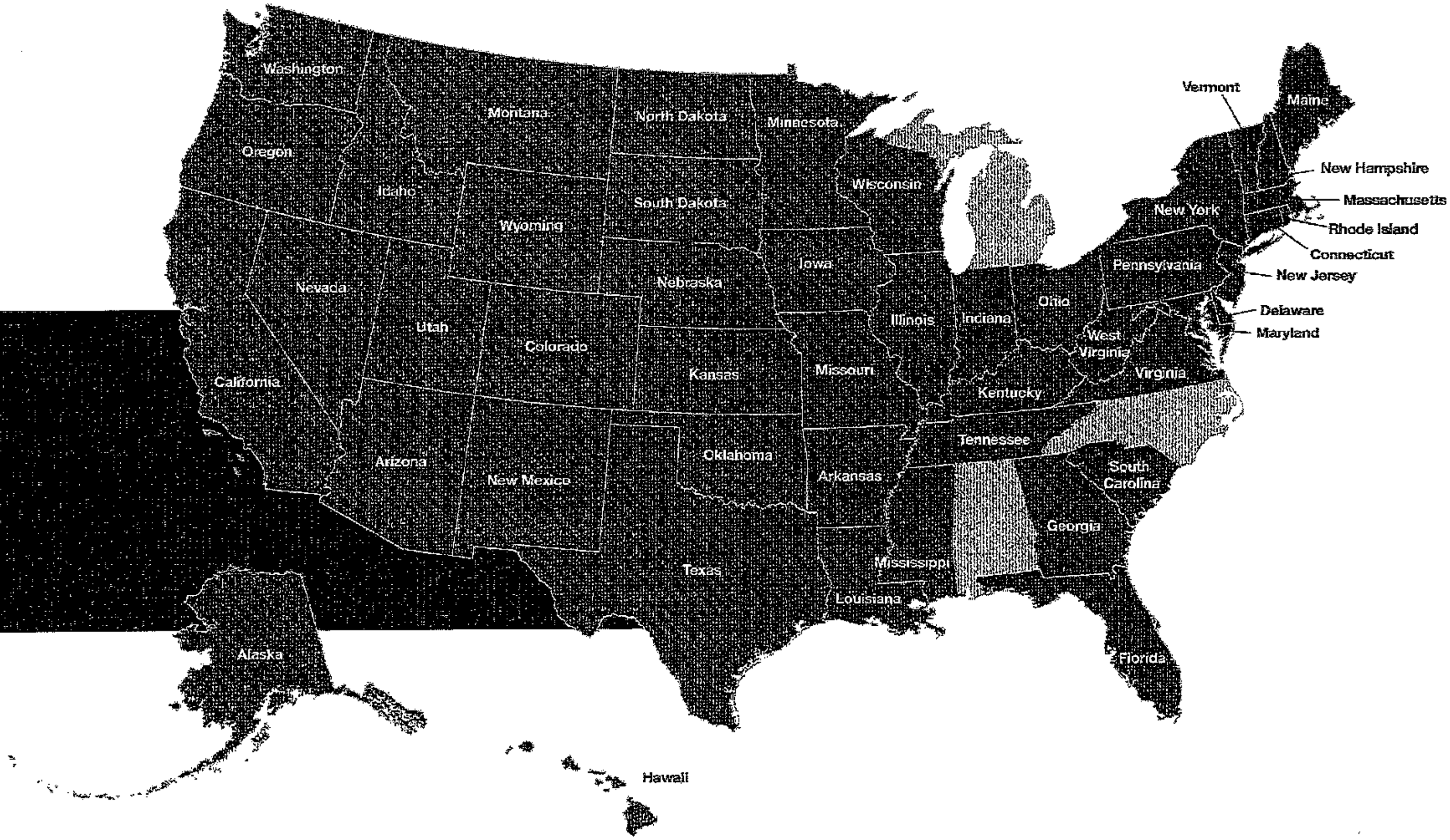
CONTRACTS

You can also buy at aggressive discounts through your approved state contract. Reach out to govsales@fastenal.com to learn more.



INVENTORY SOLUTIONS

Solutions to reduce **delays, consumption**, and **total costs.**

SIMPLIFY

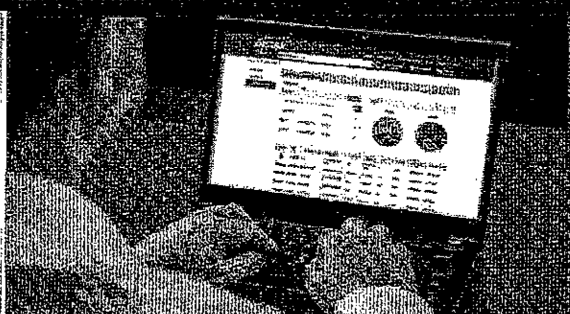
Our local team can execute a custom inventory management program to ensure a consistent flow of product – the right amount, when and where you need it.

CONTROL

Our vending technology brings visibility and control to consumables of all shapes and size – from PPE and wide-ranging MRO items to abrasives and cutting tools. Utilize a simple cloud dashboard to set access controls and analyze usage by individual employees and data points you define (e.g., work orders or GL codes).

TRACK

We also offer solutions to automate the check-out and return process. Connect each asset to the current user and receive alerts when items are due back, creating complete accountability.



ANALYZE

Utilize our reporting tools to visualize inventory by location, understand usage patterns, and guide purchasing decisions.

e-BUSINESS

We offer solutions that transcend the typical drop-ship e-commerce model, leveraging our local presence and strategic service to provide faster fulfillment, greater visibility, and deeper value. This includes innovative tools on our e-commerce site (Fastenal.com) as well as custom B2B integration solutions.

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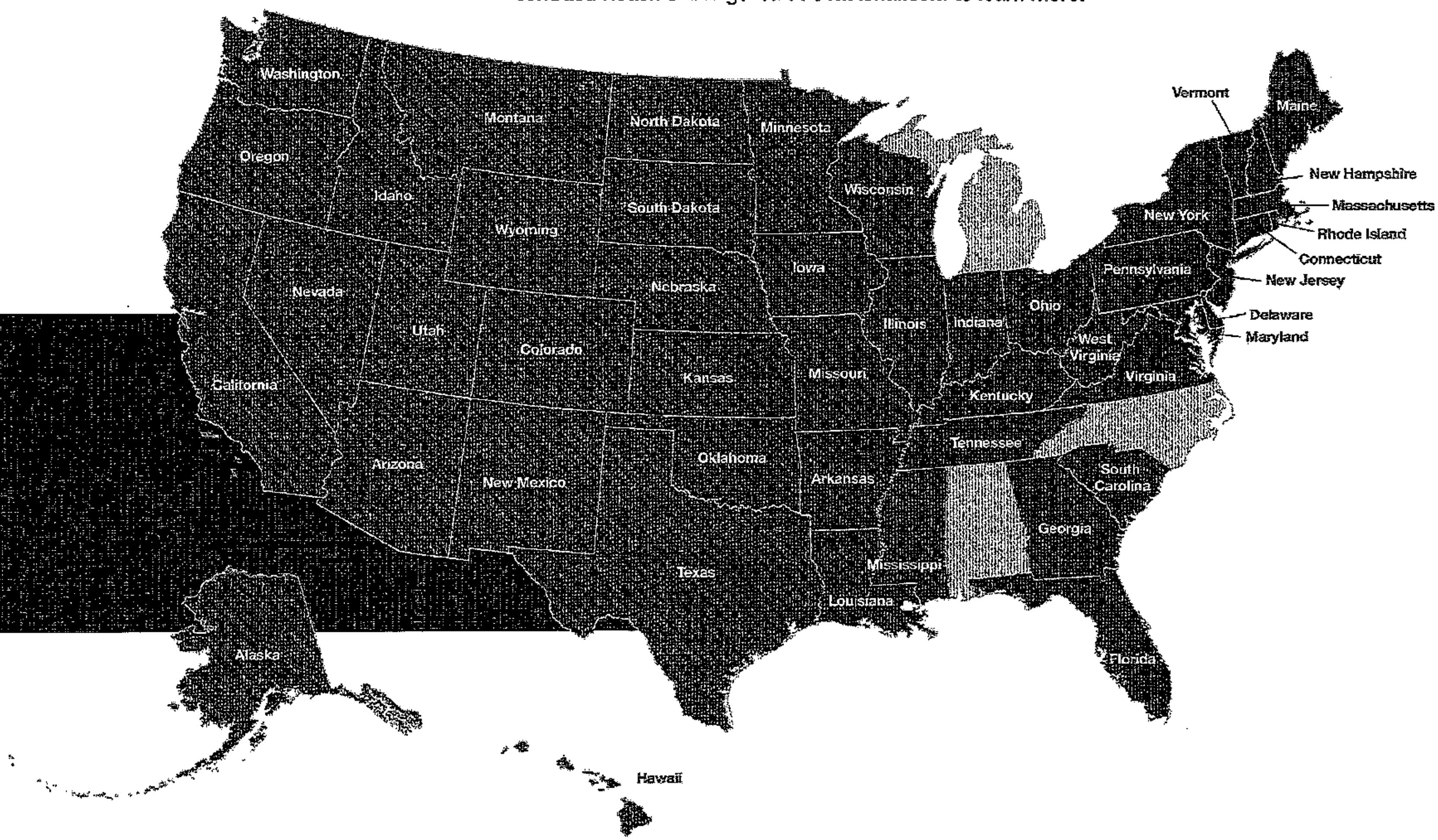

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PUNCHOUT SOLUTIONS

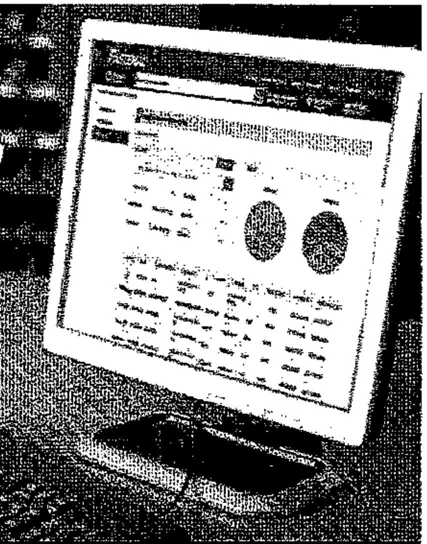
Our B2B punch-out solutions make it easy to order Fastenal products and exchange business documents within your own purchasing system.

- ✓ **Customizable view of products by category, sub-category, and SKU**
- ✓ **Uniform contracted pricing for all sites and users**
- ✓ **Automated approval workflow**
- ✓ **Easy-to-use search**
- ✓ **Time-saving order management features like eQuotes and Order Templates**
- ✓ **Custom product messaging and filters (e.g., preferred items)**

Custom Reporting

Want to drill down into usage trends within your facilities? Looking to illuminate purchasing patterns and cost savings opportunities? Are there sustainability or social responsibility requirements you need to track and measure? We can craft custom reporting that brings visibility to YOUR unique goals and priorities.

FAST 360°℠



A dynamic view of your activity, inventory, and overall business with Fastenal (available on Fastenal.com)

My Business

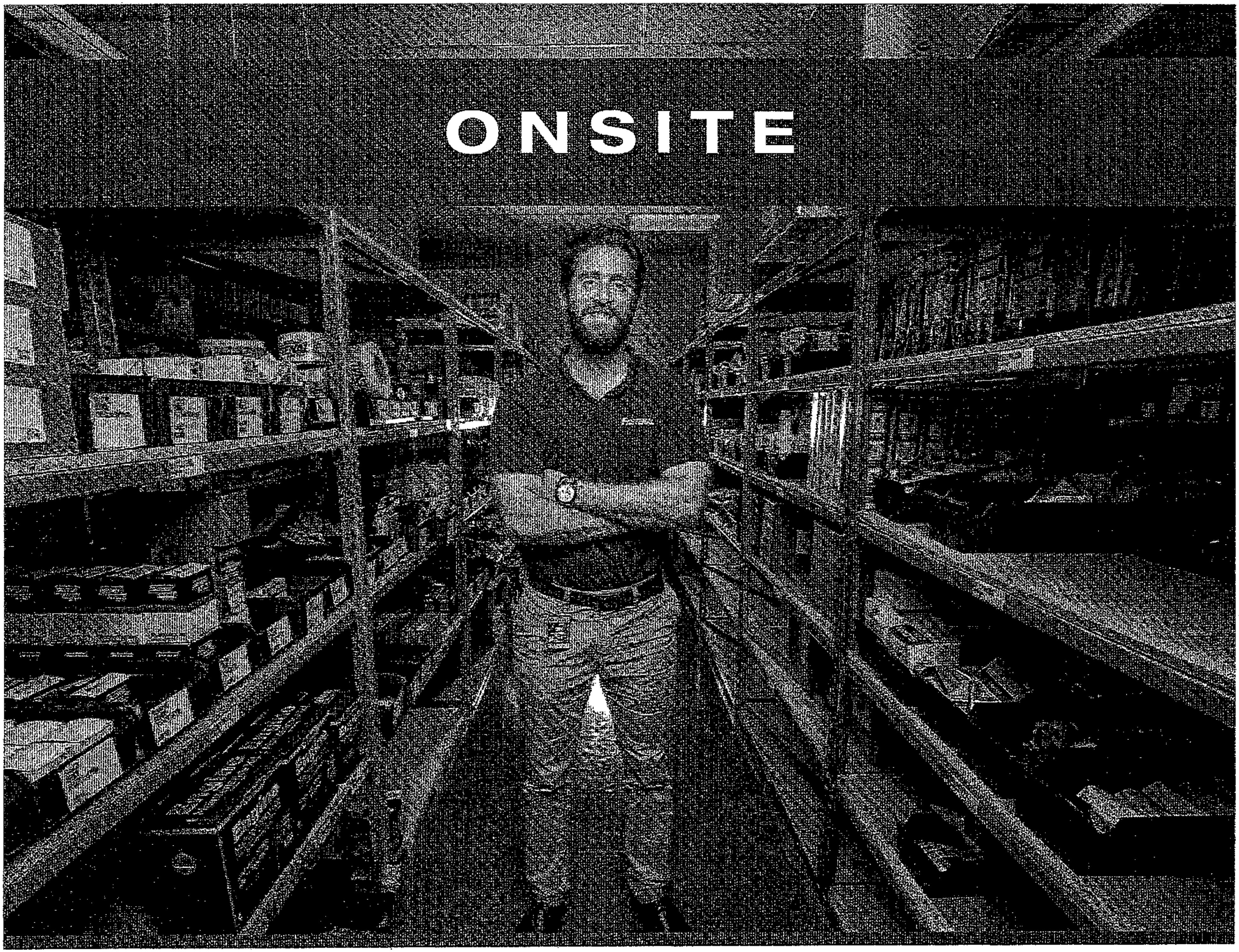
A 'blueprint' of how Fastenal-managed inventory is organized by location. Pull up device planograms to view exactly where the product resides within your Fastenal bin stock and vending solutions.

My Spend

A set of tools to help you analyze your spend by facility, sales channel (bin stock, vending, EDI, branch, web), and/or product category. Drill down to an individual category or part to understand the spend dynamics behind it.

My Inventory

A dynamic view of the Fastenal-managed inventory across your facilities. Search for parts by product category, sales channel, and location, all the way down to an individual bin or vending position.


ONSITE

Looking to step away from the costs and burdens of MRO inventory management? With an onsite partnership, we can create a 'branch' with a single focus: run a world-class supply chain for your operation. Each of our onsite programs is tailored to the customer need, but all share a few common elements: full-time Fastenal personnel, consigned inventory, and a true partnership mindset focused on common goals, open communication, and shared success.

Why Fastenal Onsite?

REDUCE COSTS

Drive down expenditures through leveraged buying power, consumption control, reduced freight, product substitutions/standardization, and a lower markup structure (reflecting the efficiencies of our onsite service model).

OPERATE MORE EFFICIENTLY

Fastenal brings decades of experience in quality/source control, critical spares management, inventory planning, and point-of-use supply flow. Leverage our expertise to elevate your operation.

MAXIMIZE LABOR DOLLARS

Capture time and energy by relying on our team to manage your inventory, handle daily needs, and provide solutions that reduce waiting and 'windshield time.'

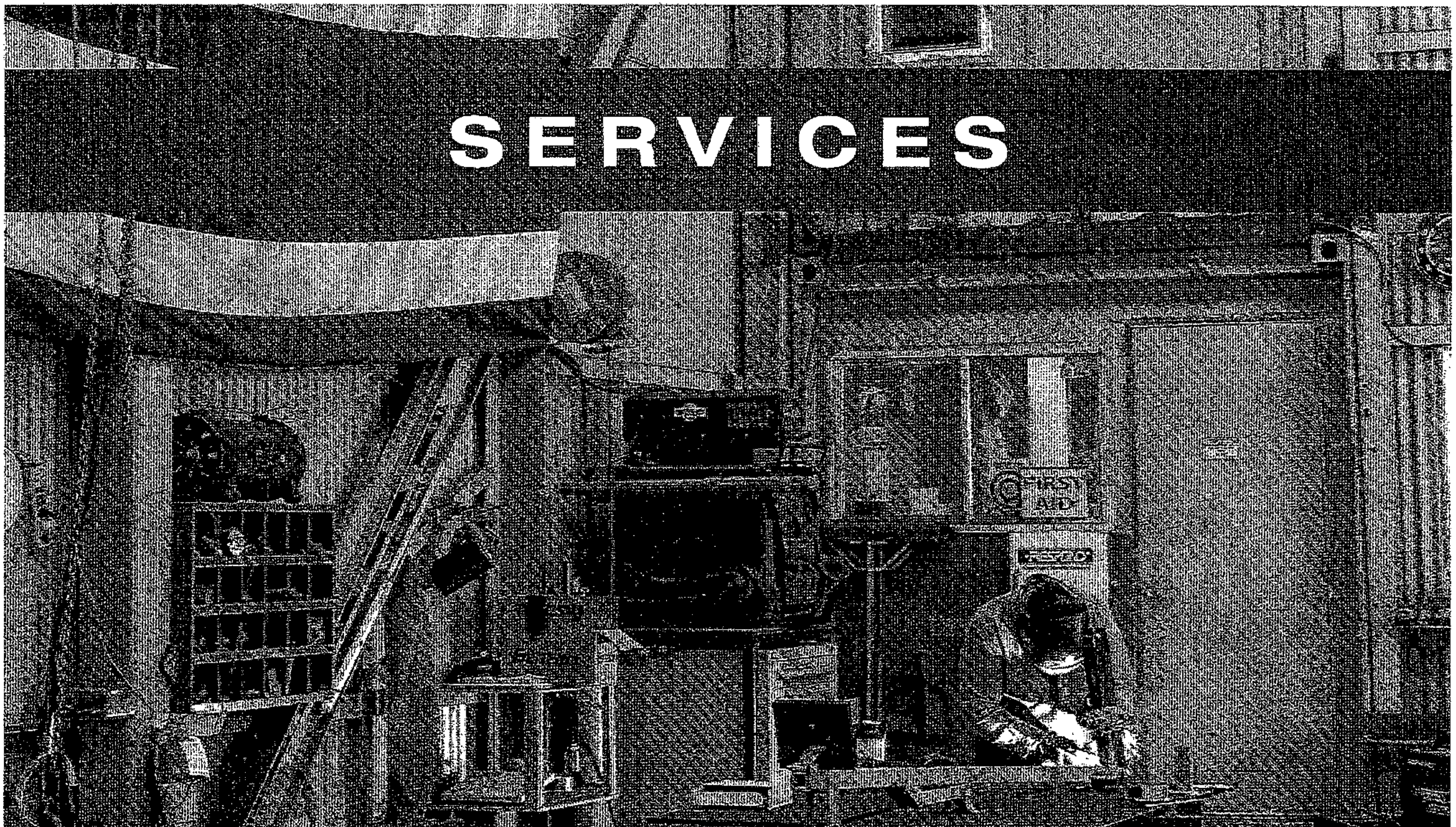
MEASURE AND IMPROVE

An onsite implementation is the beginning of a continuous improvement journey. Our mission: a transformative program that only gets better over time.

Jody Dumas
Executive Director of Facilities Planning and Construction
School Board of Sarasota County

Responsibilities: maintenance and custodial operations along with long-range planning and construction

"For us, it's a hands-off approach for parts and supplies. And that's really what I wanted to have in the district – to have Fastenal come in, be integrated with our entire operation, and be able to get parts where we need them, when we need them, and how we need them. I'm a pretty demanding customer, so I asked that of them, and they've done a great job of doing that for us."


SERVICES
FIRST AID

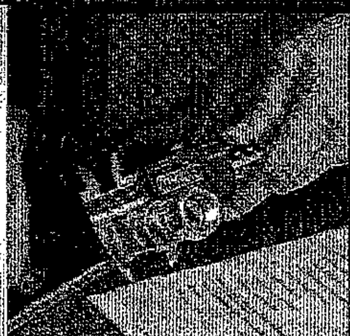
Looking for additional ways to capture time, reduce costs, and improve workplace safety? Fastenal offers a range of services to provide value that goes beyond the product sale.

SAFETY CONSULTATION

Our OSSP-certified safety specialists are available to answer your OSHA-related questions, provide site evaluations and trainings, and assist with projects ranging from category optimization to ladder inspections.

TOOL REPAIR

Fastenal is an authorized service center for most industrial brands of electric, cordless, pneumatic, and powder-actuated tools. Tools can be serviced as part of a scheduled program to reduce downtime and replacement costs.



HOSE FABRICATION

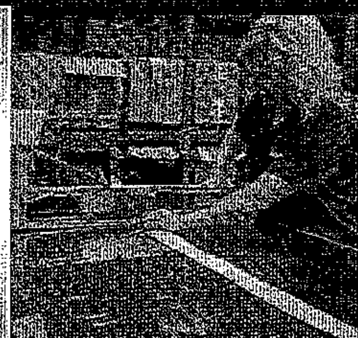
We can crimp, test, and label virtually any type, quantity, or length of hose you require: from low-pressure air hose to high-pressure hydraulic hose.

HOIST REPAIR & CERTIFICATION

We also service nailers and pipe threaders as well as electric, pneumatic, manual, and lever hoists, helping you improve safety and extend product life.

CUSTOM LOGO SAFETY GEAR

Your logo or text can be added to our Body Guard® line of vests, eyewear, hard hats, and t-shirts. Pre-printed products can be stocked in our local hub – order what you need, when you need it.



CUSTOM SLINGS FABRICATION & INSPECTION

Fabrication of chain, synthetic, and wire rope slings in a variety of configurations to meet your needs. Includes EquipRiteUSA® product, proudly made in the USA.

SUPPLIER DIVERSITY
MADE SIMPLE

Fastenal's Supplier Diversity program facilitates the demand for small and/or diverse business advocacy among city, state, and local government entities. To meet your compliance needs, we've partnered with qualified suppliers in every product category.

2ND TIER PROGRAM

We're committed to building supply chain relationships with qualified small and/or diverse businesses to the maximum extent possible without compromising our standards for quality and reliability. The program is not limited to just woman-owned and minority-owned business enterprises. We also offer products supplied by small businesses, small disadvantaged businesses, veteran-owned and service disabled veteran-owned businesses, HUBZone, LGBT, AbilityOne, Aboriginal, and Indian or tribally-owned certified businesses.

1ST TIER PROGRAM

Do you have a very high demand for diversity spend? Through our 1st tier program, we've created alliances with small businesses that serve as authorized channels of distribution for Fastenal's products and services. Our full line of fasteners and industrial supplies are available for purchase through an authorized reseller, which becomes the vendor of record for all transactions through the program.

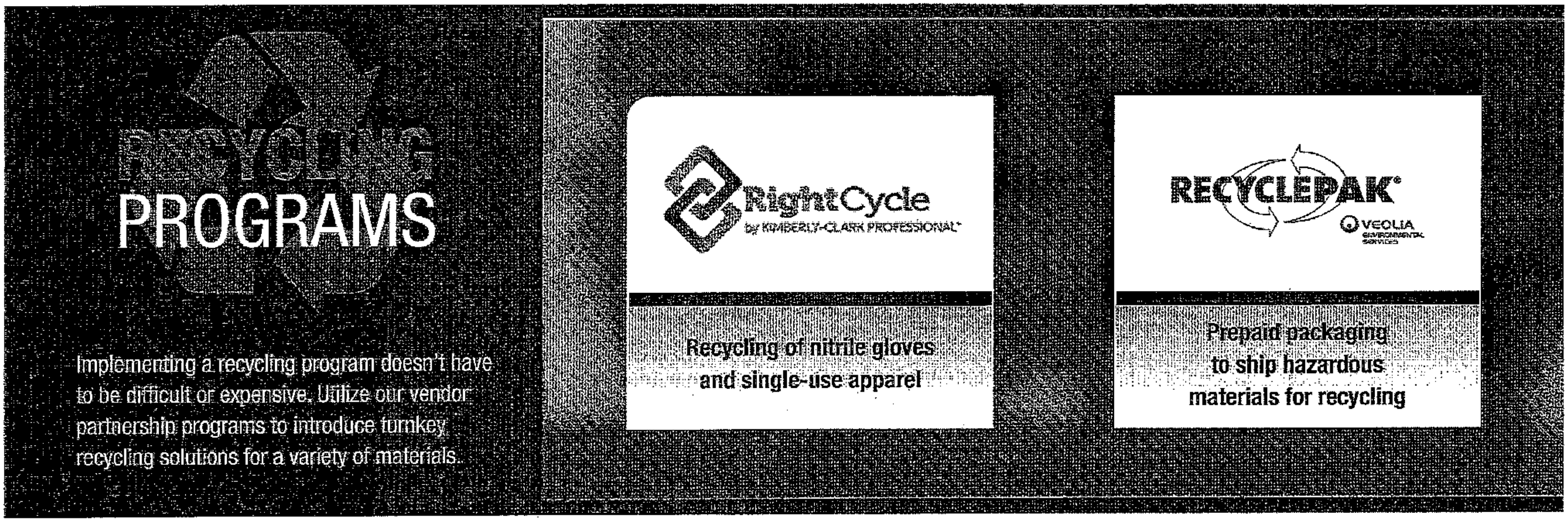
BLUE TEAM® RESPONDS

Our local team is ready to provide the supplies you need to prepare for, respond to, and recover from the next natural disaster – from tools and generators to PPE, water, and first-aid items.

Consult with Fastenal's government specialists to hone your emergency response plan. And rely on our local supply chain and 'feet on the street' to deliver critical supplies under difficult conditions.

From hurricanes and tornadoes to wildfires and winter storms –
when disaster strikes, the Blue Team Responds.

SUSTAINABILITY



Green Products, Clear Visibility

Looking to drive sustainability across multiple categories? We maintain a comprehensive green product offering from key vendors for national distribution. This includes items that promote sustainability through energy conservation, green cleaning and maintenance, waste reduction, and water conservation. We can also provide custom reporting to help you track green product purchases and monitor progress toward your sustainability requirements or goals.

Supply Chain Efficiency

Sustainability is an intrinsic feature of our service model. When you partner with Fastenal to avoid over-consumption, obsolete inventory, redundant purchases, expedited ordering, and overlapping deliveries from multiple vendors, you're taking waste out of your operation *and* the environment – with fewer materials consumed and fewer carbon emissions produced.

With a combination of **green products**, **recycling programs**, and **efficient supply processes**, Fastenal is ready to drive your sustainability goals.

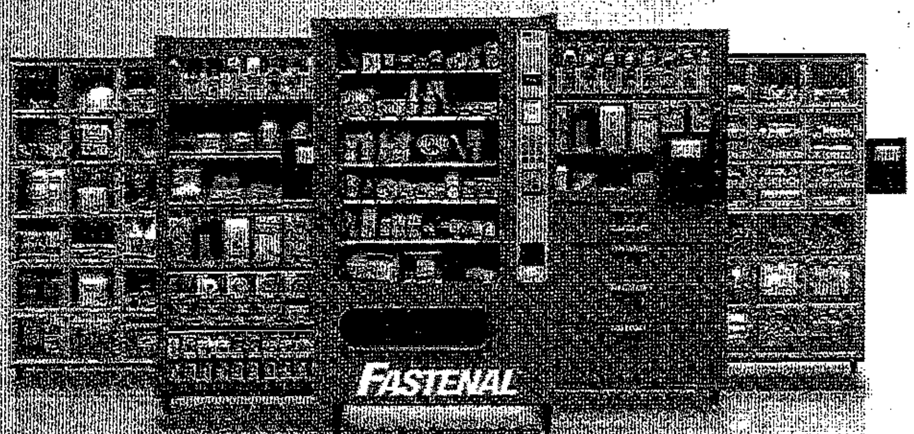
GREENTECH GLOBAL LLC — SOLUTIONS FOR A CLEANER PLANET™

Reclaims used metal and scrap for the purpose of processing into new metal

DUPONT Tyvek®

Garment recycling program

Ink & toner recycling



GREEN MACHINES

Vending typically drives around a 25% reduction in product consumption through automated controls and reporting. If you apply that rate to Fastenal's total vended sales (around $1 billion per year), that's an estimated $130 million worth of product that is *not* packaged and transported, *not* consumed, and *not* destined for a landfill.

GOVERNMENT

DEDICATED SERVICE **BUILT ON TRUST**

www.fastenal.com/gov // govsales@fastenal.com

Stanton, Kimberly

From: Brett Wood <BWood@placer.ca.gov>
Sent: Monday, May 11, 2020 12:01 PM
To: Stanton, Kimberly
Subject: RE: Nassau County Office of Purchasing - Vendor References

Attention: This email came from an external source. Do not open attachments or click on links from unknown senders or unexpected emails.

Good Morning,

The County has worked successfully with Fastenal for several years through multiple cooperative contracts and as the result of competitive bidding solicitations. They have been responsive and have met the contractual requirements consistently and well. They have been responsive to our requests and have been a valuable partner in County operations in supplying the needed products in a timely and effective manner. No complaints or issues for their services to date.

Please let me know if you have further questions or if you would like to discuss any questions over the phone.

Thank you

Brett M. Wood, CPPO, CPPB, PMP
Placer County Purchasing Manager
Procurement Services Division
bwood@placer.ca.gov
(530) 889-4258 Office

From: Stanton, Kimberly <kstanton@nassaucountyny.gov>
Sent: Monday, May 11, 2020 7:19 AM
To: Brett Wood <BWood@placer.ca.gov>
Subject: [EXTERNAL] Nassau County Office of Purchasing - Vendor References

Good Morning,

I have received disclosure forms from Fastenal required to do work with Nassau County, NY, and they have listed you as a reference. Please give me some insight on this vendor. Do you have any complaints? Are they easily reached and quick to respond? Any outstanding issues?

Thank you.

Regards,

Kimberly Stanton

Nassau County Office of Purchasing
1 West Street
Mineola, NY 11501

Phone: 516-571-6679
Fax: 516-571-4263
Email: kstanton@nassaucountyny.gov

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2019

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 0-16125

FASTENAL COMPANY

(Exact name of registrant as specified in its charter)

Minnesota	41-0948415
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2001 Theurer Boulevard, Winona, Minnesota 55987-1500
(Address of principal executive offices) (Zip Code)
(507) 454-5374
(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
Common stock, par value $.01 per share	FAST	The Nasdaq Stock Market LLC

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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 an 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 ☒

The aggregate market value of the Common Stock held by non-affiliates of the registrant as of June 28, 2019, the last business day of the registrant's most recently completed second fiscal quarter, was $18,623,405,521, based on the closing price of the registrant's Common Stock on that date. For purposes of determining this number, all executive officers and directors of the registrant as of June 28, 2019 are considered to be affiliates of the registrant. This number is provided only for the purposes of this report on Form 10-K and does not represent an admission by either the registrant or any such person as to the status of such person.

As of January 22, 2020, the registrant had 574,226,297 shares of Common Stock issued and outstanding.

FASTENAL COMPANY
ANNUAL REPORT ON FORM 10-K
TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE

Portions of our Proxy Statement for the annual meeting of shareholders to be held Saturday, April 25, 2020 ('Proxy Statement') are incorporated by reference in Part III. Portions of our 2019 Annual Report to Shareholders are incorporated by reference in Part II.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Form 10-K, or in other reports of the company and other written and oral statements made from time to time by the company, do not relate strictly to historical or current facts. As such, they are considered 'forward-looking statements' that provide current expectations or forecasts of future events. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements can be identified by the use of terminology such as anticipate, believe, should, estimate, expect, intend, may, will, plan, goal, project, hope, trend, target, opportunity, and similar words or expressions, or by references to typical outcomes. Any statement that is not a purely historical fact, including estimates, projections, trends, and the outcome of events that have not yet occurred, is a forward-looking statement. Our forward-looking statements generally relate to our expectations regarding the business environment in which we operate, our projections of future performance, our perceived marketplace opportunities, and our strategies, goals, mission and vision. You should understand that forward-looking statements involve a variety of risks and uncertainties, known and unknown, and may be affected by inaccurate assumptions. Consequently, no forward-looking statement can be guaranteed and actual results may vary materially. Factors that could cause our actual results to differ from those discussed in the forward-looking statements include, but are not limited to, economic downturns, weakness in the manufacturing or commercial construction industries, competitive pressure on selling prices, changes in trade policies or tariffs, changes in our current mix of products, customers, or geographic locations, changes in our average branch size, changes in our purchasing patterns, changes in customer needs, changes in fuel or commodity prices, inclement weather, changes in foreign currency exchange rates, difficulty in adapting our business model to different foreign business environments, failure to accurately predict the market potential of our business strategies, the introduction or expansion of new business strategies, increased competition in industrial vending or Onsite, difficulty in maintaining installation quality as our industrial vending business expands, the leasing to customers of a significant number of additional industrial vending devices, the failure to meet our goals and expectations regarding branch openings, branch closings, or expansion of our industrial vending or Onsite operations, changes in the implementation objectives of our business strategies, difficulty in hiring, relocating, training, or retaining qualified personnel, difficulty in controlling operating expenses, difficulty in collecting receivables or accurately predicting future inventory needs, dramatic changes in sales trends, changes in supplier production lead times, changes in our cash position or our need to make capital expenditures, credit market volatility, changes in tax law or the impact of any such changes on future tax rates, changes in the availability or price of commercial real estate, changes in the nature, price, or availability of distribution, supply chain, or other technology (including software licensed from third parties) and services related to that technology, cyber-security incidents, potential liability and reputational damage that can arise if our products are defective, and other risks and uncertainties detailed in this Form 10-K under the heading 'Item 1A. Risk Factors'. Each forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any such statement to reflect events or circumstances arising after such date.

PRESENTATION OF DOLLAR AMOUNTS

All dollar amounts in this Form 10-K are presented in millions, except for share and per share amounts or where otherwise noted. Throughout this document, percentage and dollar change calculations, which are based on non-rounded dollar values, may not be able to be recalculated using the dollar values in this document due to the rounding of those dollar values.

STOCK SPLIT

All information contained in this Form 10-K reflects the two-for-one stock splits in both 2019 and 2011.

PART I

ITEM 1. BUSINESS

Note -- Information in this section is as of year end unless otherwise noted. The year end is December 31, 2019 unless additional years are included or noted.

Overview

Fastenal Company (together with our subsidiaries, hereinafter referred to as 'Fastenal' or the company or by terms such as we, our, or us) began as a partnership in 1967, and was incorporated under the laws of Minnesota in 1968. We opened our first branch in 1967 in Winona, Minnesota, a city with a population today of approximately 27,000. We began with a marketing strategy of supplying threaded fasteners to customers in small, medium-sized, and, in subsequent years, large cities. Over time, that mandate has expanded to a broader range of industrial and construction supplies spanning more than nine major product lines (described later in this document). The large majority of our transactions are business-to-business, though we also have some walk-in retail business. At the end of 2019, we had 3,228 in-market locations (defined in the table below) in 25 countries supported by 15 distribution centers in North America (12 in the United States, two in Canada, and one in Mexico), and we employed 21,948 people. We believe our success can be attributed to the high quality of our employees and their convenient proximity to our customers, and our ability to offer customers a full range of products and services to reduce their total cost of procurement.

The following table shows our consolidated net sales for each fiscal year as well as the number of public branches, Onsite locations, and total in-market locations at the end of each of the last ten years:

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net sales	$ 5,333.7	4,965.1	4,390.5	3,962.0	3,869.2	3,733.5	3,326.1	3,133.6	2,766.9	2,269.5
Public branches	2,114	2,227	2,383	2,503	2,622	2,637	2,687	2,652	2,585	2,490
Onsite locations(1)	1,114	894	605	401	264	214				
Total in-market locations(2)	3,228	3,121	2,988	2,904	2,886	2,851	2,687	2,652	2,585	2,490

(1) Onsite location information prior to 2014 is intentionally omitted. While such locations have existed since 1992, we did not specifically track their number until we identified our Onsite program as a growth driver in 2014.

(2) 'In-market locations' is defined as the sum of the total number of public branches and the total number of Onsite locations.

One of Fastenal's guiding principles since inception is that we can improve our service by getting closer to the customer. Through much of our history, this was achieved by opening branches, and more recently through new Onsite locations. Today we believe there are few companies that offer our North American in-market location coverage. In 2019, roughly 53% of our sales and 53% of our in-market locations were in major Metropolitan Statistical Areas ('MSAs'; populations in the United States and Canada greater than 500,000 people), while 19% of our sales and 17% of our in-market locations were in small MSAs (populations under 500,000 people), and 28% of our sales and 30% of our in-market locations were not in an MSA. In our view, this has proven to be an efficient means of providing customers with a broad range of products and services on a timely basis. Branches have represented, and continue to represent, the foundation of our service approach. However, we are constantly evaluating the efficacy of our branch network and, in recent years, we have developed additional models that get us still closer to the customer, including vending, bin stocks, and Onsite locations.

We currently have several versions of selling locations: (1) a 'traditional (or public) branch' typically services a wide variety of customers and stocks a wide selection of products we offer, both as part of our standard stocking model and tailored to specific customer needs, (2) an 'overseas branch' focuses on manufacturing customers and our fastener product line (though non-fasteners are becoming more common in these markets) and is the format we typically deploy outside the United States and Canada, and (3) an 'Onsite location' provides dedicated sales and service from within, or in close proximity to, the customer's facility. We utilize additional types of selling locations within our network, but these tend to be more specialized in nature and relatively few in number, comprising less than five percent of our total selling locations.

Traditional and overseas branches sell to multiple customers, and together comprise the majority of our total selling locations. Onsite locations, which serve a single customer, are not included in our total branch counts. However, outside of the fact that they serve a single customer, we believe the function and operation of an Onsite location is similar to that of a branch. This model also represents a meaningful portion of the company's total revenue, and we expect that share to grow materially over time. As a result, we refer to our network in terms of in-market locations, which includes our total branches and Onsite locations.

Branch locations are selected primarily based on their proximity to our distribution network, population statistics, and employment data for manufacturing and non-residential construction companies. We stock all branches with inventory drawn from all of our product lines, and over time, where appropriate, our district and branch personnel may tailor the inventory offering to the needs of the local customer base. Since Fastenal's founding and through 2013, branch openings were a primary growth driver for the company, and we experienced net openings each year over that time span. We have long maintained that marketplace demographics could support a North American network of 3,500 traditional branches. However, since establishing this figure, new growth drivers and business models (Onsite, vending, digital solutions) have emerged and diminished the direct role of traditional branch openings in our growth. It is now unlikely that we will operate the total traditional branch locations we previously believed would be the potential of North America. We will continue to open traditional branches as the company sees fit. However, in each year since 2013, the company has experienced a net decline in its total branch count including net declines of 113 branches in 2019, 156 branches in 2018, and 120 branches in 2017.

Onsite locations may influence the trend in total branch count over time, but are not the primary reason for our branch closings. The Onsite concept is not new, in that we entered into the first such arrangement in 1992. However, we identified it as a growth driver in 2014 and have made substantial investments toward accelerating its traction in the marketplace since 2015. In this model, we service a customer from a location that is physically within the customer's facility (or, in some cases, at a strategically placed off-site location), with inventory that is specific to the customer's needs. In many cases, we are shifting revenue with the customer from an existing branch, though we are beginning to see more new customer opportunities arise as a result of our Onsite capabilities. The model is best suited to larger companies, though we believe we can provide a higher degree of service at a lower level of revenue than most of our competitors. It has been our experience that gross profit percentages at Onsite locations tend to be lower than at branches, but we gain significant revenue with the customer and our cost to serve is materially lower. We have identified over 15,000 customer locations with potential to implement the Onsite service model. These include customers with which we have an existing national account relationship today, as well as potential customers we are aware of due to our local market presence. We expect revenues from Onsite arrangements to increase meaningfully over time. We experienced net increases of 220, 289, and 204 Onsite locations in 2019, 2018, and 2017, respectively, and signed 362, 336, and 270 new Onsite locations in 2019, 2018, and 2017, respectively. We had 1,114 Onsite locations as of December 31, 2019, and anticipate signing 375 to 400 new Onsite locations in 2020.

We first went international when we opened a branch in Canada in 1994. Since then, we have continued to expand our global footprint and at the end of 2019, we operated in 24 countries outside of the United States. Canada and Mexico are the largest of these, representing approximately 11% of total sales collectively, and we also operate in Europe, Asia, and Central and South America. This remaining international business is approximately 3% of total sales. Our go-to-market strategy in countries outside of North America focuses primarily on servicing large, national account customers. From a product perspective, these customers are more heavily oriented toward planned fastener spend. Though in recent years the international business has been growing faster than the U.S. business, we are not as well recognized in many of our foreign locations as we are in the U.S. and, to a lesser extent, Canada. However, our ability to provide a consistent service model, including vending, bin stocks, and Onsites, on a global basis is attractive to our foreign customer base, much of which are the foreign operations of U.S.-based companies. Our international subsidiaries now have 479 in-market locations, including 179 Onsite locations, have over 11,800 vending devices installed, and employ over 3,600 people from around the world.

The following table provides a summary of the public branches and Onsite locations we operated at the end of each year, as well as the openings, closings, and conversions during each year:

	North America					Outside North America					
	United States	Canada	Mexico	Puerto Rico and Dominican Republic	Subtotal	Central & South America (1)	Asia (2)	Europe (3)	Africa (4)	Subtotal	Total
In-Market Locations - 2017	[illegible]	238	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Starting Branches - 2017	2,076	195	53	8	2,332	6	14	29	2	51	2,383
Opened Branches	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Closed/Converted Branches (5)	(154)	(10)	(1)	—	(165)	—	—	—	(2)	(2)	(167)
Ending Branches - 2018	[illegible]	[illegible]	[illegible]	8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Starting Onsites - 2017	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Opened Onsites	273	20	14	2	309	1	1	7	—	9	318
Closed/Converted Onsites (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ending Onsites - 2018	732	60	66	7	865	8	9	12	—	29	894
In-Market Locations - 2018	2,656	246	118	15	3,035	14	23	49	—	86	3,121
Starting Branches - 2018	[illegible]	186	[illegible]	8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Opened Branches	1	1	5	—	7	—	1	4	—	5	12
Closed/Converted Branches (5)	(119)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	(1)	[illegible]	[illegible]	[illegible]	[illegible]
Ending Branches - 2019	1,806	183	56	8	2,053	6	14	41	—	61	2,114
Starting Onsites - 2018	732	60	66	7	865	8	9	12	—	29	894
Opened Onsites	[illegible]	18	[illegible]	3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Closed/Converted Onsites (5)	(78)	(7)	(7)	—	(92)	(1)	1	—	—	—	(92)
Ending Onsites - 2019	925	71	72	10	1,078	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
In-Market Locations - 2019	[illegible]	[illegible]	[illegible]	18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(1) Panama, Brazil, Colombia, and Chile
(2) Singapore, China, Malaysia, and Thailand
(3) The Netherlands, Hungary, United Kingdom, Germany, Czech Republic, Italy, Romania, Sweden, Poland, Austria, Switzerland, Ireland, Spain, and France
(4) South Africa
(5) The net impact of non-in-market locations or Onsite locations converted to branches, branches converted to Onsite locations or non-in-market locations, and closures of branches or Onsite locations.

In 1995, we developed a national accounts program aimed at making our products and services more competitive with customers that operate multiple facilities. These customers tend to have more complex supply chains and structures for managing the original equipment manufacturing ('OEM') and maintenance, repair, and operations ('MRO') products we provide while at the same time, by virtue of their size and opportunity, have more negotiating power. We believe our local presence as part of a national, and increasingly international, footprint, our ability to provide a consistent level of high-touch service and broad product availability, and our ancillary capabilities around manufacturing, quality control, and product knowledge, are attractive to these larger customers. We believe our advantage with these customers has only been strengthened as we have added other channels, such as industrial vending, Onsite, Fastenal Managed Inventory ('FMI®'), digital solutions, and resources to serve these customers' unique demands. As a result, in 2019, national accounts represented 53.6% of our sales, compared to 50.7% and 48.2% in 2018 and 2017, respectively. We believe sales to national accounts customers will continue to increase as a percent of our total sales over time.

We introduced industrial vending in 2008. Vending provides our customers the benefits of reduced consumption, reduced purchase orders, reduced product handling, and 24-hour product availability, and we believe our company has a market advantage by virtue of our extensive in-market network of inventory and local personnel. For these reasons, the initiative began to gain significant traction in 2011 and we finished 2019 with approximately 105,000 devices in the field (90,000 generating product revenue and 15,000 in a locker lease program). Our discussion generally focuses on the 90,000 product revenue devices. We believe vending has proven its effectiveness in strengthening our relationships with customers and helped to streamline the supply chain where it has been utilized. We also believe there remains considerable room to grow our current installed base before it begins to approach the number of units we believe the market can support. We estimate the market could support as many as 1.7 million industrial vending devices, and as a result we anticipate continued growth in installed devices over time. We anticipate signing 22,000 to 24,000 new devices in 2020.

Our industrial vending portfolio consists of 23 different vending devices, with 15 of these being in either a helix or locker format. Our most utilized models include the helix-based FAST 5000, which is approximately 40% of our installed base of devices, and our 12- and 18-door lockers, which combined are approximately 35% of our installed base of devices. The lockers are available in multiple configurations and the helix format is configurable to accommodate the various sizes and forms of products that will be dispensed to match the unique needs of our customers. Target monthly revenues per device typically range from under $1,000 to in excess of $3,000, depending on the type of device and products dispensed. The following two tables provide two views of our data: (1) actual device count regardless of the type of device and (2) 'machine equivalent' count based on the weighted target monthly revenue of each device (compared to the FAST 5000 device, which has a $2,000 monthly revenue target). For example, the 12-door locker, with target monthly revenue of $750, would be counted as '0.375 machine equivalent' (0.375 = $750/$2,000).

The industrial vending (product revenue devices) information related to contracts signed during each period was as follows:

		Q1	Q2	Q3	Q4	Annual
Device count signed during the period	2019	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	2018	5,679	5,537	5,877	4,980	22,073
	2017	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Machine equivalent count signed during the period	2019	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	2018	5,271	5,250	5,251	4,610	20,382
	2017	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

The industrial vending (product revenue devices) information related to installed devices at the end of each period was as follows:

		Q1	Q2	Q3	Q4
Device count installed at the end of the period	2019	[illegible]	[illegible]	[illegible]	[illegible]
	2018	73,561	76,069	78,706	81,137
	2017	[illegible]	[illegible]	[illegible]	[illegible]
Machine equivalent count installed at the end of the period	2019	[illegible]	[illegible]	[illegible]	[illegible]
	2018	58,571	61,405	64,205	66,784
	2017	[illegible]	[illegible]	[illegible]	[illegible]

In addition to industrial vending noted above, which primarily relates to our non-fastener business, we also provide Fastenal Managed Inventory ('FMI') programs, (also known as 'keep fill' or 'bin stock' programs in the industry) to numerous customers. This business relates to both our maintenance customers (MRO fasteners and non-fasteners) and original equipment manufacturers (OEM fasteners). FMI is like our industrial vending business in that it involves moving product closer to the point of customer use within their facilities. However, the device is typically an open bin which is clustered with other bins in a racking system, each of which holds OEM fasteners, MRO fasteners, and/or non-fastener products that are consumed in the customer's operations. These bins utilize a variety of technologies. For instance, some bins are organized and labeled into customer plan-o-grams which allow for the scanning of product when product is at a minimum desired level and requires replenishment, while other systems utilize scales to measure the volume of a bin's content by its weight. In 2019, Fastenal introduced additional technology utilizing Remote Frequency Identification ('RFID') and infrared ('IR') systems to bring additional value to the supply chain. RFID automates a standard Kanban program and IR automates the replenishment of individualized work stations. We believe our fully integrated distribution network allows us to manage the supply chain for all sizes of customers. FMI programs tend to generate a higher frequency of business transactions and, coupled with our fully integrated distribution network that allows us to manage these programs for all sizes of customers, foster a strong relationship with customers, as we are often their preferred supplier.

We also invest in digital solutions that aim to deliver strategic value for our customers, leverage local inventory for same-day solutions, and provide efficient service. These solutions take many forms. For instance, the above noted technologies (vending and FMI), provide locational data that we can utilize to provide strategic value to our customers. An example of this is FAST 360, which surfaces data around our managed services, providing our customers with one central source of information as we manage their OEM and MRO products. We also provide eProcurement Solutions (Electronic Data Interface, or 'EDI' and 'punchouts'). These provide system-to-system exchange of documents (such as purchase orders, advance shipping notices, and invoices for direct and indirect spend) through a direct integration into our customer's Enterprise Resource Planning (ERP) systems or through a third party procurement network or marketplace. This creates an efficient, accurate, and streamlined procure-to-pay process. We also have an e-commerce offering that allows us to provide same-day solutions for online orders. We believe our integrated physical and virtual model, when paired with our national (and increasingly international) scope, represents a unique capability in industrial distribution when compared to e-commerce as an independent sales channel. One of our web solutions, Fastenal EXPRESS, guides our customers to products that are locally stocked, capitalizing on our existing location footprint, in order to provide same-day service for online orders. This positions us to outperform what is more typically a 24 to 48 hour fulfillment expectation for MRO and unplanned transactions. We expect to continue to build out and develop our digital solutions over time.

We believe our current growth drivers – Onsite locations, international expansion, national accounts, industrial vending, FMI, and digital solutions – on a global basis represent alternative means to address the requirements of certain customer groups. They get us closer to the customer and to where the product is actually consumed. This is consistent with our strategy and offers significant value by providing differentiated and 'sticky' service. Combined with ongoing strategic investments in end market initiatives as well as selling (in-market and otherwise) and non-selling (engineering, product specialists, manufacturing, etc.) employees, we offer a range of capabilities that is difficult for large and small competitors to replicate.

We remain committed to a large, robust service network, including traditional branches; it remains the indispensable foundation of our business. In any given year, it is difficult to predict whether our total branch count will rise or fall. However, with the growth we anticipate in Onsite locations, we believe our total in-market locations will increase over time.

We believe the profitability of our in-market locations is affected by the average revenue produced by each site. In any in-market location, certain costs related to growth are at least partly variable, such as employee-related expenses, while others, like rent and utility costs, tend to be fixed. As a result, it has been shown that as an in-market location increases its sales base over time it typically will achieve a higher operating profit margin. This ability to increase our operating profit margin is influenced by: (1) general growth based on end market expansion and/or market share gains, (2) the age of the in-market location (new locations tend to be less profitable due to start-up costs and, in the case of a traditional branch, the time necessary to generate a customer base), and/or (3) rationalization actions, as in the past several years we have seen a net decline in our traditional branch base. There are many reasons why local or regional management might decide to close a location. Key customers may have migrated to a different part of the market, factories may have closed, our own supply chain capabilities in a market may have evolved to allow us to service some areas with fewer traditional branches, and/or our customers may have transitioned to our Onsite model. The paths to higher operating profit margins are slightly different in a traditional branch versus an Onsite location, as the former will tend to have more fixed costs to leverage while the latter will tend to have a smaller fixed cost burden but have greater leverage of its employee-related expenses. In the short term, the Onsite program can hurt the profitability of our existing branch network as it can pull established revenue away from an existing branch even as its fixed expenses are largely unchanged.

We operate twelve regional distribution centers in the United States – Minnesota, Indiana, Ohio, Pennsylvania, Texas, Georgia, Washington, California, Utah, North Carolina, Kansas, and Mississippi – and three outside the United States – Ontario, Canada; Alberta, Canada; and Nuevo Leon, Mexico. These fifteen distribution centers give us approximately 4.5 million square feet of distribution capacity. These distribution centers are located so as to permit deliveries of two to five times per week to our in-market locations using our trucks and overnight delivery by surface common carrier, with approximately 87% of our North American in-market locations receiving service four to five times per week. The distribution center in Indiana also serves as a 'master' hub, with those in California, North Carolina, and Kansas serving as 'secondary' hubs to support the needs of the in-market locations in their geographic regions as well as provide a broader selection of products for the in-market locations serviced by the other distribution centers.

We currently operate our Minnesota, Indiana, Ohio, Pennsylvania, Texas, Georgia, Washington, California, North Carolina, Kansas, and Ontario, Canada distribution centers with automated storage and retrieval systems ('ASRS'). These eleven distribution centers operate with greater speed and efficiency, and currently handle approximately 97% of our picking activity. We expect to add and/or expand new distribution centers over time as our scale and the number of our in-market locations increases.

Our information systems department develops, implements, and maintains the computer based technology used to support business functions within Fastenal. Corporate, digital, distribution center, and vending systems are primarily supported from central locations, while each selling location uses a locally installed Point-Of-Sale (POS) system. The systems consist of both customized, purchased, and licensed software. A dedicated Wide Area Network (WAN) is used to provide connectivity between systems and authorized users.

Trademarks and Service Marks

We conduct business under various trademarks and service marks, and we utilize a variety of designs and tag lines in connection with each of these marks, including *Growth Through Customer Service®*. Although we do not believe our operations are substantially dependent upon any of our trademarks or service marks, we consider the 'Fastenal' name and our other trademarks and service marks to be valuable to our business. We have registered, or applied for the registration of, various trademarks and service marks. Our registered trademarks and service marks are presumed valid in the United States as long as they are in use, their registrations are properly maintained, and they have not been found to have become generic. Registrations of trademarks and service marks can also generally be renewed indefinitely as long as the trademarks and service marks are in use.

Products

Fastenal was founded as a distributor of fasteners and related industrial and construction supplies. This includes threaded fasteners, bolts, nuts, screws, studs, and related washers, as well as miscellaneous supplies and hardware, such as pins, machinery keys, concrete anchors, metal framing systems, wire rope, strut, rivets, and related accessories. Our fastener product line, which is primarily sold under the Fastenal product name, represented 34.2%, 34.9%, and 35.6% of our consolidated net sales in 2019, 2018, and 2017, respectively.

Fastener distribution is complex. In most cases, the product has low per unit value but high per unit weight. This presents challenges in moving product from suppliers, most of whom are outside of North America, to our distribution centers, as well as from our distribution centers to our branch, Onsite, and customer locations. At the same time, fasteners are ubiquitous in manufactured products, construction projects, and maintenance and repair while at the same time exhibiting great geometric variability based on use and application. In many cases, a fastener is a critical part in machine uptime and/or effective use. These features have greatly influenced our logistical development, training and educational programs, support capabilities, and inventory decisions, which we believe would be difficult for competitors to replicate.

In 1993, we began to aggressively add additional product lines, and these represented 65.8%, 65.1%, and 64.4% of our consolidated sales in 2019, 2018, and 2017, respectively. These products, which we refer to as non-fastener product lines, tend to move through the same distribution channel, get used by the same customers, and utilize the same logistical capabilities as the original fastener product line. This logic is as true today as it was when we first began to diversify our product offering. However, over time, the supply chain for these product lines has evolved in ways independent of the fastener line. For instance, non-fastener product lines benefit disproportionately from our development of industrial vending.

The most significant category of non-fastener products is our safety supplies product line, which accounted for 17.9%, 17.2%, and 16.3% of our consolidated sales in 2019, 2018, and 2017, respectively. This product line has enjoyed dramatic sales growth in the last ten years (nearly tripling as a percentage of sales over that ten-year time frame). This is directly related to our success in industrial vending. Our tools product line accounts for approximately 10% of consolidated net sales, representing 9.9%, 10.0%, and 10.1% in 2019, 2018, and 2017, respectively.

In the last several decades we have added 'private label' brands (often referred to as 'Exclusive Brands', or brands sold exclusively through Fastenal) to our non-fastener offering. These private label brands represented approximately 13%, 13%, and 12% of our consolidated net sales in 2019, 2018, and 2017, respectively. We believe it is also appropriate to think about our private label sales as a percentage of our non-fastener sales for two reasons: (1) branded vs. private label dynamics of fasteners differ from those of non-fasteners; and (2) non-fastener data is more comparable to information reported by our peers, who do not generally have our significant mix of fastener business. Private label brands represented approximately 19%, 19%, and 20% of our total non-fastener sales in 2019, 2018, and 2017, respectively. Over the last few years, we have seen increases in sales of private label products as a percentage of total non-fastener sales when looking at specific sales channels such as Onsite locations, branches, and vending. However, these increases were masked by the relative sales growth we are experiencing with Onsite locations, which typically have a lower percentage of total sales being private label than is the case in branches or sales through vending devices.

We plan to continue to add other product lines in the future.

Detailed information about our sales by product line is provided in Note 2 of the Notes to Consolidated Financial Statements included later in this Form 10-K. Each product line may contain multiple product categories.

Inventory Control

Our inventory stocking levels are determined using our computer systems, by our sales personnel at in-market locations, by our district and regional leadership, and by our product development team. The data used for this determination is derived from sales activity from all of our selling locations, from individual selling locations, and from different geographic areas. It is also derived from supplier information and from customer demographic information. The computer system monitors the inventory level for all stock items and triggers replenishment, or prompts a buyer to purchase, as necessary, based on an established minimum-maximum level. All branches stock a base inventory and may expand beyond preset inventory levels as deemed appropriate by the district and branch personnel. Non-branch selling locations (primarily Onsites) stock inventory based on customer-specific arrangements. Inventories in distribution centers are established from computerized data for the selling locations served by the respective distribution center. Inventory quantities are continuously re-balanced utilizing an automated transfer mechanism we call 'inventory re-distribution'.

Inventory held at our selling locations, close to customers and available on a same-day basis, accounted for approximately 60%, 61%, and 65% of our total inventory at the end of 2019, 2018, and 2017, respectively. Inventory held at our distribution centers and manufacturing locations accounted for approximately 40%, 39%, and 35% of our total inventory at the end of 2019, 2018, and 2017, respectively. The distribution center and manufacturing location inventory, when combined with our trucking network, allows for fast, next-day service at a very competitive cost.

Manufacturing and Support Services Operations

In 2019, approximately 96% of our consolidated net sales were attributable to products manufactured by other companies to industry standards or to customer specific requirements. The remaining 4% related to products manufactured, modified or repaired by our manufacturing businesses or our support services. The manufactured products consist primarily of non-standard sizes of threaded fasteners and hardware made to customers' specifications at one of our nine manufacturing locations, or standard sizes manufactured under our Holo-Krome®, Cardinal Fasteners®, and Spensall® product lines. The services provided by the support services group include, but are not limited to, the repair of tools and hoists, the fabrication of chain sling and hose, band saw blade welding, and other light manufacturing and fabrication. We may add additional services in the future. However, we engage in these activities primarily as a service to our customers and expect them to continue to contribute in the range of 4% to 6% of our consolidated net sales in the future.

Sources of Supply

We use a large number of suppliers for the standard stock items we distribute. Most items distributed by our network can be purchased from several sources, although preferred sourcing is used for some stock items to facilitate quality control. No single supplier accounted for more than 5% of our inventory purchases in 2019.

In the case of fasteners and our private label non-fastener products, we have a large number of suppliers but these suppliers are heavily concentrated in a single geographic area, Asia. Within Asia, suppliers in China represent a significant source of product. As a result, the cost and effectiveness of our supply chain is dependent on relatively unfettered trade across geographic regions.

Beyond inventory, we have some concentration of purchasing activity. For example, we utilize a limited number of suppliers for our distribution equipment and our vehicle fleet, and primarily one supplier for our industrial vending equipment. However, we believe there are viable alternatives to each of these, if necessary.

Customers and Marketing

We believe our success can be attributed to our ability to offer customers a full line of quality products, our convenient locations and diverse methods of providing those products, and the superior service orientation and expertise of our employees. Most of our customers are in the manufacturing and non-residential construction markets. The manufacturing market includes both OEM and MRO customers. The non-residential construction market includes general, electrical, plumbing, sheet metal, and road contractors. Other users of our products include farmers, truckers, railroads, oil exploration companies, oil production and refinement companies, mining companies, federal, state, and local governmental entities, schools, and certain retail trades.

Based on our customer profile being oriented toward manufacturing and non-residential construction, our business has historically been cyclical. However, we believe our model has certain protections that moderate the volatility of our results around cyclical changes. First, we have a large number of customers that serve a wide range of segments within the broader manufacturing and non-residential construction market, although slumps in one industry served by us can rapidly spread to other, interrelated industries, locally or globally. However, we still believe this customer and market segment diversity provides some insulation from economic changes that are not across multiple industries and geographic regions. In addition, while a meaningful part of our revenue is derived from products that are incorporated into final products, we also have a significant portion of revenue that is derived from products used to maintain facilities. This latter source of revenue tends to be directly influenced by cyclical changes, but its rate of change tends to be less dramatic.

In an in-market location, our customer's business activity is tracked through 'active accounts'. Customers often have more than one active account at a single in-market location, reflecting their utilization of different Fastenal services, and frequently have active accounts at many in-market locations across our global network. During the fourth quarter of 2019, our total number of active customer accounts (defined as accounts having purchase activity totaling at least $100 within the last 90 days) was approximately 247,000, while our total 'core accounts' (defined as the average number of accounts with purchase activity of at least $500 per month within the last 90 days) was approximately 80,000. In 2019, no one customer accounted for more than 5% of our sales.

Direct marketing continues to be the backbone of our business through our local in-market selling personnel, as well as our non-branch selling personnel. We support our sales team with multi-channel marketing including direct mail and digital marketing, print and radio advertising, catalogs, promotional flyers, events, and branch signage. In recent years, our national advertising has been focused on a NASCAR® sponsorship through our partnership with Roush Fenway Racing® as the primary sponsor of the No. 17 car in the Monster Energy® NASCAR® Cup Series.

Seasonality

Seasonality has some impact on our sales. The first and fourth quarters are typically our lowest volume periods, given their overlap with winter months in North America during which our direct and indirect sales to customers in the non-residential construction market typically slow due to inclement weather. The fourth quarter also tends to be more greatly affected by the Thanksgiving (October in Canada and November in the United States), Christmas, and New Year holiday periods, due to plant shut downs. In contrast, the second and third quarters typically have higher revenues due to stronger non-residential construction activity and relatively fewer holidays (although Good Friday will sometimes fall in the second quarter and the 4th of July will always fall in the third quarter).

Competition

Our business is highly competitive, and includes large competitors located primarily in large cities and smaller distributors located in many of the same smaller markets in which we have branches. We believe the principal competitive factors affecting the markets for our products, in no particular order, are customer service, price, convenience, product availability, and cost saving solutions.

Market strategies in industrial distribution are varied. Where products are concerned, while many larger distributors have trended toward a broad-line offering over time, they are often still closely associated with a specific product that can influence their ability to capture market share. This association with a specific product line is often even more pronounced among smaller competitors, though many smaller competitors do deploy a broad-line model. Means of serving the customer are even more diverse. For instance, many competitors maintain a local, branch-based presence in their markets, while others use vans to sell products in markets away from their main warehouses, while still others rely on catalogs or telemarketing sales. Recent years have seen the emergence of e-commerce solutions, such as websites, and while this channel has been embraced by many traditional distributors it also has introduced non-traditional, web-based competitors into the marketplace. The diversity of product and service models supported in the marketplace is a reflection of the equally diverse product and service needs of the customer base. The large majority of our customers utilize multiple channels, from a single distributor or from a range of distributors, to procure the products they need in their operations.

We believe that better service, and a competitive selling advantage, can be provided by maintaining a physical presence closer to the customer's location(s). As a result, we maintain branches in small, medium, and large markets, each offering a wide variety of products. The convenience of a large number of branches in a given area, combined with our ability to provide frequent deliveries to such branches from centrally located distribution centers, facilitates the prompt and efficient distribution of products. We also believe our industrial vending and bin stock solutions, supported from an in-market (branch or Onsite) location, provides a unique way to provide our customers convenient access to products and cost saving solutions using a business model not easily replicated by our competitors. Having trained personnel at each in-market location also enhances our ability to compete (see 'Employees' below).

Our Onsite service model provides us with a strategic advantage with our larger customers. Building on our core business strategy of the local branch, the Onsite model provides value to our customers through customized service while giving us a competitive advantage through stronger relationships with those customers, all with a relatively low investment given the existing branch and distribution structure.

Employees

At the end of 2019, we employed 21,948 full and part-time employees. Of these, approximately 72% held an in-market or non-branch selling role. We characterize those personnel as follows:

	2019	2018
In-market locations	[illegible]	[illegible]
Non-branch selling	1,854	1,772
Selling subtotal	[illegible]	[illegible]
Distribution	4,012	3,830
Manufacturing	[illegible]	[illegible]
Administrative	1,394	1,291
Non-selling subtotal	[illegible]	[illegible]
Total	21,948	21,644

Note – In materials released on January 17, 2019 related to our fourth quarter and full year 2018 earnings results, we undercounted our total employees by 25. We corrected this in the table above, and throughout this document, and as a result some of the figures will not match the comparable figures in our previously published fourth quarter and full year 2018 earnings results.

We believe the quality of our employees is critical to our ability to compete successfully in the markets we currently serve and to our ability to develop new markets and customer relationships. We foster the growth and education of skilled employees throughout the organization by operating training programs and by decentralizing decision-making. Wherever possible, our goal is to 'promote from within'. For example, most new branch and Onsite managers are promoted from an outside sales position, and district managers (who supervise a number of in-market locations) are usually former branch managers.

The Fastenal School of Business (our internal corporate university program, known as FSB) develops and delivers a comprehensive array of industry and company-specific training and development programs that are offered to our employees. The programs are offered through a combination of both classroom training and online learning. FSB provides core curricula focused on key competencies determined to be critical to the success of our employees' performance. In addition, we provide specialized educational tracks within various institutes of learning. These institutes of learning are advanced levels that provide specific concentrations of education and development and have been designed to focus on critical aspects of our business, such as leadership, effective branch best practices, sales and marketing, product education, and distribution.

Our selling personnel are compensated with a base salary and an incentive bonus arrangement that places emphasis on achieving increased sales on a branch, Onsite, district, regional, and national account basis, while still attaining targeted levels of, among other things, gross profit, inventory management, and trade accounts receivable collections. As a result, a significant portion of our total employment cost varies with sales volume. We also pay incentive bonuses to our leadership personnel based on one or more of the following factors: sales growth, earnings growth (before and after taxes), profitability, and return on assets improvement, and to our other personnel for achieving predetermined departmental, project, and cost-containment goals.

Our employees are not subject to any collective bargaining agreements and we have experienced no work stoppages. We believe our employee relations are good.

Available Information

Our Internet address for corporate and investor information is www.fastenal.com. The information contained on our website or connected to our website is not incorporated by reference into this annual report on Form 10-K and should not be considered part of this report.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act are available free of charge on or through our website at www.fastenal.com as soon as reasonably practicable after such reports have been filed with or furnished to the SEC.

ITEM 1A. RISK FACTORS

In addition to the other information in this Form 10-K, the following factors should be considered in evaluating our business. Our operating results depend upon many factors and are subject to various risks and uncertainties. The most significant risks and uncertainties known to us which may cause our operating results to vary from anticipated results or which may negatively affect our operating results and profitability are as follows:

Company Risks

Products that we sell may expose us to potential material liability for property damage, environmental damage, personal injury, or death linked to the use of those products by our customers. Some of our customers operate in challenging industries where there is a material risk of catastrophic events. We are actively seeking to expand our sales to certain categories of customers, some of whose businesses may entail heightened levels of such risk. If any of these events are linked to the use by our customers of any of our products, claims could be brought against us by those customers, by governmental authorities, and by third parties who are injured or damaged as a result of such events. In addition, our reputation could be adversely affected by negative publicity surrounding such events regardless of whether or not claims against us are successful. While we maintain insurance coverage to mitigate a portion of this risk and may have recourse against our suppliers for losses arising out of defects in products procured from them, we could experience significant losses as a result of claims made against us to the extent adequate insurance is not in place, the products are manufactured by us or legal recourse against our suppliers is otherwise not available, or our insurers or suppliers are unwilling or unable to satisfy their obligations to us.

Interruptions in the proper functioning of information systems or the inability to maintain or upgrade our information systems, or convert to alternate systems in a timely and efficient manner, could disrupt operations, cause unanticipated increases in costs and/or decreases in revenues, and result in less efficient operations. The proper functioning of our information systems is critical to many aspects of our business and we could be adversely affected if we experience a disruption or data loss relating to our information systems and are unable to recover in a timely manner. Our information systems are protected with robust backup systems and processes, including physical and software safeguards and remote processing capabilities. Still, information systems are vulnerable to natural disasters, power losses, unauthorized access, telecommunication failures, and other problems. In addition, certain software used by us is licensed from, and certain services related to our information systems are provided by, third parties who could choose to discontinue their products or services or their relationship with us. It is also possible that we are unable to improve, upgrade, maintain, and expand our information systems. Our ability to process orders, maintain proper levels of inventories, collect accounts receivable, pay expenses, and maintain the security of company and customer data, as well as the success of our growth drivers, is dependent in varying degrees on the effective and timely operation and support of our information technology systems. If critical information systems fail or these systems or related software or services are otherwise unavailable, or if we experience extended delays or unexpected expenses in securing, developing, and otherwise implementing technology solutions to support our growth and operations, it could adversely affect our profitability and/or ability to grow.

In the event of a cyber security incident, we could experience certain operational interruptions, incur substantial additional costs, become subject to legal or regulatory proceedings, or suffer damage to our reputation in the marketplace. The nature of our business requires us to receive, retain, and transmit certain personally identifying information that our customers provide to purchase products or services, register on our websites, or otherwise communicate and interact with us. While we have taken and continue to undertake significant steps to protect our customer and confidential information, a compromise of our data security systems or those of businesses we interact with could result in information related to our customers or business being obtained by unauthorized persons. We develop and update processes and maintain systems in an effort to try to prevent this from occurring and have established and maintained disclosure controls and procedures that would permit us to make accurate and timely disclosures of any material event, including any cyber security event, but the development and maintenance of these processes and systems are costly and require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Consequently, despite our efforts, the possibility of cyber security incidents cannot be eliminated entirely. There can be no assurance that we will not experience a cyber security incident that may materially impact our consolidated financial statements. While we also seek to obtain assurances that third parties we interact with will protect confidential information, there is a risk the confidentiality of data held or accessed by third parties may be compromised. If a compromise of our data security were to occur, it could interrupt our operations, subject us to additional legal, regulatory, and operating costs, and damage our reputation in the marketplace.

We may be unable to meet our goals regarding the growth drivers of our business. Our sales growth is dependent primarily on our ability to attract new customers and increase our activity with existing customers. Historically, the most effective way to attract new customers has been opening new branches. In recent years, however, we have devoted increased resources to other growth drivers, including our industrial vending business, our Onsite business, our national accounts team, and our international operations. While we have taken steps to build momentum in the growth drivers of our business, we cannot assure you those steps will lead to additional sales growth. Failure to achieve any of our goals regarding industrial vending, FMI, Onsite locations, national accounts signings, digital solutions, international operations, or other growth drivers could negatively impact our long-term sales growth. Further, failure to identify appropriate targets for our Onsite and industrial vending businesses or failure to find suitable locations for them once appropriate targets are identified may adversely impact our goals regarding the number of new Onsite locations we are able to open or the number of industrial vending devices we are able to deploy.

Changes in customer or product mix, downward pressure on sales prices, and changes in volume of orders could cause our gross profit percentage to fluctuate or decline in the future. Changes in our customer or product mix could cause our gross profit percentage to fluctuate or decline. For example, the portion of our sales attributable to fasteners has been decreasing in recent years. That has adversely affected our gross profit percentage as our non-fastener products generally carry lower gross profit margins than our fastener products. Similarly, in recent years, revenues from national accounts customers, which typically have lower gross profit margins by virtue of their scale and available business, have tended to grow faster than revenues from smaller customers. This factor has become more significant as revenues from Onsite locations have grown in the mix. Customer and product mix have contributed to the decline in our gross profit percentage over time, including in 2019 and 2018, and will likely continue to affect our gross profit percentage in 2020 and beyond. However, whether this adverse mix impact will result in a decline of our gross profit percentage in any given year will depend on the extent to which they are, or are not, offset by positive impacts to gross profit margin during such year. Downward pressure on sales prices, changes in the volume of our orders, and an inability to pass higher product costs on to customers could also cause our gross profit percentage to fluctuate or decline. We can experience downward pressure on sales prices as a result of deflation, pressure from customers to reduce costs, or increased competition. Reductions in our volume of purchases can adversely impact gross profit by reducing supplier volume allowances. We may not be able to pass rising product costs to customers if those customers have ready product or supplier alternatives in the marketplace.

Our operating and administrative expenses could grow more rapidly than net sales which could result in failure to achieve our goals related to leveraging revenue growth into higher net earnings. Over time, we have generally experienced an increase in our operating and administrative expenses, including costs related to payroll, occupancy, freight, and information technology, among others, as our net sales have grown. However, historically, a portion of these expenses has not increased at the same rates as net sales, allowing us to leverage our growth and sustain or expand our operating profit margins. There are various scenarios where we may not be able to continue to achieve this leverage as we have been able to do in the past. For instance, it is typical that when demand declines, most commonly from cyclical factors (though it could be due to customer losses or some other company-specific event), our operating and administrative expenses do not fall as quickly as net sales. It is also possible that in the future we will elect to make investments in operating and administrative expenses that would result in costs growing faster than net sales. In addition, market variables, such as labor rates, energy costs, and legal costs, could move in such a way as to cause us to not be able to manage our operating and administrative expenses in a way that would enable us to leverage our revenue growth into higher net earnings. Should any of these scenarios, or a combination of them, occur in the future, it is possible that our operating and pre-tax profit margins could decline even if we are able to grow revenue.

Our competitive advantage in our industrial vending business could be eliminated and the loss of key suppliers of equipment and services for that business could be disruptive and could result in failure to deploy devices. We believe we have a competitive advantage in industrial vending due to our vending hardware and software, our local branch presence (allowing us to service devices more rapidly), our 'vendible' product depth, and, in North America, our distribution strength. These advantages have developed over time; however, other competitors could respond to our expanding industrial vending business with highly competitive platforms of their own. Such competition could negatively impact our ability to expand our industrial vending business or negatively impact the economics of that business. In addition, we currently rely on a limited number of suppliers for the vending devices used in, and certain software and services needed to operate, our industrial vending business. While these devices, software, and services can be obtained from other sources, loss of our current suppliers could be disruptive and could result in us failing to meet our goals related to the number of devices we are able to deploy in the next twelve to eighteen months.

The ability to identify new products and product lines, and integrate them into our selling locations and distribution network, may impact our ability to compete, our ability to generate additional sales, and our profit margins. Our success depends in part on our ability to develop product expertise at the selling location level and identify future products and product lines that complement existing products and product lines and that respond to our customers' needs. We may not be able to compete effectively unless our product selection keeps up with trends in the markets in which we compete or trends in new products. In addition, our ability to integrate new products and product lines into our branches and distribution network could impact sales and profit margins.

Our ability to successfully attract and retain qualified personnel to staff our selling locations could impact labor costs, sales at existing selling locations, and the successful execution of our growth drivers. Our success depends in part on our ability to attract, motivate, and retain a sufficient number of qualified employees, including inside and outside branch associates, Onsite managers, national account sales representatives, and support personnel, who understand and appreciate our culture and are able to adequately represent this culture to our customers. Qualified individuals of the requisite caliber and number needed to fill these positions may be in short supply in some areas, and the turnover rate in the industry is high, particularly for less tenured employees. If we are unable to hire and retain personnel capable of consistently providing a high level of customer service, as demonstrated by their enthusiasm for our culture and product knowledge, our sales could be materially adversely affected. Additionally, competition for qualified employees could require us to pay higher wages to attract a sufficient number of employees. An inability to recruit and retain a sufficient number of qualified individuals in the future may also delay the planned expansion of our various selling channels.

Our inability to attract or transition key executive officers may divert the attention of other members of our senior leadership and adversely impact our existing operations. Our success depends on the efforts and abilities of our key executive officers and senior leadership. In the event of voluntary or involuntary vacancies in our executive team in the future, the extent to which there is disruption in the oversight and/or leadership of our business will depend on our ability to either transition internal, talented individuals or recruit suitable replacements to serve in these roles. In addition, difficulties in smoothly implementing any transition to new members of our executive team, or recruiting suitable replacements, could divert the attention of other members of our senior leadership team from our existing operations.

We may not be able to compete effectively against traditional or non-traditional competitors, which could cause us to lose market share or erode our gross and/or operating income profit and/or percentage. The industrial, construction, and maintenance supply industry, although slowly consolidating, still remains a large, fragmented, and highly competitive industry. Our current or future competitors may include companies with similar or greater market presence, name recognition, and financial, marketing, technological, and other resources, and we believe they will continue to challenge us with their product selection, financial resources, technological advancements, and services. Increased competition from brick-and-mortar retailers could cause us to lose market share or reduce our prices or increase our spending. Similarly, the emergence of on-line retailers, whether as extensions of our traditional competition or in the form of major, non-traditional competitors, could result in easier and quicker price discovery and the adoption of aggressive pricing strategies and sales methods. These pressures could have the effect of eroding our gross and/or operating income profit and/or percentage over time.

Our business is subject to a wide array of operating laws and regulations in every jurisdiction where we operate. Compliance with these laws and regulations increases the cost of doing business and failure to comply could result in the imposition of fines or penalties and the termination of contracts. We are subject to a variety of laws and regulations including without limitation; import and export requirements, anti-bribery and corruption laws, product compliance laws, environmental laws, foreign exchange controls and cash repatriation restrictions, advertising regulations, data privacy and cyber security requirements, regulations on suppliers regarding the sources of supplies or products, labor and employment laws, and anti-competition regulations. In addition, as a supplier to federal, state, and local government agencies, we must comply with certain laws and regulations relating specifically to the formation, administration, and performance of our governmental contracts. We are also subject to governmental audits and inquiries in the normal course of business. Ongoing audit activity and changes to the legal and regulatory environments could increase the cost of doing business, and such costs may increase in the future as a result of changes in these laws and regulations or in their interpretation. While we have implemented policies and procedures designed to facilitate compliance with these laws and regulations, there can be no assurance that our employees, contractors, or agents will not violate such laws and regulations, or our policies. Any such violations could result in the imposition of fines and penalties, damage to our reputation, and, in the case of laws and regulations relating specifically to governmental contracts, the loss of those contracts.

Tax laws and regulations require compliance efforts that can increase our cost of doing business and changes to these laws and regulations could impact financial results. We are subject to a variety of tax laws and regulations in the jurisdictions in which we operate. Maintaining compliance with these laws can increase our cost of doing business and failure to comply could result in audits or the imposition of fines or penalties. Further, our future effective tax rates in any of these jurisdictions could be affected, positively or negatively, by changing tax priorities, changes in statutory rates, or changes in tax laws or the interpretation thereof. The most significant recent example of this is the comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"), which was enacted in the United States in December 2017. The Tax Act reduced the U.S. federal corporate income tax rate, included a one-time tax on accumulated offshore earnings, eliminated certain deductions for which we had previously qualified, requires a current inclusion in U.S. federal income of certain earnings of controlled foreign corporations, allows a domestic corporation an immediate deduction in U.S. taxable income for a portion of its foreign-derived intangible income, and introduced a base erosion anti-abuse tax. There is also a longer term risk that the beneficial aspects of the Tax Act on our business could be reversed depending on changes in future fiscal or political priorities.

We may not be successful in integrating acquisitions and achieving intended benefits and synergies. We have completed several acquisitions of businesses in recent years. We expect to continue to pursue strategic acquisitions that we believe will either expand or complement our business in new or existing markets or further enhance the value and offerings we are able to provide to our existing or future potential customers. Acquisitions involve numerous risks and challenges, including, among others, a risk of potential loss of key employees of an acquired business, inability to achieve identified operating and financial synergies anticipated to result from an acquisition, diversion of our capital and our management's attention from other business issues, and risks related to the integration of the acquired business including unanticipated changes in our business, our industry, or general economic conditions that affect the assumptions underlying the acquisition. Any one or more of these factors could cause us to not realize the benefits anticipated to result from the acquisitions.

Industry and General Economic Risks

A downturn in the economy or in the principal markets served by us and other factors may affect customer spending, which could harm our operating results. In general, our sales represent spending on discretionary items or consumption needs by our customers. This spending is affected by many factors, including, among others:

- general business conditions,
- business conditions in our principal markets,
- interest rates,
- inflation,
- liquidity in credit markets,
- taxation,
- government regulations and actions, including around trade policy,
- energy and fuel prices and electrical power rates,
- unemployment trends,
- terrorist attacks and acts of war,
- weather conditions, and
- other matters that influence customer confidence and spending.

A downturn in either the national or local economy where we operate, or in the principal markets served by us, or changes in any of the other factors described above, could negatively impact sales at our in-market locations, sales through our other selling channels, and the level of profitability of those in-market locations and other selling channels.

This risk was most recently demonstrated in 2019. After experiencing strong demand in 2017 and 2018 that produced double-digit sales growth for Fastenal, our growth slowed into the mid-single digits beginning in the second quarter of 2019. During that period, many of our customers involved in the manufacture of components, capital goods, and heavy equipment were impacted by higher costs and reduced confidence stemming from global trade uncertainty. When this happens, these customers tend to cut back on spending which yields a slowdown in our business with these customers.

Trade policies could make sourcing product from overseas more difficult and/or more costly, and could adversely impact our gross and/or operating profit percentage. We source a significant amount of the products we sell from outside of the United States, primarily Asia. We have made significant structural investments over time to be able to source both directly from Asia through our wholly-owned, Asia-based subsidiary, FASTCO Trading Co., Ltd. and indirectly from suppliers that procure product from international sources. This was initially necessary due to the absence of significant domestic fastener production, but over time we have expanded our non-fastener sourcing as well, and at this time it may be difficult to adjust our sourcing in the short term. In light of this, changes in trade policies could affect our sourcing operations, our ability to secure sufficient product to serve our customers and/or impact the cost or price of our products, with potentially adverse impacts on our gross and operating profit percentages and financial results. These risks are particularly acute currently in light of an increase in tariffs, either directly on products we trade in or indirectly on industries we sell into, between the United States and its trading partners, as well as greater uncertainty around regional and global trade agreements generally. China and Canada represent significant sources of product and Canada and Mexico represent our two largest markets in terms of revenue generation after the United States, and each of these countries are currently and/or have been previously subject to disruption due to historical trade policies. There can be no assurances that these disruptions will not continue or increase in the future, with the previously mentioned countries or additional countries with which we do business. The degree to which these changes in the global marketplace affect our financial results will be influenced by the specific details of the changes in trade policies, their timing and duration, and our effectiveness in deploying tools to address these issues. In particular, the tariffs levied on most of our products originating in China have caused us to review and implement potential solutions to the increase in our product costs with our customers. The first of these actions occurred on September 24, 2018, but since that date there have been additional actions to both increase the number of products covered by tariffs and to raise the tariff rates themselves. We have taken actions, including increasing product prices, re-sourcing product, and seeking exemptions for certain products, that have been mostly effective at offsetting the impacts of tariffs on our financial results. The effectiveness of these strategies in response to any future tariffs is unknown.

Trade policies could have an adverse impact on industries we sell into, negatively affecting our net sales and profits. Considerable political uncertainty in the United States may result in changes to trade policies that could create disruption in geographic demand trends. To the extent that the United States government enacts tariffs or taxes that penalize imports to benefit domestic manufacturing, we may improve our domestic sales which may have an overall positive impact on us given that 86% of our total revenue is derived from the United States. However, any such action may adversely impact our foreign sales, which may, in turn, adversely impact our ability to expand our overseas branches in the future. In addition, should a foreign government engage in its own trade protection, independent of or in response to another nation's action, it could have a negative direct or, more likely, indirect effect on our net sales and profits by reducing demand for exports by United States companies. Such changes could adversely affect our financial results.

Products manufactured in foreign countries may cease to be available for reasons unrelated to trade policy, which could adversely affect our inventory levels and operating results. We obtain certain of our products, and our suppliers obtain certain of their products, from China, Taiwan, South Korea, Mexico, and other foreign countries. Our suppliers could discontinue selling products manufactured in foreign countries at any time for reasons that may or may not be in our control or our suppliers' control, including foreign government regulations, domestic government regulations, political unrest, war, disruption or delays in shipments, or changes in local economic conditions. Additionally, the shipment of goods from foreign countries could be delayed by container shipping companies encountering financial or other difficulties. Our operating results and inventory levels could suffer if we are unable to promptly replace a supplier or shipper who is unwilling or unable to satisfy our requirements with another supplier or shipper providing equally appealing products and services.

Changes in energy costs and the cost of raw materials used in our products could impact our net sales, cost of sales, gross profit percentage, distribution expenses, and occupancy expenses, which may result in lower operating income. Costs of raw materials used in our products (e.g., steel) and energy costs can fluctuate significantly over time. Increases in these costs result in increased production costs for our suppliers. These suppliers typically look to pass their increased costs along to us through price increases. The fuel costs of our distribution and branch operations have fluctuated as well. While we typically try to pass higher supplier prices and fuel costs through to our customers or to modify our activities to mitigate the impact, we may not be successful, particularly if supplier prices or fuel costs rise rapidly. Failure to fully pass any such increased prices and costs through to our customers or to modify our activities to mitigate the impact would have an adverse effect on our operating income. While increases in the cost of fuel or raw materials could be damaging to us, decreases in those costs, particularly if severe, could also adversely impact us by creating deflation in selling prices, which could cause our gross profit to decline, or by negatively impacting customers in certain industries, which could cause our sales to those customers to decline.

The industrial, construction, and maintenance supply industry is consolidating, which could cause it to become more competitive and could negatively impact our market share, gross profit, and operating income. The industrial, construction, and maintenance supply industry in North America is consolidating. This consolidation is being driven by customer needs and supplier capabilities, which could cause the industry to become more competitive as greater economies of scale are achieved by suppliers, or as competitors with new business models are willing and able to operate with lower gross profit on select products. Customers are increasingly aware of the total costs of fulfillment and of the need to have consistent sources of supply at multiple locations. We believe these customer needs could result in fewer suppliers as the remaining suppliers become larger and capable of being a consistent source of supply.

There can be no assurance we will be able in the future to take effective advantage of the trend toward consolidation. The trend in our industry toward consolidation could make it more difficult for us to maintain our current gross profit and operating income. Furthermore, as our industrial customers face increased foreign competition, and potentially lose business to foreign competitors or shift their operations overseas in an effort to reduce expenses, we may face increased difficulty in growing and maintaining our market share.

Inclement weather and other disruptions to the transportation network could adversely impact our distribution system and demand for our products. Our ability to provide efficient distribution of core business products to our branch network is an integral component of our overall business strategy. Disruptions at distribution centers or shipping ports may affect our ability to both maintain core products in inventory and deliver products to our customers on a timely basis, which may in turn adversely affect our results of operations. In addition, severe weather conditions could adversely affect demand for our products in particularly hard hit regions. In August and September 2017, we experienced temporary disruptions in our distribution network in our Gulf Coast, Florida, Georgia, and Puerto Rico regions due to hurricanes Harvey, Irma, and Maria. These storms adversely impacted our product demand and revenues, as well as our gross and operating profit percentages, due to an increase in demand for storm-related products which have a lower gross profit margin, and inefficiencies in delivery services in the immediate aftermath of the storms. In September 2018, hurricane Florence had a similar impact in our Carolinas region, and in the first quarter of 2019, severe winter weather had a similar impact across the northern part of the United States.

Our current estimates of total market potential as well as the market potential of our business strategies could be incorrect. We believe we have a significant opportunity for growth based on our belief that North American market demand for the products we sell is estimated to exceed $140 billion. This figure is not derived from an independent organization or data source that aggregates and publishes widely agreed-upon demand and market share statistics. Instead, we have identified this figure based on our own experience in the marketplace for our products and by evaluating estimates from other sources. If we have overestimated the size of our market, and in doing so, underestimated our current share of it, the size of our opportunity for growth may not be as significant as we currently believe. Similarly, we have provided estimates of the opportunities we have with some of our specific growth strategies, such as industrial vending and Onsite locations. We believe the potential market opportunity for industrial vending is approximately 1.7 million devices and we have identified over 15,000 customer locations with the potential to implement our Onsite service model. Similar to the case for total market size, we use our own experience and data to arrive at the size of these potential opportunities and not independent sources. These estimates are based on our business model today, and the introduction or expansion of other business strategies, such as on-line retailing, could cause them to change. In addition, the market potential of a particular business strategy may vary from expectations due to a change in the marketplace (such as changes in customer concentration or needs), a change in the nature of that business strategy, or weaker than anticipated acceptance by customers of that business strategy. We cannot guarantee that our market potential estimates are accurate or that we will ultimately decide to expand our industrial vending or Onsite service models as we anticipate to reach the full market opportunity.

We are exposed to foreign currency exchange rate risk, and changes in foreign exchange rates could increase the cost of purchasing products and impact our foreign sales. Because the functional currency related to most of our foreign operations is the applicable local currency, we are exposed to foreign currency exchange rate risk arising from transactions in the normal course of business. Fluctuations in the relative strength of foreign economies and their related currencies could adversely impact our ability to procure products overseas at competitive prices and our foreign sales. Historically, our primary exchange rate exposure has been with the Canadian dollar. There can be no assurance that currency exchange rate fluctuations with the Canadian dollar and other foreign currencies will not adversely affect our results of operations, financial condition, and cash flows. While the use of currency hedging instruments may provide us with protection from adverse fluctuations in currency exchange rates, we are not currently using these instruments and we have not historically hedged this exposure. If we decide to do so in the future, we could potentially forego the benefits that might result from favorable fluctuations in currency exchange rates.

Tight credit markets could impact our ability to obtain financing on reasonable terms or increase the cost of existing or future financing and interest rate fluctuations could adversely impact our results. As of December 31, 2019, we had $345.0 of outstanding debt obligations, including loans outstanding under our revolving credit facility (the 'Credit Facility') of $210.0 and senior unsecured promissory notes issued under our master note agreement (the 'Master Note Agreement') in the aggregate principal amount of $135.0. Loans under the Credit Facility bear interest at a rate per annum based on the London Interbank Offered Rate ('LIBOR') and mature on November 30, 2023. The notes issued under our Master Note Agreement consist of three series. The first is in an aggregate principal amount of $40.0, bears interest at a fixed rate of 2.00% per annum, and is due and payable on July 20, 2021. The second is in an aggregate principal amount of $35.0, bears interest at a fixed rate of 2.45% per annum, and is due and payable on July 20, 2022. The third is in an aggregate principal amount of $60.0, bears interest at a fixed rate of 3.22% per annum, and is due and payable on March 1, 2024. Our aggregate borrowing capacity under the Credit Facility is $700.0. Our aggregate borrowing capacity under the Master Note Agreement is $600.0; however, none of the institutional investors that are parties to that agreement are committed to purchase notes thereunder.

During periods of volatility and disruption in the United States credit markets, financing may become more costly and more difficult to obtain. Although the credit market turmoil of 2008 and 2009 did not have a significant adverse impact on our liquidity or borrowing costs given our low level of indebtedness at that time, the availability of funds tightened and credit spreads on corporate debt increased. Our indebtedness has increased since 2009 and we have the capacity under our Credit Facility and Master Note Agreement to increase borrowings in the future. If credit market volatility were to return, the cost of servicing our existing debt could increase due to the LIBOR-based interest rate provided for under our Credit Facility. In addition, borrowing additional amounts to finance stock purchases, dividends, capital expenditures, and other liquidity needs or to refinance our existing indebtedness could be difficult and the cost of doing so could be high.

Investment Risk

There can be no assurance that our stock price will continue to reflect the current multiple of earnings over time. Stock prices, including ours, are commonly thought to be a function of earnings multiplied by a multiple. Historically, investors have given our earnings a higher multiple, or premium, than is typical of the broader industrial sector of which we are typically associated. We believe we have earned this premium by virtue of a long history of superior growth, profitability, and returns. However, to the extent that we fail to successfully execute our growth strategies and/or poorly navigate the risks that surround our business, including those described throughout this section, or to the extent our industry (industrial distribution, or industrial stocks in general) loses favor in the marketplace, there can be no assurance that investors will continue to afford a premium multiple to our earnings which could adversely affect our stock price.

We cannot provide any guaranty of future dividend payments or that we will continue to purchase shares of our common stock pursuant to our share purchase program. Although our board of directors has historically authorized the payment of quarterly cash dividends on our common stock and indicated an intention to do so in the future, there are no assurances that we will continue to pay dividends in the future or continue to increase dividends at historic rates. In addition, although our board of directors has authorized share purchase programs and we purchased shares in 2018, 2017, and prior years through these programs, we may discontinue doing so at any time. Any decision to continue to pay quarterly dividends on our common stock, to increase those dividends, or to purchase our common stock in the future will be based upon our financial condition and results of operations, the price of our common stock, credit conditions, and such other factors as are deemed relevant by our board of directors.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Note—Information in this section is as of December 31, 2019, unless otherwise noted.

We own the following facilities in Winona, Minnesota:

Purpose	Tote Locations (ASRS)(1)	Approximate Square Feet
Distribution center and home office(2)	[illegible]	[illegible]
Manufacturing facility		100,000
Computer support center		13,000
Winona branch		15,000
Winona product support facility		35,000
Rack and shelving storage		42,000
Multi-building complex which houses certain operations of the distribution group, the support services group, and the home office support group		230,000
Customer Experience Center		100,000

(1) Total number of tote locations for small parts storage included in facilities with an ASRS.
(2) During 2018, we acquired land for future expansion of our home office.

We own the following facilities, excluding selling locations, outside of Winona, Minnesota:

Purpose	Location	Tote Locations (ASRS)(1)	Approximate Square Feet
Distribution center	Indianapolis, Indiana	547,000 (2)	620,000
Manufacturing facility	Indianapolis, Indiana		220,000
Distribution center	Akron, Ohio	104,000	187,000
Distribution center	Scranton, Pennsylvania	104,000	189,000
Distribution center	Denton, Texas	41,000 (3)	176,000
Manufacturing facility (built in 2019)	Houston, Texas		120,000
Distribution center	Atlanta, Georgia	[illegible]	120,000
Distribution center (built in 2019)	Seattle, Washington	140,000	246,000
Distribution center and manufacturing facility	Modesto, California	[illegible]	328,000
Distribution center	High Point, North Carolina	132,000	301,000
Distribution center(4)	High Point, North Carolina		350,000
Distribution center	Kansas City, Kansas	170,000	468,000
Distribution center(5)	Kitchener, Ontario, Canada	[illegible]	[illegible]
Distribution center (built in 2019)	Jackson, Mississippi	—	269,000
Manufacturing facility	Wallingford, Connecticut		187,000
Manufacturing facility	Rockford, Illinois		100,000
Regional distribution center and manufacturing facility	Johor, Malaysia		93,000

(1) Total number of tote locations for small parts storage included in facilities with an ASRS.
(2) This property contains an ASRS with capacity of 52,000 pallet locations, in addition to the 547,000 tote locations for small parts.
(3) This facility contains an ASRS with capacity of 14,000 pallet locations, in addition to the 41,000 tote locations for small parts.
(4) In late December 2018, we purchased an additional distribution center in High Point, North Carolina with approximately 750,000 total square feet. Approximately 400,000 square feet will continue to be leased by the previous owner for three years. We began utilizing approximately 350,000 square feet for distribution activities in early 2019.
(5) In late 2019, we began an expansion project at our Kitchener, Ontario, Canada distribution center. This project will add approximately 80,000 square feet of distribution capacity and is scheduled for completion in 2020.

In addition, we own 173 buildings that house our in-market locations in various cities throughout North America.

All other buildings we occupy are leased. Leased branches range from approximately 3,000 to 10,000 square feet, with lease terms of up to 60 months (most initial lease terms are for 36 to 48 months). In addition to our leased branch locations, we also lease the following facilities:

Purpose	Location	Approximate Square Feet	Lease Expiration Date	Remaining Lease Renewal Options
Distribution center	Salt Lake City, Utah	[illegible]	July 2022	One
Distribution center	Salt Lake City, Utah	56,000	July 2022	One
Distribution center and packaging facility	Salt Lake City, Utah	[illegible]	[illegible]	One
Distribution center and manufacturing facility	Edmonton, Alberta, Canada	45,000	July 2020	None
Distribution center	Apodaca, Nuevo Leon, Mexico	[illegible]	March 2020	Three
Local re-distribution center and manufacturing facility	Modrice, Czech Republic	17,000	April 2022	None

We currently own land for future distribution center expansion and development. If economic conditions are suitable in the future, we will consider purchasing branch locations to house our older branches. It is anticipated the majority of new branch locations will continue to be leased. It is our policy to negotiate relatively short lease terms to facilitate relocation of particular branch operations, when desirable. Our experience has been that there is sufficient space suitable for our needs and available for leasing.

ITEM 3. LEGAL PROCEEDINGS

A description of our legal proceedings, if any, is contained in Note 10 of the Notes to Consolidated Financial Statements.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock Data

Dollar amounts in this section are stated in whole numbers.

Our shares are traded on The Nasdaq Stock Market under the symbol 'FAST'. As of January 22, 2020, there were approximately 1,000 record holders of our common stock, which includes nominees or broker dealers holding stock on behalf of an estimated 275,000 beneficial owners.

Issuer Purchases of Equity Securities

The table below sets forth information regarding purchases of our common stock during each of the last three months of 2019:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)
October 1-31, 2019	0	—	0	4,800,000
November 1-30, 2019	0	—	0	4,800,000
December 1-31, 2019	0	—	0	4,800,000
Total	0	—	0	4,800,000

(1) On July 11, 2017, our board of directors established a new authorization for us to repurchase up to 10,000,000 shares of our common stock. The repurchase program has no expiration date. As of December 31, 2019, we had remaining authority to repurchase 4,800,000 shares under this authorization.

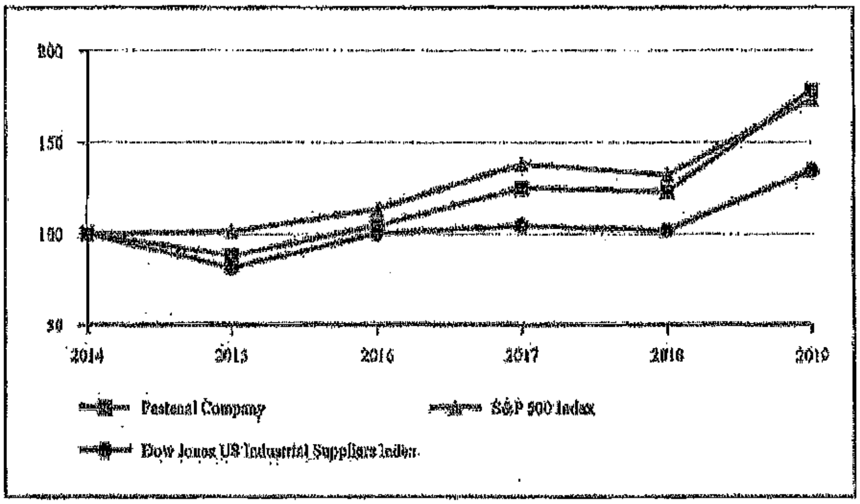
Purchases of shares of our common stock throughout 2019 are described later in this Form 10-K under the heading 'Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations'.

Fastenal Company Common Stock Comparative Performance Graph

Set forth below is a graph comparing, for the five years ended December 31, 2019, the yearly cumulative total shareholder return on our common stock with the yearly cumulative total shareholder return of the S&P 500 Index and the Dow Jones US Industrial Suppliers Index.

The comparison of total shareholder returns in the performance graph assumes that $100 was invested on December 31, 2014 in Fastenal Company, the S&P 500 Index, and the Dow Jones US Industrial Suppliers Index, and that dividends were reinvested when and as paid.

Comparison of Five-Year Cumulative Total Return Among Fastenal Company, the S&P 500 Index, and the Dow Jones US Industrial Suppliers Index



	2014	2015	2016	2017	2018	2019
Fastenal Company	100.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S&P 500 Index	100.00	101.38	113.51	138.29	132.23	173.86
Dow Jones US Industrial Suppliers Index	100.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Note - The graph and index table above were obtained from Zacks SEC Compliance Services Group.

ITEM 6. SELECTED FINANCIAL DATA

Incorporated herein by reference is Ten-Year Selected Financial Data on pages 4 and 5 of Fastenal's 2019 Annual Report to Shareholders of which this Form 10-K forms a part, a portion of which is filed as Exhibit 13 to this annual report on
Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion and analysis of certain significant factors which have affected our financial position and operating results during the periods included in the accompanying consolidated financial statements.

Business and Operational Overview

Fastenal is a North American leader in the wholesale distribution of industrial and construction supplies. We distribute these supplies through a network of over 3,200 in-market locations. Most of our customers are in the manufacturing and non-residential construction markets. The manufacturing market includes both OEM and MRO customers. The non-residential construction market includes general, electrical, plumbing, sheet metal, and road contractors. Other users of our products include farmers, truckers, railroads, oil exploration companies, oil production and refinement companies, mining companies, federal, state, and local governmental entities, schools, and certain retail trades. Geographically, our branches, Onsite locations, and customers are primarily located in North America.

It is helpful to appreciate several aspects of our marketplace: (1) It's big. We estimate the North American marketplace for industrial supplies is in excess of $140 billion per year (and we have expanded beyond North America) and no company has a significant portion of this market. (2) Many of the products we sell are individually inexpensive, but the cost and time to manage, procure, and transport these products can be quite meaningful. (3) Purchasing professionals often expend disproportionate effort managing the high SKU count of low-volume, low value MRO supplies which is better allocated to their higher volume, higher value OEM supplies. (4) Many customers prefer to reduce their number of suppliers to simplify their business, while also utilizing various technologies and models (including our local branches when they need something quickly or unexpectedly) to improve availability and reduce waste. (5) We believe the markets are efficient. To us, this means we can grow our market share if we provide the greatest value to our customer.

Our approach to addressing these aspects of our marketplace is captured in our motto *Growth through Customer Service*. The concept of growth is simple: find more customers every day and increase our activity with them. However, execution is hard work. First, we recruit service-minded individuals to support our customers and their business. Second, we operate in a decentralized fashion to help identify the greatest value for our customers. Third, we have a great team behind our customer-facing resources to operate efficiently and to help identify new business solutions. Fourth, we strive to generate strong profits, which produce the cash flow necessary to fund our growth and to support the needs of our customers. Lastly, we identify drivers that allow us to get closer to our customers and gain market share.

We believe our ability to grow is amplified if we can serve our customers at the closest economic point of contact. At one point, the closest economic point of contact was the local branch. Today, in some cases, we have moved the branch inside the customer's facility. We also are frequently positioned right at the point of consumption within customers' facilities through our industrial vending or FMI capabilities. Therefore, our focus centers on understanding our customers' day, their opportunities, and their obstacles. By doing these things every day, Fastenal remains a growth-centric organization.

Executive Overview

Net sales increased $368.6, or 7.4%, in 2019 relative to 2018. Our gross profit as a percentage of net sales declined to 47.2% in 2019 from 48.3% in 2018. Our operating income as a percentage of net sales declined to 19.8% in 2019 from 20.1% in 2018.

Our net earnings in 2019 were $790.9, an increase of 5.2% when compared to 2018. Our diluted net earnings per share were $1.38 in 2019 compared to $1.31 in 2018, an increase of 5.2%. Discrete tax items benefited net earnings by $7.1 in 2018.

We continued to focus on our growth drivers in 2019. Daily sales to our national account customers (defined as customer accounts with a multi-site contract) grew 11.9% in the period. Additionally, we signed 362 new Onsite customer locations (defined as dedicated sales and service provided from within, or in close proximity to, the customer's facility) and 21,857 new industrial vending devices. We experienced sales growth in the mid-teens through both our vending devices and our Onsite locations (excluding sales transferred from a branch).

The table below summarizes our total employee headcount, our investments in in-market locations (defined as the sum of the total number of public branch locations and the total number of active Onsite locations), and industrial vending devices at the end of the periods presented and the percentage change compared to the end of the prior period.

	Q4 2019	Q4 2018	Twelve-month % Change
In-market locations - absolute employee headcount	[illegible]	[illegible]	[illegible]
Total absolute employee headcount	21,948	21,644	1.4 %
Number of public branch locations	2,114	2,227	-5.1 %
Number of active Onsite locations	1,114	894	[illegible]
Number of in-market locations	3,228	3,121	3.4 %
Industrial vending devices (installed count)(1)	[illegible]	[illegible]	[illegible]
Ratio of industrial vending devices to in-market locations	*28:1*	*26:1*	

(1) This number primarily represents devices which principally dispense product and produce product revenues, and excludes approximately 15,000 devices that are part of a locker lease program where the devices are principally used for the check-in/check-out of equipment.

During the last twelve months, we reduced our absolute employee headcount by 38 people in our in-market locations and increased by 304 people in total. The reduction in our absolute employee headcount in our in-market locations reflects actions taken by leadership in our public branches over the past couple of quarters to control expenses in response to weaker demand, which was only partly offset by increases to support growth in our number of Onsite locations. The increase in our total absolute employee headcount is mostly from additions we have made to support customer acquisition, implementation, and growth in the field, particularly as it relates to our growth drivers and to support general corporate and hub functions.

We opened twelve branches and closed 125 branches, net of conversions, in 2019. We activated 312 Onsite locations and closed 92, net of conversions, in 2019. The number of closings reflects both normal churn in our business, whether due to exiting customer relationships, the shutting or relocation of a customer facility, or a customer decision, as well as a review of certain underperforming locations. Our in-market network forms the foundation of our business strategy, and we will continue to open or close locations as is deemed necessary to sustain and improve our network, support our growth drivers, and manage our operating expenses.

Results of Operations

The following sets forth consolidated statements of earnings information (as a percentage of net sales) for the periods ended December 31:

	2019	2018	2017
Net sales	100.0 %	100.0 %	100.0 %
Gross profit	47.2 %	48.3 %	49.3 %
Operating and administrative expenses	[illegible]	[illegible]	[illegible]
Gain on sale of property and equipment	0.0 %	0.0 %	0.0 %
Operating income	[illegible]	[illegible]	[illegible]
Net interest expense	-0.3 %	-0.3 %	-0.2 %
Earnings before income taxes	[illegible]	[illegible]	[illegible]

Note – Amounts may not foot due to rounding difference.

Net Sales

Note – Daily sales are defined as the total net sales for the period divided by the number of business days (in the United States) in the period. The table below sets forth net sales and daily sales for the periods ended December 31, and changes in such sales from the prior period to the more recent period:

		2019	2018	2017
Net sales	$	[illegible]	[illegible]	[illegible]
Percentage change		7.4 %	13.1%	10.8%
Business days		[illegible]	[illegible]	[illegible]
Daily sales	$	21.0	19.5	17.3
Percentage change		[illegible]	[illegible]	[illegible]
Daily sales impact of currency fluctuations		-0.3 %	0.1%	0.1%
Daily sales impact of acquisitions		[illegible]	[illegible]	[illegible]

The increases in net sales noted above for both 2019 and 2018 were a result of higher unit sales and, to a lesser degree, higher prices. Higher product prices were realized throughout 2019 and 2018 as a result of actions (beginning initially in late 2017) taken to offset increases in product costs, and we believe these increases contributed 0.9% to 1.0% and 0.7% to 0.8% to sales growth during 2019 and 2018, respectively. The increase in net sales for 2017 was driven primarily by higher unit sales. Price increases were not a material factor in 2017.

The higher unit sales in 2019 and 2018 resulted primarily from two sources. The first is higher underlying market demand, which we believe is reflected in a number of metrics. For instance, the U.S. Purchasing Managers Index, published by the Institute for Supply Chain Management, averaged 51.2 in 2019 and 58.8 in 2018. Readings above 50 are indicative of growing demand, and we believe these levels are consistent with the sales growth rates we experienced in the respective periods. In addition, U.S. Industrial Production, which is published by the Federal Reserve, increased 0.8% in 2019 and increased 3.9% in 2018. We believe U.S. Industrial Production is a good proxy for the state of our marketplace and that the growth in this metric is consistent with the sales growth rates we experienced in the respective periods. This was reflected as well in daily sales of fasteners, our most cyclical product line, which grew 5.5% and 11.2% in 2019 and 2018, respectively. We also experienced growth in sales to 75 of our top 100 customers in 2019, which compares to growth in sales to 84 of our top 100 customers in 2018.

Another explanation for our results is that while underlying demand throughout 2018 was stable at high levels, underlying demand in 2019 began strong but weakened throughout the year. For instance, the U.S. Purchasing Managers Index averaged 55.4 in the first quarter of 2019 but averaged 47.9 in the fourth quarter of 2019. In addition, U.S. Industrial Production increased 2.9% in the first quarter of 2019 but decreased 0.9% in the fourth quarter of 2019. The slowing in these metrics from the start to the end of 2019 mirrors the slowing growth we experienced in our unit sales over the same period.

A relatively greater contributor to our growth in 2019 was the success of our growth initiatives. We signed 21,857 industrial vending devices during 2019. While this represented a slight decrease in signings of 1.0% from 2018, it also contributed to growth in our installed base to 89,937 vending devices at the end of 2019, an increase of 10.8% over 2018. Growth in our installed base was primarily responsible for sales growth through our vending devices in the mid-teens during 2019. We signed 362 new Onsite locations in 2019, an increase of 7.7% over 2018, and had 1,114 active sites on December 31, 2019, an increase of 24.6% over December 31, 2018. Growth in our number of active sites was primarily responsible for sales growth through our Onsites in the mid-teens during 2019. The contribution of new national account contracts and strong penetration of existing national account customers resulted in daily sales from our national account customers growing 11.9% in 2019 compared to 2018.

We signed 22,073 industrial vending devices during 2018, an increase of 14.0% over 2017. In addition to an increase in our installed base, we achieved a low-single digit increase in average sales per device. These variables combined to generate sales growth through our vending devices in excess of 20% in 2018. We signed 336 new Onsite locations in 2018, an increase of 24.4% over 2017, and had 894 active sites on December 31, 2018, an increase of 47.8% over December 31, 2017. We signed 152 new national account contracts in 2018. The contribution of these new contracts and strong penetration of existing national account customers resulted in daily sales from our national account customers growing 18.1% in 2018 compared to 2017.

We signed 19,355 industrial vending devices during 2017, an increase of 7.2% over 2016. In addition to an increase in our installed base, we were also more efficient with the existing base, resulting in a modest increase in average sales per device and a decrease in our device removals of 3.8%. Combined sales through our vending devices accelerated throughout 2017, finishing with growth in the high teens. We signed 270 new Onsite locations in 2017, an increase of 53.4% over 2016, and had 605 active sites on December 31, 2017, an increase of 50.9% over December 31, 2016. We signed 168 new national account contracts in 2017. The contribution of these new contracts and strong penetration of existing national account customers resulted in daily sales from our national account customers growing 14.5% in 2017 compared to 2016.

Sales by Product Line

The approximate mix of sales from fasteners, safety supplies, and all other product lines was as follows:

	2019	2018	2017
Fasteners	[illegible]	[illegible]	[illegible]
Safety supplies	17.9%	17.2%	16.3%
Other product lines	[illegible]	[illegible]	[illegible]

The decrease in our fastener sales as a percentage of total sales arises from two factors. First, we believe non-fastener products represent a larger market opportunity than fasteners, and that we are relatively under-represented in this market. Over time, this has led to faster growth in the non-fastener product lines, a trend amplified by the growth of our industrial vending program through which we sell primarily non-fastener products. We believe this factor impacted each year shown and will continue to promote a lower mix of fasteners in our total sales over time. Second, a weak industrial production environment has a disproportionately negative effect on fastener sales, particularly OEM fasteners sales, relative to non-fastener sales (which relates more to plant operations than production). This weakness is more of a cyclical factor than a structural one, and as such was relevant in 2019, but not in 2018 or 2017 when a better economic environment at least partially mitigated the first factor discussed.

Annual Sales Changes, Sequential Trends, and End Market Performance

This section focuses on three distinct views of our business—annual sales changes by month, sequential trends, and end market performance. The first discussion regarding sales changes by month provides a good mechanical view of our business. The second discussion provides a framework for understanding the sequential trends (that is, comparing a month to the immediately preceding month, and also looking at the cumulative change from an earlier benchmark month) in our business. Finally, we believe the third discussion regarding end market performance provides insight into activities with our various types of customers.

Annual Sales Changes, by Month

During the months noted below, all of our selling locations, when combined, had daily sales growth rates of (compared to the same month in the preceding year):

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2019	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2018	12.0%	14.8%	13.1%	13.4%	12.5%	13.5%	12.0%	13.7%	13.5%	12.4%	12.3%	14.5%
2017	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sequential Trends

We find it helpful to think about the monthly sequential changes in our business using the analogy of climbing a stairway – This stairway has several predictable landings where there is a pause in the sequential gain (i.e. April, July, and October to December), but generally speaking, climbs from January to October. The October landing then establishes the benchmark for the start of the next year.

History has identified these landings in our business cycle. They generally relate to months where certain holidays impair business days and/or seasons impact certain end markets, particularly non-residential construction. The first landing centers on Easter and the Good Friday holiday that precedes it, which alternates between March and April (Good Friday occurred in April 2019, March 2018, and April 2017, and will fall in April in 2020), the second landing centers on July 4th, and the third landing centers on the approach of winter with its seasonal impact on primarily our non-residential construction business and with the Christmas/New Year holidays. The holidays we noted impact the trends because they either move from month-to-month or because they move around during the week.

The table below shows the pattern to the sequential change in our daily sales. The line labeled 'Benchmark' is an historical average of our sequential daily sales change for the trailing five year average (2014-2018). We believe this time frame serves to show the historical pattern and could serve as a benchmark for current performance. The '2019', '2018', and '2017' lines represent our actual sequential daily sales changes. The '19Delta', '18Delta', and '17Delta' lines indicate the difference between the 'Benchmark' and the actual results in the respective year.

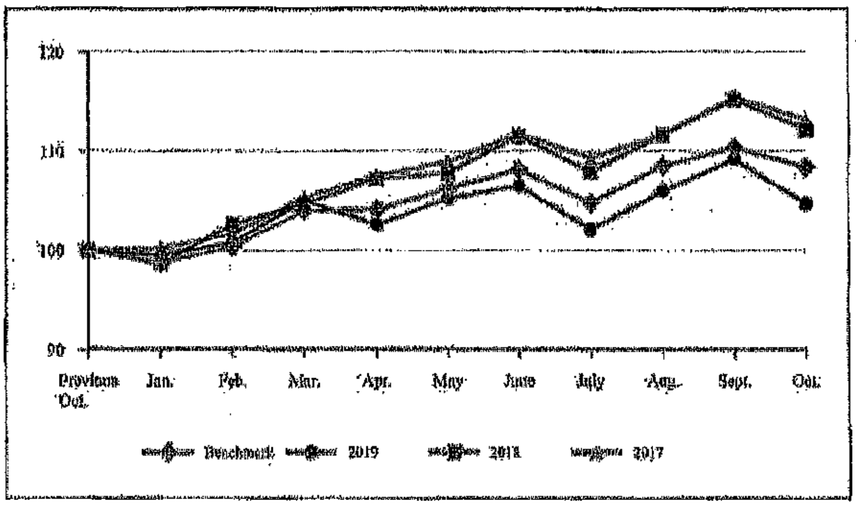
It is important to note that these benchmarks are historical averages. In a year where demand is strong, our daily sales growth rates will tend to have more months that exceed the benchmark than fall below it. In a year where demand is weak, we will tend to have more months that fall short of the benchmark than exceed it. In both cases, there is a random element that makes it difficult to know how any single month will perform.

	Jan.(1)	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Cumulative Change from Jan. to Oct.
Benchmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2019	-0.5 %	1.4 %	4.2 %	-2.4 %	2.6 %	1.4 %	-4.4 %	3.9 %	3.1%	-4.4 %	4.9 %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2018	-1.3 %	4.0 %	2.1 %	2.4 %	0.6 %	3.7 %	-3.6 %	3.8 %	3.6%	-3.0 %	13.9 %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2017	0.2 %	1.5 %	3.6 %	2.2 %	1.4 %	2.8 %	-2.4 %	2.2 %	3.8%	-2.1 %	13.5 %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(1) The January figures represent the percentage change from the previous October, whereas the remaining figures represent the percentage change from the previous month.

Note -- Amounts may not foot due to rounding difference.

A graph of the sequential daily sales change patterns discussed above, starting with a base of '100' in the previous October and ending with the next October, would be as follows:



End Market Performance

The sequential trends noted above were directly linked to fluctuations in our end markets. To place this in perspective – we estimate approximately 65% of our business has historically been with customers engaged in some type of manufacturing, a significant subset of which finds its way into the heavy equipment market. The daily sales growth rates to these manufacturing customers, when compared to the same period in the prior year, were as follows[1]:

	Q1	Q2	Q3	Q4	Annual
2019	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2018	14.3%	13.3%	13.0%	13.3%	13.5%
2017	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[1] In July 2017, we reclassified certain end market designations. The daily sales growth rates in the above table for all periods through the second quarter of 2017 differ from prior disclosures.

Our manufacturing business consists of two subsets: the industrial production business (this is business where we supply products that become part of the finished goods produced by our customers and is sometimes referred to as OEM - original equipment manufacturing) and the maintenance portion (this is business where we supply products that maintain the facility or the equipment of our customers engaged in manufacturing and is sometimes referred to as MRO - maintenance, repair, and operations). The industrial business is more fastener centered, while the maintenance portion is represented by all product categories.

The best way to understand the change in our industrial production business is to examine the results in our fastener product line (approximately 35% of our business) which is heavily influenced by changes in our business with heavy equipment manufacturers. From a company perspective, daily sales growth rates of fasteners, when compared to the same period in the prior year, were as follows (note: this information includes all end markets):

	Q1	Q2	Q3	Q4	Annual
2019	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2018	11.8%	11.1%	10.8%	11.3%	11.2%
2017	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

The daily sales growth rates of fasteners noted in the table above for first quarter of 2018, and the second, third, and fourth quarters of 2017, include 3.7, 3.6, 3.8, and 3.9 percentage points, respectively, attributable to Mansco (acquired on March 31, 2017).

By contrast, the best way to understand the change in the maintenance portion of the manufacturing business is to examine the results in our non-fastener product lines. From a company perspective, daily sales growth rates of non-fasteners, when compared to the same period in the prior year, were as follows (note: this information includes all end markets):

	Q1	Q2	Q3	Q4	Annual
2019	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2018	14.5%	14.8%	14.9%	14.6%	14.7%
2017	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

While not immune to the impact of a weak industrial environment as was experienced in the latter half of 2019, our non-fastener business did demonstrate greater relative resilience when compared to our fastener business and to the distribution industry in general. Non-fastener growth slowed, but remained above the growth of the fastener business. The strong relative performance of the non-fastener business when compared to the fastener business and to the distribution industry in general was also evident during the strong 2018 and 2017 periods. We believe this is due to both the growth of our vending business and our lower penetration of the non-fastener marketplace relative to our penetration of the fastener marketplace.

Our non-residential construction and reseller customers have historically represented 20% to 25% of our business. The daily sales growth rates to these customers, when compared to the same period in the prior year, were as follows[1]:

	Q1	Q2	Q3	Q4	Annual
2019	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2018	11.7%	17.6%	19.2%	16.4%	16.3%
2017	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[1] In July 2017, we reclassified certain end market designations. The daily sales growth rates in the above table for all periods through the second quarter of 2017 differ from prior disclosures.

Our non-residential construction and reseller business is heavily influenced by the manufacturing economy as well as infrastructure spending. In 2019, the slowing production environment, as described above, and the accompanying worsening trends for commodities, caused the growth in our non-residential construction and reseller customers to slow. In 2018 and 2017, improving trends for commodities such as metals and energy, industrial capital spending, and the state of the broader economy contributed to an improvement in growth for these end markets.

Gross Profit

The gross profit percentage during each period was as follows:

	Q1	Q2	Q3	Q4	Annual
2019	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2018	48.7%	48.7%	48.1%	47.7%	48.3%
2017	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Our gross profit, as a percentage of net sales, was 47.2% in 2019 and 48.3% in 2018. The gross profit percentage for 2019 declined by 110 basis points based on three items. (1) A change in product and customer mix. Fasteners are our largest and highest gross profit margin product line due to the high transaction cost surrounding the sourcing and supply of the product for customers. Our fastener product line declined to 34.2% of sales in 2019 from 34.9% of sales in 2018. Larger customers (for which national accounts are a good proxy), whose more focused buying patterns allow us to offer them better pricing, also influence the gross profit margin. Sales to our national account customers increased to 53.6% in 2019 from 50.7% of sales in 2018. The combination of relatively slower growth in our fastener product line and relatively faster growth in sales to our largest customers contributed to the decline in our overall gross profit margin in 2019. (2) We operate our own fleet of trucks for moving product between suppliers, our distribution centers, and our in-market locations. We believe this provides us a competitive advantage in terms of our ability to move product efficiently and quickly. There is a cost to supporting and maintaining these assets, which we traditionally attempt to minimize by charging freight. During periods of weaker business conditions it can be more difficult to charge freight, and as a result our freight revenues were down in 2019. At the same time, the overall cost of our fleet assets is relatively stable, resulting in reduced absorption of our fixed costs. (3) We experienced an increase in the cost of our products due to generalized inflation and tariffs resulting from disputes between the United States and its trade partners. We implemented several actions to mitigate the impact of these cost increases in 2019, including price increases. For the full year, the net impact of these actions was minor. However, the impact through the year differed, with a larger negative impact on the gross profit percentage in the first half of 2019 and a relatively modest impact in the second half of 2019.

During 2018 and 2017, our gross profit, as a percentage of net sales, decreased when compared to the prior year. In each year, the decrease was primarily caused by the changes in product and customer mix noted above and rising freight expense as a result of costs related to transporting products, particularly shipping fees, driver wages, and fuel. In 2018, our gross profit percentage was also affected by rising product costs as a result of generalized inflation and tariffs. In 2017, our gross profit percentage was also affected by the acquisition of Mansco, the customer mix of which is more heavily oriented toward larger customers and its product mix tends to carry a lower gross profit product mix than the company's other products.

Operating and Administrative Expenses

Our operating and administrative expenses (including the gain on sales of property and equipment), as a percentage of net sales, improved to 27.3% in 2019 from 28.2% in 2018. This improvement was a function of the growth in employee-related, occupancy-related, and all other operating and administrative expenses being more modest than the growth in sales. Employee-related expenses reduced the ratio of operating and administrative expenses as a percentage of sales by approximately 40 to 45 basis points in 2019 from 2018. Occupancy-related and all other operating and administrative expenses each reduced the ratio of operating and administrative expenses as a percentage of sales by approximately 20 to 25 basis points each in 2019 from 2018.

The growth in employee-related, occupancy-related, and all other operating and administrative expenses (including the gain on sales of property and equipment) compared to the same periods in the preceding year, is outlined in the table below.

	Approximate Percentage of Total Operating and Administrative Expenses	Twelve-month Period 2019	2018	2017
Employee-related expenses	[illegible]	[illegible]	[illegible]	[illegible]
Occupancy-related expenses	15% to 20%	2.8%	5.0%	1.3%
All other operating and administrative expenses	[illegible]	[illegible]	[illegible]	[illegible]

Employee-related expenses include: (1) payroll (which includes cash compensation, stock option expense, and profit sharing), (2) health care, (3) personnel development, and (4) social taxes. Our employee-related expenses increased in 2019. This was related to: (1) an increase in full-time equivalent ('FTE') headcount related to efforts to support growth in our business, (2) higher performance bonuses and commissions due to growth in net sales and net earnings, (3) an increase in our profit sharing contribution and options awards, (4) increases in hourly base wages, and (5) increased health care costs. The increase in 2018, when compared to 2017, was related to: (1) an increase in FTE headcount related to efforts to support growth in our business, (2) higher performance bonuses and commissions due to growth in net sales and net earnings, (3) an increase in our profit sharing contribution, (4) increases in hourly base wages, and (5) increased health care costs. The increase in 2017, when compared to 2016, was related to: (1) an increase in FTE headcount related to efforts to support growth in our business, (2) higher performance bonuses and commissions due to growth in net sales and net earnings, as well as regulatory driven incremental compensation, (3) an increase in our profit sharing contribution and options awards, (4) increased health care costs, and (5) the inclusion of Mansco personnel.

The table below summarizes the percentage change in our FTE headcount at the end of the periods presented compared to the end of the prior period:

	Twelve-month Period		
	2019	2018	2017
In-market locations	[illegible]	[illegible]	[illegible]
Total selling (includes in-market locations)	0.8 %	5.4%	7.3%
Distribution	[illegible]	[illegible]	[illegible]
Manufacturing	-2.7 %	12.0%	8.4%
Administrative	[illegible]	[illegible]	[illegible]
Total	1.4 %	6.8%	7.7%

Occupancy-related expenses include: (1) building rent and depreciation, (2) building utility costs, (3) equipment related to our branches and distribution locations, and (4) industrial vending equipment (we consider the vending equipment, excluding leased locker equipment, to be a logical extension of our in-market operations and classify the depreciation and repair costs as occupancy expense). The increase in occupancy-related expenses in 2019, when compared to 2018, was mainly driven by increases related to industrial vending equipment. The increase in occupancy-related expenses in 2018, when compared to 2017 was mainly driven by increases related to industrial vending equipment and non-branch occupancy and utility costs, only partly offset by a slight decline in branch occupancy costs from a lower public branch count. The slight increase in 2017, when compared to 2016, was mainly driven by increases in costs related to industrial vending equipment, FMI bins, and automation equipment at our distribution centers. The most significant components of our occupancy-related expenses, facility costs and utility expenses, were mostly flat in 2017, when compared to 2016 due to a reduction in our number of public branches.

All other operating and administrative expenses include: (1) selling-related transportation, (2) information technology (IT) expenses, (3) general corporate expenses, which consists of legal expenses, general insurance expenses, travel and marketing expenses, etc., and (4) the gain on sales of property and equipment. Combined, all other operating and administrative expenses increased in 2019 when compared to 2018. This was primarily due to higher IT spending. The increase in 2018 when compared to 2017, was due to an increase in selling-related transportation expenses, consisting of both higher vehicle movement and fuel costs, as well as higher IT spending. General corporate expenses were slightly down. The increase in 2017 when compared to 2016, was driven by increases in selling-related transportation; including higher vehicle movement and fuel costs, IT spending, and general corporate expenses.

Net Interest Expense

Our net interest expense was $13.6 in 2019 compared to $12.3 in 2018, and $8.7 in 2017. The increase in 2019, when compared to 2018, was mainly caused by higher average interest rates and a higher average debt balance during the period. The increase in 2018, when compared to 2017, was mainly caused by higher average interest rates and a higher average debt balance during the period.

Income Taxes

We recorded income tax expense of $252.8 in 2019, or 24.2% of earnings before income taxes. Our income tax expense was reduced by $2.6 as a result of applying guideline clarifications issued by the IRS on certain aspects of tax reform as well as tax benefits associated with the exercise of stock options. This reduced our tax rate in the period by 30 basis points.

We recorded income tax expense of $235.1 in 2018, or 23.8% of earnings before income taxes. The effective income tax rate was significantly impacted by the following two items: (1) The lower corporate tax rate provided by the Tax Act resulted in a lower tax rate beginning in the first quarter of 2018. The effective income tax rate includes the immaterial impact of the U.S. tax on certain offshore earnings referred to as Global Intangible Low-Taxed Income (GILTI), a new deduction for Foreign Derived Intangible Income (FDII), and the new alternative U.S. tax on certain Base Erosion Anti-Avoidance (BEAT) payments from a U.S. company to any foreign related party. (2) Discrete income tax items to adjust our transition tax liability, reflect the impacts of accelerating depreciation for certain physical assets, and remeasure the impact of the U.S. tax rate on certain inter-company transactions. These discrete items resulted in approximately $7.1 of income tax benefit during 2018. The accounting for the income tax effects of the Tax Act is complete as of December 31, 2018.

We recorded a provisional income tax expense of $294.5 in 2017, or 33.7% of earnings before income taxes. This amount reflects a provisional estimate for the reduction in our deferred income tax liabilities of $30.8 as a result of the income tax rate decrease included in the Tax Act, partially offset by an estimated increase in income tax payable in the amount of $6.5 as a result of the transition tax on cash and cash equivalent balances related to accumulated earnings associated with our international operations, also included in the Tax Act. The decrease in our income tax rate from 2016 to 2017 was also related to changes in our reserve for uncertain tax positions and the adoption of the Financial Accounting Standards Board ('FASB') Accounting Standard Update ('ASU') 2016-09, *Improvements to Employee Share-Based Payment Accounting*, in the first quarter of 2017.

Net Earnings

Net earnings, net earnings per share ('EPS'), the percentage change in net earnings, and the percentage change in EPS, were as follows:

Dollar Amounts	2019	2018 (1)	2017
Net earnings	[illegible]	[illegible]	[illegible]
Basic EPS	1.38	1.31	1.00
Diluted EPS	1.38	[illegible]	1.00

Percentage Change	2019	2018 (1)	2017
Net earnings	[illegible]	[illegible]	[illegible]
Basic EPS	5.3%	30.5%	16.1%
Diluted EPS	[illegible]	[illegible]	[illegible]

	2019	2018	2017
Tax Rate	[illegible]	[illegible]	[illegible]

(1) As a result of the Tax Act, discrete tax items benefited our net earnings by $7.1 during 2018.

During 2019, net earnings increased, primarily due to stronger sales and operating profits, and were only partly offset by an increase in income tax expense. During 2018, net earnings increased, primarily due to stronger sales and operating profits combined with a reduction in income tax expense. The increase in basic and diluted earnings per share also reflected the purchase of our shares of common stock in 2018. During 2017, net earnings increased, primarily due to stronger sales and operating profits combined with a reduction in income tax expense. The slightly higher increase in basic and diluted earnings per share was primarily due to the purchase of our shares of common stock in 2017.

Liquidity and Capital Resources

Net Cash Provided by Operating Activities

Net cash provided by operating activities in dollars and as a percentage of net earnings were as follows:

	2019	2018	2017
Net cash provided	[illegible]	[illegible]	[illegible]
% of net earnings	106.5%	89.7%	101.1%

In 2019, the increase in our operating cash flow as a percentage of net earnings reflects a reduced drag from working capital investment than was experienced in 2018 and, to a lesser degree, higher net income. In 2018, the increase in net cash provided by operating activities was primarily due to our net earnings growth, which resulted from pre-tax earnings growth and a lower tax rate as a result of the Tax Act. The decline in our operating cash flow as a percentage of net earnings largely reflects working capital trends, as further described below. In 2017, the increase in net cash provided by operating activities was primarily due to our net earnings growth.

Operational Working Capital Assets

Operational working capital assets, which we define as accounts receivable, net and inventories, is highlighted below. The annual dollar change and the annual percentage change were as follows:

Dollar change		2019	2018
Accounts receivable, net	$	27.8	106.4
Inventories		[illegible]	[illegible]
Operational working capital assets	$	115.2	292.2
Annual percentage change		2019	2018
Accounts receivable, net		3.9%	17.5%
Inventories		[illegible]	[illegible]
Operational working capital assets		5.8%	17.2%

Note – Amounts may not foot due to rounding difference.

In 2019, the annual growth in net accounts receivable reflects not only our growth in sales, but also the fact that our growth is being driven disproportionately by our national accounts program where our customers tend to have longer payment terms than our customer base as a whole. Growth was also relatively stronger with customers outside the U.S., which similarly tend to have longer payment terms than our customer base as a whole. The rate of growth in receivables did slow throughout 2019, largely reflecting the impact on receivables of softer business activity. In 2018, the annual growth in net accounts receivable reflects accelerating growth in sales throughout the course of the year combined with relatively stronger growth of our national accounts and international business. In addition, two trends emerged among our customer base that increased our net accounts receivable. The first was a push from our customers to contractually increase the period between when they are invoiced and when payment is due. The second was customers delaying payments beyond the end of the applicable quarter. We saw these behaviors intensify throughout 2018.

Our inventory balances over time will respond to business activity, though various factors produce a looser relationship to our monthly sales patterns than we tend to experience in accounts receivable. One reason for this is cyclical. We source significant quantities of product from overseas, and the lead time involved in procuring these products is typically longer than the visibility we have into future monthly sales patterns. As a result, trends in our inventory will often lag trends in economic conditions. Another reason inventories may fluctuate independently of monthly sales patterns is based on strategic decisions. For instance, at various times we have increased our relative inventory levels to enhance product breadth and availability in our branches and distribution centers, expand direct sourcing, and broaden Fastenal brands. Our growth drivers, including industrial vending solutions, national accounts, and Onsite and international locations, have also required significant investments in inventory. In 2019, our inventories increased to support higher sales, largely reflecting large increases in the number of installed vending devices and active Onsite locations, and from inflation and tariffs. We intend to continue to invest in the inventory necessary to support our vending and Onsite initiatives. However, over the course of the year we did reduce other spending, both reflecting proactive efforts to reduce inventory and in reaction to the effect of softer business activity, which allowed us to meaningfully decelerate inventory growth in the fourth quarter of 2019. In 2018, our inventories increased as a result of growth in general demand and successful execution of our growth drivers. Inflation had an increasing impact in the second half of 2018, and our decision to accelerate shipments of product to the U.S. from overseas ahead of potential tariffs resulted in extra inventory of approximately $12.0 in the fourth quarter of 2018.

The approximate percentage mix of inventory stocked at our selling locations versus our distribution center and manufacturing locations was as follows at year end:

	2019	2018	2017
Selling locations	60%	61%	65%
Distribution center and manufacturing locations	40%	39%	35%
Total	100%	100%	100%

Net Cash Used in Investing Activities

Net cash used in investing activities in dollars and as a percentage of net earnings were as follows:

	2019	2018	2017
Net cash used	[illegible]	[illegible]	[illegible]
% of net earnings	30.3%	23.1%	31.0%

The changes in net cash used in investing activities were primarily related to changes in our net capital expenditures as discussed below for each period and cash paid for acquisitions in 2017.

Property and equipment expenditures typically consist primarily of: (1) purchases related to industrial vending, (2) purchases of property and equipment related to expansion of and enhancements to distribution centers, (3) spending on software and hardware for our information processing systems, (4) the addition of fleet vehicles, (5) expansion, improvement or investment in certain owned or leased branch properties, and (6) the addition of manufacturing and warehouse equipment. Disposals of property and equipment consisted of the planned disposition of certain pick-up trucks, distribution vehicles, and trailers in the normal course of business.

Set forth below is a recap of our 2019, 2018, and 2017 net capital expenditures in dollars and as a percentage of net sales and net earnings:

	2019	2018	2017
[illegible]	[illegible]	[illegible]	[illegible]
Shelving and related supplies for in-market location openings and for product expansion at existing in-market locations	12.3	9.6	8.3
[illegible]	[illegible]	[illegible]	[illegible]
Real estate and improvements to branch locations	8.9	12.9	6.2
[illegible]	[illegible]	[illegible]	[illegible]
Purchases of property and equipment	246.4	176.3	119.9
[illegible]	[illegible]	[illegible]	[illegible]
Net capital expenditures	239.8	166.8	112.5
[illegible]	[illegible]	[illegible]	[illegible]
% of net earnings	30.3%	22.2%	19.4%

Our net capital expenditures increased in 2019, when compared to 2018, primarily due to increased spending on hub property and equipment, both to expand current capacity and for potential future expansion, higher spending on vending devices to support the growth of our industrial vending program, and investment in our trucking assets. While the sources of the increase in our net capital spending in 2019 were expected, our total spend exceeded our targeted range of $195.0 to $225.0. We had significant spending in 2019 on facilities, with a couple of locations having higher costs than originally anticipated. Our net capital expenditures increased in 2018, when compared to 2017, primarily due to increased spending on hub property and equipment, both to expand current capacity and for potential future expansion, as well as vending devices to support the growth of our industrial vending program. Our net capital expenditures decreased in 2017, when compared to 2016, primarily due to lower spending in 2017 related to the absence of spending on vending equipment that occurred in 2016 related to the leased locker rollout, the absence of spending on shelving and signage that occurred in 2016 for the CSP 16 initiative, and timing associated with the addition of pick-up trucks.

We expect our net capital expenditures in 2020 to be within a range of $180.0 to $205.0. This decrease from 2019 is primarily attributable to reduced projects to develop and expand certain distribution center assets and, to a lesser degree, reduced fleet vehicle investment. We anticipate funding our capital expenditure needs with cash generated from operations, from available cash and cash equivalents, and from our borrowing capacity.

Net Cash Used in Financing Activities

Net cash used in financing activities in dollars and as a percentage of net earnings were as follows:

	2019	2018	2017
Net cash used	$ [illegible]	[illegible]	[illegible]
% of net earnings	75.2%	59.4%	70.4%

The fluctuations in net cash used in financing activities are due to changes in the level of our dividend payments and in the level of common stock purchases. These amounts were partially offset by the exercise of stock options and net payments (proceeds) from debt obligations. These items in dollars and as a percentage of earnings were as follows:

	2019	2018	2017
Dividends paid	$ [illegible]	[illegible]	[illegible]
% of net earnings	63.0 %	58.8 %	63.8 %
Common stock purchases	—	[illegible]	[illegible]
% of net earnings	—	13.7 %	14.3 %
Total returned to shareholders	[illegible]	[illegible]	[illegible]
% of net earnings	63.0 %	72.5 %	78.1 %
Proceeds from the exercise of stock options	[illegible]	[illegible]	[illegible]
% of net earnings	-7.4 %	-1.8 %	-1.6 %
Net payments (borrowings) [illegible]	[illegible]	[illegible]	[illegible]
% of net earnings	19.6 %	-11.3 %	-6.0 %
Net cash used	$ [illegible]	[illegible]	[illegible]
% of net earnings	75.2 %	59.4 %	70.4 %

Stock Purchases

In 2019, we did not purchase any shares of our common stock. In 2018, we purchased 4,000,000 shares of our common stock at an average price of approximately $25.75 per share, and in 2017, we purchased 3,800,000 shares at an average price of approximately $21.72 per share.

Dividends

We declared a quarterly dividend of $0.25 per share on January 16, 2020. We paid aggregate annual dividends per share of $0.87, $0.77, and $0.64 in 2019, 2018, and 2017, respectively.

Debt

In order to fund the considerable cash needed to expand our industrial vending business, to expand capacity and increase the use of automation in our distribution centers, pay dividends, and to purchase our common stock in 2018, we have borrowed under our Credit Facility and our Master Note Agreement in recent periods.

Our borrowings under the Credit Facility peaked during each quarter of 2019 and 2018 as follows:

Peak borrowings	2019	2018
First quarter	$ [illegible]	[illegible]
Second quarter	400.0	360.0
Third quarter	[illegible]	[illegible]
Fourth quarter	310.0	435.0

As of December 31, 2019, we had loans outstanding under the Credit Facility of $210.0 and contingent obligations from letters of credit outstanding under the Credit Facility in an aggregate face amount of $36.3. As of December 31, 2019, we also had loans outstanding under the Master Note Agreement of $135.0. Descriptions of our Credit Facility and Master Note Agreement are contained in Note 9 of the Notes to Consolidated Financial Statements.

Unremitted Foreign Earnings

Approximately $122.7 of cash and cash equivalents are held by non-U.S. subsidiaries. These funds may create foreign currency translation gains or losses depending on the functional currency of the entity holding the cash. We have considered the financial requirements of each foreign subsidiary and our parent company and will continue to reinvest these funds to support our expansion activities outside the U.S., even after taking into consideration the deemed repatriation and transition tax under the Tax Act. The income tax impact of repatriating cash associated with investments in foreign subsidiaries is discussed in Note 7 of the Notes to Consolidated Financial Statements.

Effects of Inflation

We experienced higher product costs through 2019 relative to 2018 as a result of generalized inflation and tariffs, though the impact of these items did moderate later in the year as economic activity slowed and conditions around trade stabilized. We took actions during the year to mitigate the effects of higher product costs, including increasing product prices. These actions were not able to offset the pressure we experienced on our gross profit percentage in the first half of 2019, but were more effective at doing so in the second half of 2019. Throughout 2018, we experienced increasing product cost inflation for non-fastener and, especially, fastener products. We took actions in the latter part of 2017 and throughout 2018, including pricing adjustments, to offset this inflation. While we succeeded in raising prices through the year, we were not able to do so at the same rate that our costs rose which negatively affected our profit margins and earnings in 2018. Apart from generalized inflation, tariffs were instituted on certain products that we source from China, but this occurred later in the year and did not have a meaningful impact on sales or profits in 2018. Throughout 2017, we experienced increasing product cost inflation, particularly in our fastener products. We were able to take actions during the period, including pricing adjustments, to mostly offset this inflation. In the aggregate, the overall impact of inflation and pricing on sales and profits was not material in 2017.

Critical Accounting Policies and Estimates

In preparing our consolidated financial statements in conformity with U.S. GAAP, we must make decisions that impact the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgments based on our understanding and analysis of relevant circumstances, historical experience, and actuarial valuations. Actual amounts could differ from those estimated at the time the consolidated financial statements are prepared.

Our most significant accounting policies, including Revenue Recognition and Inventories, are described in Note 1 of the Notes to Consolidated Financial Statements. Some of those significant accounting policies require us to make difficult, subjective, or complex judgments, or estimates. An accounting estimate is considered to be critical if it meets both of the following criteria: (i) the estimate requires assumptions about matters that are highly uncertain at the time the accounting estimate is made, and (ii) different estimates reasonably could have been used, or changes in the estimate that are reasonably likely to occur from period to period may have a material impact on the presentation of our financial condition, changes in financial condition, or results of operations. Our most critical accounting estimates include the following:

Allowance for doubtful accounts – This reserve is for accounts receivable balances that are potentially uncollectible. The reserve is based on an analysis of customer accounts and our historical experience with accounts receivable write-offs. Our methodology for estimating this reserve includes ongoing reviews of the aging of accounts receivable, the financial condition of a customer or industry, and general economic conditions. If business or economic conditions change, our estimates and assumptions may be adjusted as deemed appropriate. Historically, actual required reserves have not varied materially from estimated amounts.

Inventory obsolescence reserves – These reserves are based on an analysis of inventory trends including reviews of inventory levels, sales information, and the on-hand quantities relative to the sales history for the product. Our methodology for estimating these reserves is continually evaluated for factors that could require changes to the reserves including significant changes in product demand, market conditions, condition of the inventory, or liquidation value. If business or economic conditions change, our estimates and assumptions may be adjusted as deemed appropriate. Historically, actual required reserves have not varied materially from estimated amounts.

General insurance reserves – These reserves are for general claims related to workers' compensation, property and casualty losses, and other general liability self-insured losses. The reserves are based on an analysis of reported claims and claims incurred but not yet reported related to our historical claim trends. We perform ongoing reviews of our insured and uninsured risks and use this information to establish appropriate reserve levels. We analyze historical trends, claims experience, and loss development patterns to ensure the appropriate loss development factors are applied to the incurred costs associated with the claims made. Historically, actual required reserves have not varied materially from estimated amounts.

New Accounting Pronouncements

A description of new accounting pronouncements is contained in Note 1 of the Notes to Consolidated Financial Statements.

Geographic Information

Information regarding our revenues and long-lived assets by geographic area is contained in Note 2 and Note 3 of the Notes to Consolidated Financial Statements. Risks related to our foreign operations are described earlier in this Form 10-K under the heading 'Forward-Looking Statements' and 'Item 1A. Risk Factors'.

Certain Contractual Obligations

As of December 31, 2019, we had outstanding long-term debt and facilities, equipment, and vehicles leased under operating leases. Our future obligations to pay principal of and interest on such long-term debt and to make minimum lease payments under such operating leases are as follows:

	Total	2020	2021 and 2022	2023 and 2024	After 2024
Principal on long-term debt	$ 345.0	3.0	75.0	267.0	—
Interest on long-term debt[1]	37.2	10.1	18.8	8.3	—
Operating leases[2]	261.5	105.1	117.2	35.5	3.7
Total	$ 643.7	118.2	211.0	310.8	3.7

[1] Interest on the long-term debt outstanding under our Credit Facility was calculated using the interest rates and balances at December 31, 2019.

[2] Amounts include lease liabilities for pick-up truck leases, which typically have a non-cancelable lease term of less than one year and are not included on the consolidated balance sheets as an operating lease right-of-use asset.

Purchase orders and contracts for the purchase of inventory and other goods and services are not included in the table above. Our purchase orders are based on current distribution needs and are fulfilled by our suppliers within short time horizons. We do not have significant agreements for the purchase of inventory or other goods or services specifying minimum order quantities.

Liabilities for uncertain tax positions have been excluded from the table above due to the uncertainty surrounding the ultimate settlement and timing of these liabilities, which we believe will be immaterial. A discussion of income taxes is contained in Note 7 of the Notes to Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to certain market risks from changes in foreign currency exchange rates, commodity steel pricing, commodity energy prices, and interest rates. Changes in these factors cause fluctuations in our earnings and cash flows. We evaluate and manage exposure to these market risks as follows:

Foreign currency exchange rates – Foreign currency fluctuations can affect our net investments, our operations in countries other than the U.S., and earnings denominated in foreign currencies. Historically, our primary exchange rate exposure has been with the Canadian dollar against the United States dollar. Our estimated net earnings exposure for foreign currency exchange rates was not material at year end. We have not historically hedged our foreign currency risk given that exposure to date has not been material. In 2019, changes in foreign currency exchange rates reduced our reported net sales by $14.6 with the estimated effect on our net earnings being immaterial.

Commodity steel pricing – We buy and sell various types of steel products; these products consist primarily of different types of threaded fasteners and related hardware. We are exposed to the impacts of commodity steel pricing and our related ability to pass through the impacts to our end customers. During 2019, the price of commodity steel as reflected in many market indexes has declined. During 2018, we experienced inflation in the cost of steel products. During 2017, we experienced some inflation in the cost of steel products.

Commodity energy prices – We have market risk for changes in prices of oil, gasoline, diesel fuel, natural gas, and electricity. Prices for gasoline and diesel were mostly stable over the course of 2019, resulting in our fuel costs being similarly stable during the period. This carried over from the latter part of 2018 when the costs of these commodities began to ease. However, through most of 2018 the prices of these commodities increased, resulting in higher fuel costs for our hub and field-based vehicles and utility costs for our in-market locations, distribution centers, and manufacturing facilities in the period. Fossil fuels are also often a key feedstock for chemicals and plastics that comprise a key raw material for many products that we sell. As a result, rising costs for these commodities resulted in higher costs for many of these products. We believe that over time these risks are mitigated in part by our ability to pass freight and product costs to our customers, the efficiency of our trucking distribution network, and the ability, over time, to manage our occupancy costs related to the heating and cooling of our facilities through better efficiency. In 2019, our estimated net earnings exposure for commodity energy prices was immaterial.

Interest rates – Loans under our Credit Facility bear interest at floating rates tied to LIBOR (or, if LIBOR is no longer available, at a replacement rate to be determined by the administrative agent for the Credit Facility and consented to by us). As a result, changes in LIBOR can affect our operating results and liquidity to the extent we do not have effective interest rate swap arrangements in place. We have not historically used interest rate swap arrangements to hedge the variable interest rates under our Credit Facility. A one percentage point increase in LIBOR in 2019 would have resulted in approximately $3.2 of additional interest expense. A description of our Credit Facility is contained in Note 9 of the Notes to Consolidated Financial Statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of

Fastenal Company:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Fastenal Company and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of earnings, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019 and the related notes and financial statement schedule listed in the table of contents at Item 15 (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019 based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for operating leases as of January 1, 2019 due to the adoption of ASU 2016-02, *Leases* (Topic 842).

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to an account or disclosure that is material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Evaluation of the sufficiency of audit evidence over inventory

As disclosed in the consolidated balance sheets, the Company holds $1,366.4 million of inventory, the majority of which was held at 3,228 in-market locations, as of December 31, 2019. The Company's processes to track and determine consolidated inventory relies on a perpetual inventory system which involves the interaction of multiple information technology (IT) systems.

We identified the evaluation of the sufficiency of audit evidence obtained related to the quantities of inventory as a critical audit matter. Evaluating the sufficiency of audit evidence over quantities of inventory required challenging auditor judgment to assess the number of in-market locations visited, and included the involvement of IT professionals with specialized skills and knowledge due to the interaction of multiple IT systems to track physical inventory quantities by locations.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's perpetual inventory process. The inventory controls included the testing of IT application controls, as well as controls related to access to program and data, program change, program development, and computer operations. It also included controls over the physical inventory cycle counts. We involved IT professionals with specialized skills and knowledge, who assisted in testing IT controls inclusive of the interface of multiple IT systems which support the Company's perpetual inventory system. We evaluated the following information regarding the Company's inventory quantities:

- Historical inventory locations visited;
- Inventory dollars by location; and
- Inventory cycle count results of the Company, including the results of monitoring and compliance with cycle count program by in-market location.

On a sample basis, we tested the inventory by counting inventory quantities through location visits during the year to evaluate the Company's perpetual inventory records. In addition, we evaluated the overall sufficiency of audit evidence obtained over the quantities of inventory.

/s/ KPMG LLP

We have served as the Company's auditor since 1987.

Minneapolis, Minnesota
February 6, 2020

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets
(Amounts in millions except share information)

		December 31 2019		December 31 2018
Assets				
Current assets:				
Cash and cash equivalents	$	174.9		167.2
Trade accounts receivable, net of allowance for doubtful accounts of [illegible], respectively		[illegible]		[illegible]
Inventories		1,366.4		1,278.7
Prepaid income taxes		[illegible]		[illegible]
Other current assets		157.4		147.0
Total current assets		[illegible]		[illegible]
Property and equipment, net		1,023.2		924.8
Operating lease right-of-use assets		[illegible]		[illegible]
Other assets		76.3		80.5
Total assets	$	[illegible]		[illegible]
Liabilities and Stockholders' Equity				
Current liabilities:				
Current portion of debt	$	3.0		3.0
Accounts payable		[illegible]		[illegible]
Accrued expenses		231.5		240.8
Current portion of operating lease liabilities		[illegible]		[illegible]
Total current liabilities		544.7		437.4
Long-term debt		[illegible]		[illegible]
Operating lease liabilities		148.2		—
Deferred income taxes		[illegible]		[illegible]
Commitments and contingencies (Notes 5, 8, 9, and 10)				
Stockholders' equity:				
Preferred stock: $0.01 par value, 5,000,000 shares authorized, no shares issued or outstanding		—		—
Common stock: [illegible] shares issued and outstanding, respectively		[illegible]		[illegible]
Additional paid-in capital		67.2		3.0
Retained earnings		[illegible]		[illegible]
Accumulated other comprehensive loss		(38.4)		(44.8)
Total stockholders' equity		[illegible]		[illegible]
Total liabilities and stockholders' equity	$	3,799.9		3,321.5

See accompanying Notes to Consolidated Financial Statements.

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Statements of Earnings
(Amounts in millions except earnings per share)
For the year ended December 31

		2019	2018	2017
Net sales	$	[illegible]	[illegible]	[illegible]
Cost of sales		2,818.3	2,566.2	2,226.9
Gross profit		[illegible]	[illegible]	[illegible]
Operating and administrative expenses		1,459.4	1,400.2	1,282.8
Gain on sale of property and equipment		[illegible]	[illegible]	[illegible]
Operating income		1,057.2	999.2	881.8
Interest income		[illegible]	[illegible]	[illegible]
Interest expense		(13.9)	(12.6)	(9.1)
Earnings before income taxes		[illegible]	[illegible]	[illegible]
Income tax expense		252.8	235.1	294.5
Net earnings	$	[illegible]	[illegible]	[illegible]
Basic net earnings per share	$	1.38	1.31	1.00
Diluted net earnings per share	$	1.38	1.31	1.00
Basic weighted average shares outstanding		573.2	573.9	576.4
Diluted weighted average shares outstanding		[illegible]	[illegible]	[illegible]

See accompanying Notes to Consolidated Financial Statements.

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
(Amounts in millions)
For the year ended December 31

		2019	2018	2017
Net earnings	$	790.9	751.9	578.6
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments (net of tax of $0.0 in 2019, 2018 and 2017)		6.4	(19.7)	22.2
Comprehensive income	$	797.3	732.2	600.8

See accompanying Notes to Consolidated Financial Statements.

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity
(Amounts in millions)

		2019	2018	2017
Common stock				
Balance at beginning of year	$	2.9	2.9	2.9
Balance at end of year		[illegible]	[illegible]	[illegible]
Additional paid-in capital				
Balance at beginning of year		[illegible]	[illegible]	[illegible]
Stock options exercised		58.5	13.4	9.5
Purchases of common stock		[illegible]	(14.0)	[illegible]
Stock-based compensation		5.7	5.1	5.2
Balance at end of year		[illegible]	[illegible]	[illegible]
Retained earnings				
Balance at beginning of year		[illegible]	[illegible]	[illegible]
Net earnings		790.9	751.9	578.6
Dividends paid in cash		[illegible]	[illegible]	[illegible]
Purchases of common stock		—	(79.0)	(39.0)
Balance at end of year		[illegible]	[illegible]	[illegible]
Accumulated other comprehensive income (loss)				
Balance at beginning of year		[illegible]	[illegible]	[illegible]
Other comprehensive income (loss)		6.4	(19.7)	22.2
Balance at end of year		[illegible]	[illegible]	[illegible]
Total stockholders' equity	$	2,665.6	2,302.7	2,096.9
Cash dividends paid per share of common stock	$	0.87	0.77	0.64

See accompanying Notes to Consolidated Financial Statements.

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(Amounts in millions)
For the year ended December 31

		2019	2018	2017
[illegible]				
Net earnings	$	790.9	751.9	578.6
[illegible]				
Depreciation of property and equipment		144.6	134.1	123.6
[illegible]		[illegible]	[illegible]	[illegible]
Bad debt expense		5.5	8.1	8.2
[illegible]		[illegible]	[illegible]	[illegible]
Stock-based compensation		5.7	5.1	5.2
[illegible]		[illegible]	[illegible]	[illegible]
Changes in operating assets and liabilities, net of acquisitions:				
[illegible]		[illegible]	[illegible]	[illegible]
Inventories		(84.4)	(193.3)	(76.3)
[illegible]		[illegible]	[illegible]	[illegible]
Accounts payable		(0.8)	46.1	36.3
[illegible]		[illegible]	[illegible]	[illegible]
Income taxes		(7.7)	(15.5)	19.4
[illegible]		[illegible]	[illegible]	[illegible]
Net cash provided by operating activities		842.7	674.2	585.2
[illegible]				
Purchases of property and equipment		(246.4)	(176.3)	(119.9)
[illegible]		[illegible]	[illegible]	[illegible]
Cash paid for acquisitions		—	(3.7)	(58.7)
[illegible]		[illegible]	[illegible]	[illegible]
Net cash used in investing activities		(239.7)	(173.9)	(179.3)
[illegible]				
Proceeds from debt obligations		910.0	980.0	1,015.0
[illegible]		[illegible]	[illegible]	[illegible]
Proceeds from exercise of stock options		58.5	13.4	9.5
[illegible]		[illegible]	[illegible]	[illegible]
Payments of dividends		(498.6)	(441.9)	(369.1)
[illegible]		[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]	[illegible]
Net increase in cash and cash equivalents		7.7	50.3	4.2
[illegible]		[illegible]	[illegible]	[illegible]
Cash and cash equivalents at end of year	$	174.9	167.2	116.9
[illegible]				
Cash paid for interest	$	13.9	12.6	8.7
[illegible]		[illegible]	[illegible]	[illegible]

See accompanying Notes to Consolidated Financial Statements.

Fastenal Company and Subsidiaries
Notes to Consolidated Financial Statements

Note 1. Business Overview and Summary of Significant Accounting Policies

Business Overview

Fastenal is a leader in the wholesale distribution of industrial and construction supplies operating a branch-based business (with an increasing number of Onsite locations). Collectively we refer to our branches and Onsite locations as in-market locations. We have over 3,200 in-market locations located primarily in North America.

Principles of Consolidation

The consolidated financial statements include the accounts of Fastenal Company and its subsidiaries (collectively referred to as 'Fastenal' or by terms such as 'we', 'our', or 'us'). All material intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition

Net sales include products and shipping and handling charges, net of estimates for product returns and any related sales incentives. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products. All revenue is recognized when we satisfy our performance obligations under the contract. We recognize revenue by transferring the promised products to the customer, with the majority of revenue recognized at the point in time the customer obtains control of the products. We recognize revenue for shipping and handling charges at the time the products are delivered to or picked up by the customer. We estimate product returns based on historical return rates. Using probability assessments, we estimate sales incentives expected to be paid over the term of the contract. The majority of our contracts have a single performance obligation and are short term in nature. Sales taxes and value added taxes in foreign jurisdictions that are collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales.

Accounts Receivable

Credit is extended based upon an evaluation of the customer's financial condition. Accounts receivable are stated at their estimated net realizable value. The allowance for doubtful accounts is based on an analysis of customer accounts and our historical experience with accounts receivable write-offs.

Foreign Currency Translation and Transactions

The functional currency of our foreign operations is typically the applicable local currency. The functional currency is translated into United States dollars for balance sheet accounts, except retained earnings, using current exchange rates as of the balance sheet date, for retained earnings at historical exchange rates, and for revenue and expense accounts using a weighted average exchange rate during the applicable period. The translation adjustments are deferred as a separate component of stockholders' equity captioned accumulated other comprehensive income (loss). Gains or losses resulting from transactions denominated in foreign currencies are included in cost of sales or operating and administrative expenses.

Cash and Cash Equivalents

We consider all investments purchased with original maturities of three months or less to be cash equivalents.

Inventories

Inventories, consisting of finished goods merchandise held for resale, are stated at the lower of cost (first in, first out method) or net realizable value. We establish a reserve for excess, slow-moving, and obsolete inventory that is equal to the difference between the cost and estimated net realizable value for that inventory. These reserves are based on a review and comparison of the current inventory levels to projected and historical sales of inventory.

Property and Equipment

Property and equipment are stated at cost. Depreciation on property and equipment is provided for using the straight-line method over the anticipated economic useful lives of the related property. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, we first compare undiscounted cash flows expected to be generated by the asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary. There were no impairments recorded during any of the three years reported in these consolidated financial statements.

Leases

We determine if an arrangement contains a lease at inception. Operating leases are included in our operating lease right-of-use ('ROU') assets, the current portion of operating lease liabilities, and the operating lease liabilities in our Consolidated Balance Sheets.

The ROU assets represent our right to control the use of an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU assets also include any prepaid lease payments made and exclude lease incentives. Lease expense is recognized on a straight-line basis over the lease term.

Many of our leases include both lease (e.g., fixed payments including rent, taxes, and insurance costs) and nonlease components (e.g., common-area or other maintenance costs) which are accounted for as a single lease component as we have elected the practical expedient to group lease and nonlease components for all leases. Our pick-up truck leases typically have a non-cancelable lease term of less than one year and therefore, we have elected the practical expedient to exclude these short-term leases from our ROU assets and lease liabilities.

Most leases include one or more options to renew. The exercise of lease renewal options is typically at our sole discretion; therefore, the majority of renewals to extend the lease terms are not included in our ROU assets and lease liabilities as they are not reasonably certain of exercise. We regularly evaluate the renewal options and when they are reasonably certain of exercise, we include the renewal period in our lease term.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments. We have a centrally managed treasury function; therefore, based on the applicable lease terms and the current economic environment, we apply a portfolio approach for determining the incremental borrowing rate.

Other Long-Lived Assets

Other assets consist of prepaid deposits, goodwill, and other definite-lived intangible assets. Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Goodwill is reviewed for impairment annually. The identifiable intangible assets are amortized on a straight-line basis over their estimated life.

Accounting Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles ('GAAP') requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent liabilities. Actual results could differ from those estimates.

Insurance Reserves

We are self-insured for certain losses relating to workers' compensation, automobile, health, and general liability costs. Specific stop-loss coverage is provided for catastrophic claims in order to limit exposure to significant claims. Self-insurance liabilities are based on our estimate of reported claims and claims incurred but not yet reported.

Product Warranties

We offer a basic limited warranty for certain of our products. The specific terms and conditions of those warranties vary depending upon the product sold. We typically recoup these costs through product warranties we hold with the original equipment manufacturers. Our warranty expense has historically been minimal.

Fastenal Company and Subsidiaries
Notes to Consolidated Financial Statements—Continued

Stock-Based Compensation

We estimate the value of stock option grants using a Black-Scholes valuation model. Stock-based compensation expense is recognized on a straight-line basis over the vesting period. Our stock-based compensation expense is recorded in operating and administrative expenses.

Income Taxes

We account for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We recognize the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. We record interest and penalties related to unrecognized tax benefits in income tax expense.

Earnings Per Share

Basic net earnings per share is calculated using net earnings available to common stockholders divided by the weighted average number of shares of common stock outstanding during the year. Diluted net earnings per share is similar to basic net earnings per share except that the weighted average number of shares of common stock outstanding includes the incremental shares assumed to be issued upon the exercise of stock options considered to be 'in-the-money' (i.e., when the market price of our stock is greater than the exercise price of our outstanding stock options).

Segment Reporting

We have determined that for our North American operations we meet the aggregation criteria outlined in the accounting standards as our various operations have similar (1) economic characteristics, (2) products and services, (3) customers, (4) distribution channels, and (5) regulatory environments. Considering the insignificance of our operations outside of North America, we report as a single business segment.

Stock Split

On April 17, 2019, the board of directors approved a two-for-one stock split of the company's outstanding common stock. Holders of the company's common stock, par value $0.01 per share, at the close of business on May 2, 2019, received one additional share of common stock for every share of common stock they owned. The stock split took effect at the close of business on May 22, 2019. All historical common stock share and per share information for all periods presented in the accompanying consolidated financial statements and notes thereto have been retroactively adjusted to reflect the stock split.

Recently Adopted Accounting Pronouncements

Effective January 1, 2019, we adopted the Financial Accounting Standards Board ('FASB') Accounting Standards Update ('ASU') 2016-02, *Leases (Topic 842)*, which requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. The original guidance required application on a modified retrospective basis with the earliest period presented. In August 2018, the FASB issued ASU 2018-11, *Targeted Improvements to ASC 842*, which included an option to not restate comparative periods in transition and elect to use the effective date of ASC 842, *Leases*, as the date of initial application of transition, which we elected. As a result of the adoption of ASC 842 on January 1, 2019, we recorded both operating lease ROU assets of $227.5 and lease liabilities of $228.3. The adoption of ASC 842 had an immaterial impact on our Consolidated Statement of Earnings and Consolidated Statement of Cash Flows for the year ended December 31, 2019. In addition, we elected the package of practical expedients permitted under the transition guidance within the new standard which allowed us to carry forward the historical lease classification.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which changes the way entities recognize impairment of most financial assets. This update is effective for periods beginning after December 15, 2019.

Fastenal Company and Subsidiaries
Notes to Consolidated Financial Statements—Continued

Short-term and long-term financial assets, as defined by the standard, are impacted by immediate recognition of estimated credit losses in the financial statements, reflecting the net amount expected to be collected. We have evaluated the requirements of this standard on our financial assets and have concluded that the adoption of this ASU, beginning January 1, 2020, will have an immaterial impact on our consolidated financial statements.

Note 2. Revenue

Disaggregation of Revenue

The accounting policies of the operations in the various geographic areas are the same as those described in the summary of significant accounting policies. Revenues are attributed to countries based on the selling location from which the sale occurred. In each of the years presented in the tables below, no single customer represented 5% or more of our consolidated net sales.

Our revenues related to the following geographic areas were as follows for the periods ended December 31:

	Twelve-month period		
	2019	2018	2017
United States	[illegible]	[illegible]	[illegible]
Canada and Mexico	606.8	530.8	432.3
North America	[illegible]	[illegible]	[illegible]
All other foreign countries	168.0	148.8	115.3
Total revenues	[illegible]	[illegible]	[illegible]

The percentages of our sales by end market were as follows for the periods ended December 31:

	Twelve-month period		
	2019	2018	2017
Manufacturing	[illegible]	[illegible]	[illegible]
Non-residential construction	12.9%	13.1%	13.0%
Other	[illegible]	[illegible]	[illegible]
	100.0%	100.0%	100.0%

The percentages of our sales by product line were as follows for the periods ended December 31[1]:

		Twelve-month Period		
Type	Introduced	2019	2018	2017
Fasteners[2]	[illegible]	[illegible]	[illegible]	[illegible]
Tools	1993	9.9%	10.0%	10.1%
Cutting tools	[illegible]	[illegible]	[illegible]	[illegible]
Hydraulics & pneumatics	1996	6.8%	6.8%	6.8%
Material handling	[illegible]	[illegible]	[illegible]	[illegible]
Janitorial supplies	1996	7.8%	7.6%	7.3%
Electrical supplies	[illegible]	[illegible]	[illegible]	[illegible]
Welding supplies	1997	4.2%	4.1%	4.2%
Safety supplies	[illegible]	[illegible]	[illegible]	[illegible]
Other		2.9%	3.2%	3.1%
		100.0%	100.0%	100.0%

[1] In 2018, we reclassified certain product category designations and have conformed the prior period percentages to the current year presentation.
[2] The fastener product line represents fasteners and miscellaneous supplies.

Note 3. Long-Lived Assets

The accounting policies of the operations in the various geographic areas are the same as those described in the summary of significant accounting policies. Long-lived assets consist of net property and equipment, deposits, goodwill, and other net intangibles.

Property and equipment at year end consisted of the following:

	Depreciable Life in Years	2019	2018
Land	—	$ [illegible]	[illegible]
Buildings and improvements	15 to 40	423.7	323.1
Automated distribution and warehouse equipment	[illegible]	[illegible]	[illegible]
Shelving, industrial vending, and equipment	3 to 10	1,036.2	927.6
Transportation equipment	[illegible]	[illegible]	[illegible]
Construction in progress	—	132.0	152.2
		[illegible]	[illegible]
Less accumulated depreciation		(943.7)	(821.4)
Property and equipment, net		$ [illegible]	[illegible]

Our long-lived assets related to the following geographic areas:

	2019	2018	2017
United States	$ [illegible]	[illegible]	[illegible]
Canada and Mexico	72.2	43.0	42.8
North America	[illegible]	[illegible]	[illegible]
All other foreign countries	32.1	14.6	12.5
Total long-lived assets	$ [illegible]	[illegible]	[illegible]

Note 4. Accrued Expenses

Accrued expenses at year end consisted of the following:

	2019	2018
Employee payroll and related taxes	$ [illegible]	[illegible]
Employee bonuses and commissions	17.9	22.8
Profit sharing contributions	[illegible]	[illegible]
Insurance reserves	41.1	37.6
Indirect taxes	[illegible]	[illegible]
Customer promotions and marketing	52.2	50.9
Other	[illegible]	[illegible]
Accrued expenses	$ 251.5	240.8

Fastenal Company and Subsidiaries
Notes to Consolidated Financial Statements—Continued

Note 5. Stockholders' Equity

Dividends

On January 16, 2020, our board of directors declared a quarterly dividend of $0.25 per share of common stock to be paid in cash on February 28, 2020 to shareholders of record at the close of business on January 31, 2020. We paid aggregate annual dividends per share of $0.87, $0.77, and $0.64 in 2019, 2018, and 2017, respectively.

Stock Options

Effective January 2, 2020, the compensation committee of our board of directors granted to our employees options to purchase a total of 877,299 shares of our common stock at an exercise strike price of $38.00 per share. The closing stock price on the effective date of the grant was $37.23 per share. On the same date, certain of our non-employee directors elected to forgo all or a portion of the 2020 annual cash retainer in exchange for options to acquire a total of 24,964 shares of our common stock at an exercise price of $38.00 per share.

The following tables summarize the details of options granted under our stock option plans that were still outstanding as of December 31, 2019, and the assumptions used to value those grants. All such grants were effective at the close of business on the date of grant.

Date of Grant	Options Granted	Option Exercise (Strike) Price	Closing Stock Price on Date of Grant	December 31, 2019 Options Outstanding	December 31, 2019 Options Exercisable
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January 2, 2018	1,087,936	$ 27.50	$ 27.270	1,019,440	42,370
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April 19, 2016	1,690,880	$ 23.00	$ 22.870	1,220,524	447,166
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April 22, 2014	1,910,000	$ 28.00	$ 25.265	599,128	357,268
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April 17, 2012	2,470,000	$ 27.00	$ 24.505	547,112	440,310
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	13,021,758			6,807,217	2,164,067

Date of Grant	Risk-free Interest Rate	Expected Life of Option in Years	Expected Dividend Yield	Expected Stock Volatility	Estimated Fair Value of Stock Option
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January 2, 2018	2.2%	5.00	2.3%	23.45%	$ 5.02
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April 19, 2016	1.3%	5.00	2.6%	26.34%	$ 4.09
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April 22, 2014	1.8%	5.00	2.0%	28.55%	$ 4.79
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April 17, 2012	0.9%	5.00	1.4%	39.25%	$ 6.85
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

All of the options in the tables above vest and become exercisable over a period of up to eight years. Generally, each option will terminate approximately nine years after the grant date.

The fair value of each share-based option is estimated on the date of grant using a Black-Scholes valuation method that uses the assumptions listed above. The risk-free interest rate is based on the U.S. Treasury rate over the expected life of the option at the time of grant. The expected life is the average length of time over which we expect the employee groups will exercise their options, which is based on historical experience with similar grants. The dividend yield is estimated over the expected life of the option based on our current dividend payout, historical dividends paid, and expected future cash dividends. Expected stock

Fastenal Company and Subsidiaries
Notes to Consolidated Financial Statements—Continued

volatilities are based on the movement of our stock price over the most recent historical period equivalent to the expected life of the option.

A summary of activities under our stock option plans consisted of the following:

	Options Outstanding		Exercise Price[1]	Remaining Life[2]
Outstanding as of January 1, 2019	4,020,264	$	[illegible]	5.61
Granted	1,316,924	$	26.000	9.00
Exercised	(2,325,073)	$	25.150	
Cancelled/forfeited	(183,898)	$	24.630	
Outstanding as of December 31, 2019	2,828,217	$	24.890	6.02
Exercisable as of December 31, 2019	2,164,067	$	24.510	4.30

	Options Outstanding		Exercise Price[1]	Remaining Life[2]
Outstanding as of January 1, 2018	[illegible]	$	[illegible]	5.82
Granted	1,087,936	$	27.500	9.00
Exercised	(620,766)	$	[illegible]	
Cancelled/forfeited	(365,722)	$	24.430	
Outstanding as of December 31, 2018	4,020,264	$	[illegible]	5.61
Exercisable as of December 31, 2018	3,108,756	$	25.530	3.69

[1] Weighted average exercise price.
[2] Weighted average remaining contractual life in years.

The total intrinsic value of stock options exercised during the years ended December 31, 2019, 2018, and 2017 was $20.2, $4.2, and $6.9, respectively. The intrinsic value represents the difference between the exercise price and fair value of the underlying shares at the date of exercise.

At December 31, 2019, there was $13.1 of total unrecognized stock-based compensation expense related to outstanding unvested stock options granted under the employee stock option plan. This expense is expected to be recognized over a weighted average period of 3.82 years. Any future change in estimated forfeitures will impact this amount. The total grant date fair value of stock options vested under our employee stock option plan during 2019, 2018, and 2017 was $5.9, $5.3, and $4.2, respectively.

Total stock-based compensation expense related to our employee stock option plan was $5.7, $5.1, and $5.2 for 2019, 2018, and 2017, respectively.

Shares Outstanding

Shares of common stock outstanding were as follows:

	2019	2018	2017
Balance at beginning of year	571,803,838	575,183,072	578,323,848
Stock options exercised	2,325,073	620,766	659,224
Purchases of common stock	—	(4,000,000)	(3,800,000)
Balance at end of year	574,128,911	571,803,838	575,183,072

Earnings Per Share

The following tables present a reconciliation of the denominators used in the computation of basic and diluted earnings per share and a summary of the options to purchase shares of common stock which were excluded from the diluted earnings calculation because they were anti-dilutive:

Reconciliation	2019	2018	2017
Basic weighted average shares outstanding	[illegible]	[illegible]	[illegible]
Weighted shares assumed upon exercise of stock options	1,239,476	391,694	268,596
Diluted weighted average shares outstanding	[illegible]	[illegible]	[illegible]

Summary of Anti-dilutive Options Excluded		2019	2018	2017
Options to purchase shares of common stock		[illegible]	[illegible]	[illegible]
Weighted average exercise prices of options	$	—	27.510	24.925

Any dilutive impact summarized above related to periods when the average market price of our stock exceeded the exercise price of the potentially dilutive stock options then outstanding.

Note 6. Retirement Savings Plan

The Fastenal Company and Subsidiaries 401(k) and Employee Stock Ownership Plan covers all of our employees in the United States. Our employees in Canada may participate in a Registered Retirement Savings Plan. The general purpose of both of these plans is to provide additional financial security during retirement by providing employees with an incentive to make regular savings contributions. In addition to the participation of our employees, we make annual profit sharing contributions based on an established formula. The expense recorded under this profit sharing formula was approximately $13.8, $13.0, and $10.6 for 2019, 2018, and 2017, respectively.

Note 7. Income Taxes

Earnings before income taxes were derived from the following sources:

		2019	2018	2017
Domestic	$	[illegible]	[illegible]	[illegible]
Foreign		66.1	82.0	63.7
Earnings before income taxes	$	[illegible]	[illegible]	[illegible]

Components of income tax expense (benefit) were as follows:

2019:		Current	Deferred	Total
Federal	$	[illegible]	[illegible]	[illegible]
State		41.6	0.2	41.8
Foreign		[illegible]	[illegible]	[illegible]
Income tax expense	$	241.1	11.7	252.8

2018:		Current	Deferred	Total
Federal	$	[illegible]	[illegible]	[illegible]
State		38.8	0.2	39.0
Foreign		[illegible]	[illegible]	[illegible]
Income tax expense	$	206.7	28.4	235.1

Fastenal Company and Subsidiaries
Notes to Consolidated Financial Statements—Continued

2017:		Current	Deferred	Total
Federal		[illegible]	[illegible]	[illegible]
State		33.2	3.3	36.5
Foreign		[illegible]	[illegible]	[illegible]
Income tax expense	$	324.3	(29.8)	294.5

Income tax expense in the accompanying consolidated financial statements differed from the expected expense as follows:.

		2019	2018	2017
U.S. federal statutory income tax rate		21.0%	21.0%	35.0%
U.S. federal income tax expense at statutory rate	$	219.2	207.3	305.6
Increase (decrease) attributed to:				
State income taxes, net of federal benefit		32.9	30.2	21.5
[illegible]		[illegible]	[illegible]	[illegible]
Remeasurement of deferred taxes for Tax Act		—	(11.5)	(30.8)
Other, net		[illegible]	[illegible]	[illegible]
Total income tax expense	$	252.8	235.1	294.5
Effective income tax rate		[illegible]	[illegible]	[illegible]

The tax effects of temporary differences that give rise to deferred income tax assets and liabilities at year end consisted of the following:

		2019	2018
Deferred income tax assets (liabilities):			
Inventory costing and valuation methods	$	4.3	4.2
Allowance for doubtful accounts		[illegible]	[illegible]
Insurance reserves		9.1	8.1
[illegible]		[illegible]	[illegible]
Stock-based compensation		3.9	5.6
Operating lease liabilities		[illegible]	[illegible]
Federal and state benefit of uncertain tax positions		0.8	0.8
[illegible]		[illegible]	[illegible]
Foreign valuation allowances		(2.8)	(2.7)
Other, net		[illegible]	[illegible]
Total deferred income tax assets		85.6	25.6
[illegible]		[illegible]	[illegible]
Operating lease ROU assets		(61.7)	—
Total deferred income tax liabilities		[illegible]	[illegible]
Deferred income tax liabilities	$	(90.8)	(79.1)

Fastenal Company and Subsidiaries
Notes to Consolidated Financial Statements—Continued

A reconciliation of the beginning and ending amount of total gross unrecognized tax benefits was as follows:

	2019	2018
Balance at beginning of year	[illegible]	[illegible]
Increase related to prior year tax positions	0.2	1.8
Decrease related to prior year tax positions	[illegible]	[illegible]
Increase related to current year tax positions	4.7	0.7
Decrease related to lapse of statute of limitations	[illegible]	[illegible]
Settlements	0.0	(0.1)
Balance at end of year	[illegible]	[illegible]

Included in the liability for gross unrecognized tax benefits is an immaterial amount for interest and penalties, both of which we classify as a component of income tax expense. The amount of gross unrecognized tax benefits that would favorably impact the effective tax rate, if recognized, is not material. We do not anticipate significant changes in total unrecognized tax benefits during the next twelve months. The 2019 and 2018 liability is included in deferred income taxes in the Consolidated Balance Sheets.

We file income tax returns in the United States federal jurisdiction, all states, and various local and foreign jurisdictions. We are no longer subject to income tax examinations by taxing authorities for taxable years before 2016 in the case of United States federal examinations, and with limited exception, before 2014 in the case of foreign, state, and local examinations.

On December 22, 2017, the Tax Act was signed into law. The Tax Act made broad and complex changes to the U.S. tax code which include: a lowering of the U.S. federal corporate income tax rate from 35% to 21% effective January 1, 2018, accelerated expensing of qualified capital investments for a specific period, and a transition from a worldwide to a territorial tax system which requires companies to pay a one-time transition tax on certain unrepatriated earnings from foreign subsidiaries.

ASC 740 requires a company to record the effects of a tax law change in the period of enactment which, for us, was fiscal 2017. ASU 2018-05 provides guidance on the application of the Tax Act which includes allowing a company to record a provisional amount during the measurement period for the impacts when the necessary information is not available, prepared, or analyzed in reasonable detail to complete its accounting for the change in the tax law. The measurement period ends when the company has obtained, prepared and analyzed the information necessary to finalize its accounting, but cannot extend beyond one year.

We recorded income tax expense of $235.1 in 2018, or 23.8% of earnings before income taxes. The effective income tax rate was significantly impacted by the following two items: (1) The lower corporate tax rate provided by the Tax Act resulted in a lower tax rate beginning in the first quarter of 2018. The effective income tax rate includes the immaterial impact of the U.S. tax rate on certain offshore earnings referred to as GILTI, a new deduction for FDII, and the new alternative U.S. tax on certain BEAT payments from a U.S. company to any foreign related party. (2) Discrete income tax items to adjust our transition tax liability, reflect the impacts of accelerating depreciation for certain physical assets, and remeasure the impact of the U.S. tax rate on certain inter-company transactions. These discrete items resulted in approximately $7.1 of income tax benefit during 2018. The accounting for the income tax effects of the Tax Act was complete as of December 31, 2018.

In general, it is our practice and intention to permanently reinvest the earnings of our foreign subsidiaries and repatriate earnings only when the tax impact is zero or very minimal and that position has not changed subsequent to the one-time transition tax under the Tax Act. Accordingly, no deferred taxes have been provided for withholding taxes or other taxes that would result upon repatriation of our approximately $288.1 of undistributed earnings from foreign subsidiaries to the U.S. as those earnings continue to be permanently reinvested.

Note 8. Operating Leases

We lease space under non-cancelable operating leases for several distribution centers, several manufacturing locations, and certain branch locations. These leases do not have significant rent escalation holidays, concessions, leasehold improvement incentives, or other build-out clauses. Further, the leases do not contain contingent rent provisions. We also lease certain semi-tractors, pick-up trucks, and computer equipment under operating leases.

Certain operating leases for pick-up trucks contain residual value guarantee provisions which would generally become due at the expiration of the operating lease agreement if the fair value of the leased vehicles is less than the guaranteed residual value. The aggregate residual value guarantee related to these leases was approximately $90.0. We believe the likelihood of funding the guarantee obligation under any provision of the operating lease agreements is remote.

Fastenal Company and Subsidiaries
Notes to Consolidated Financial Statements—Continued

The cost components of our operating leases were as follows for the period ended December 31, 2019:

	Twelve-month Period			
		Leased Facilities and Equipment	Leased Vehicles	Total
Operating lease cost	$	[illegible]	[illegible]	[illegible]
Variable lease cost		10.0	1.9	11.9
Short-term lease cost		[illegible]	[illegible]	[illegible]
Total	$	114.0	43.4	157.4

Variable lease costs are excluded from ROU assets and lease liabilities and consist primarily of taxes, insurance, and common area or other maintenance costs for our leased facilities and equipment which are paid based on actual costs incurred by the lessor as well as variable mileage costs related to our leased vehicles.

Maturities of our lease liabilities for all operating leases are as follows as of December 31, 2019:

		Leased Facilities and Equipment	Leased Vehicles	Total
2020	$	[illegible]	[illegible]	[illegible]
2021		63.2	8.5	71.7
2022		[illegible]	[illegible]	[illegible]
2023		22.5	2.9	25.4
2024		[illegible]	[illegible]	[illegible]
2025 and thereafter		3.7	—	3.7
Total lease payments	$	[illegible]	[illegible]	[illegible]
Less: Imputed interest		(10.8)	(1.0)	(11.8)
Present value of lease liabilities	$	[illegible]	[illegible]	[illegible]

The weighted average remaining lease terms and discount rates for all of our operating leases were as follows as of December 31, 2019:

Remaining lease term and discount rate:	December 31, 2019
Weighted average remaining lease term (years)	
Leased facilities and equipment	3.26
Leased vehicles	[illegible]
Weighted average discount rate	
Leased facilities and equipment	[illegible]
Leased vehicles	2.70%

Supplemental cash flow information related to our operating leases was as follows for the period ended December 31, 2019:

		Twelve-month Period
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflow from operating leases	$	117.2
ROU assets obtained in exchange for new operating lease liabilities		[illegible]

Fastenal Company and Subsidiaries
Notes to Consolidated Financial Statements—Continued

Note 9. Debt Commitments

Credit Facility, Notes Payable, and Commitments

Debt obligations and letters of credit outstanding at year end consisted of the following:

	2019	2018
Outstanding loans under unsecured revolving credit facility	$ [illegible]	[illegible]
2.00% Senior unsecured promissory note payable	40.0	40.0
2.45% Senior unsecured promissory note payable	[illegible]	[illegible]
3.22% Senior unsecured promissory note payable	60.0	60.0
Total debt	[illegible]	[illegible]
Less: Current portion of debt	(3.0)	(3.0)
Long-term debt	$ [illegible]	[illegible]
Outstanding letters of credit under unsecured revolving credit facility - contingent obligation	$ [illegible]	[illegible]

Unsecured Revolving Credit Facility

We have a $700.0 committed unsecured revolving credit facility ('Credit Facility'). The Credit Facility includes a committed letter of credit subfacility of $55.0. The commitments under the Credit Facility will expire (and any borrowings outstanding under the Credit Facility will become due and payable) on November 30, 2023. In the next twelve months, we have the ability and intent to repay a portion of the outstanding loans using cash; therefore, we have classified this portion as a current liability. The Credit Facility contains certain financial and other covenants, and our right to borrow under the Credit Facility is conditioned upon, among other things, our compliance with these covenants. We are currently in compliance with these covenants.

Borrowings under the Credit Facility generally bear interest at a rate per annum equal to the London Interbank Offered Rate ('LIBOR') for interest periods of various lengths selected by us, plus 0.95%. Based on the interest periods we have chosen, our weighted per annum interest rate at December 31, 2019 was approximately 2.7%. We pay a commitment fee for the unused portion of the Credit Facility. This fee is either 0.10% or 0.125% per annum based on our usage of the Credit Facility.

Senior Unsecured Promissory Notes Payable

We have issued senior unsecured promissory notes under our master note agreement (the 'Master Note Agreement') in the aggregate principal amount of $135.0. Our aggregate borrowing capacity under the Master Note Agreement is $600.0; however, none of the institutional investors party to that agreement are committed to purchase notes thereunder.

The notes currently issued under our Master Note Agreement consist of three series. The first is in an aggregate principal amount of $40.0, bears interest at a fixed rate of 2.00% per annum, and is due and payable on July 20, 2021. The second is in an aggregate principal amount of $35.0, bears interest at a fixed rate of 2.45% per annum, and is due and payable on July 20, 2022. The third is in an aggregate principal amount of $60.0, bears interest at a fixed rate of 3.22% per annum, and is due and payable on March 1, 2024. There is no amortization of these notes prior to their maturity date and interest is payable quarterly.

Note 10. Legal Contingencies

We are involved in certain legal actions. The outcomes of these legal actions are not within our complete control and may not be known for prolonged periods of time. In some actions, the claimants seek damages, as well as other relief, that could require significant expenditures or result in lost revenues. We record a liability for these legal actions when a loss is known or considered probable and the amount can be reasonably estimated. If the reasonable estimate of a known or probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. If a loss is reasonably possible but not known or probable, and can be reasonably estimated, the estimated loss or range of loss is disclosed. In most cases, significant judgment is required to estimate the amount and timing of a loss to be recorded. As of December 31, 2019, there were no litigation matters that we consider to be probable or reasonably possible to have a material adverse outcome.

Note 11. Subsequent Events

We evaluated all subsequent event activity and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the Notes to Consolidated Financial Statements, with the exception of the dividend declaration and stock option activities disclosed in Note 5.

Fastenal Company and Subsidiaries
Notes to Consolidated Financial Statements—Continued

Note 12. Selected Quarterly Financial Data (Unaudited)

(Amounts in millions except per share information)

2019:	Net Sales	Gross Profit	Pre-tax Earnings	Net Earnings	Basic Net Earnings per Share [1]	Diluted Net Earnings per Share [1]
First quarter	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Second quarter	1,368.4	641.2	271.4	204.6	0.36	0.36
Third quarter	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fourth quarter	1,276.9	598.4	236.4	178.7	0.31	0.31
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

2018:	Net Sales	Gross Profit	Pre-tax Earnings	Net Earnings	Basic Net Earnings per Share [1]	Diluted Net Earnings per Share [1]
First quarter	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Second quarter	1,267.9	617.7	265.9	211.2	0.37	0.37
Third quarter	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fourth quarter	1,231.6	587.8	229.8	168.8	0.29	0.29
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[1] Amounts may not foot due to rounding difference.

End of Notes to Consolidated Financial Statements

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the 'Securities Exchange Act')). Based on this evaluation, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including the principal executive officer and principal financial officer, to allow for timely decisions regarding required disclosure.

Attestation Report of Independent Registered Public Accounting Firm

The attestation report required under this item is contained earlier in this Form 10-K under the heading 'Item 8, Financial Statements and Supplementary Data'.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act. The company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of our principal executive officer and our principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment and those criteria, management believes that the company maintained effective internal control over financial reporting as of December 31, 2019. There was no change in the company's internal control over financial reporting during the company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

/s/ Daniel L. Florness
Daniel L. Florness
President and Chief Executive Officer

/s/ Holden Lewis
Holden Lewis
Executive Vice President and Chief Financial Officer

Winona, Minnesota
February 6, 2020

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Incorporated herein by reference is the information appearing under the headings 'Proposal #1—Election of Directors', 'Corporate Governance and Director Compensation—Board Leadership Structure and Committee Membership', 'Corporate Governance and Director Compensation—Audit Committee', and 'Corporate Governance and Director Compensation—Delinquent Section 16(a) Reports' in the Proxy Statement.

There have been no material changes to the procedures by which security holders may recommend nominees to the board of directors since our last report.

In January 2004, our board of directors adopted a supplement to our existing standards of conduct designed to qualify the standards of conduct as a code of ethics within the meaning of Item 406(b) of Regulation S-K promulgated by the SEC ('Code of Ethics'). The standards of conduct, as supplemented, apply to all of our directors, officers, and employees, including without limitation our chief executive officer, chief financial officer, principal accounting officer, and controller (if any), and persons performing similar functions ('Senior Financial Officers'). Those portions of the standards of conduct, as supplemented, that constitute a required element of a Code of Ethics are available without charge by submitting a request to us pursuant to the directions detailed under 'Does Fastenal have a Code of Conduct?' on the 'Investor FAQs' page of the 'Investor Relations' section of our website at www.fastenal.com. In the event we amend or waive any portion of the standards of conduct, as supplemented, that constitutes a required element of a Code of Ethics and such amendment or waiver applies to any of our Senior Financial Officers, we intend to post on our website at www.fastenal.com, within four business days after the date of such amendment or waiver, a brief description of such amendment or waiver, the name of each Senior Financial Officer to whom the amendment or waiver applies, and the date of the amendment or waiver.

Information about our Executive Officers

As of the date of filing this Form 10-K, the following individuals were executive officers of the Company:

Name	Employee of Fastenal Since	Age	Position
Daniel L. Florness	1996	56	President, Chief Executive Officer, and Director
William J. Drazkowski	1995	48	Executive Vice President – Sales
Leland J. Hein	1985	59	Senior Executive Vice President – Sales
James C. Jansen	1992	49	Executive Vice President – Manufacturing
Holden Lewis	2016	50	Executive Vice President and Chief Financial Officer
Sheryl A. Lisowski	1994	52	Controller, Chief Accounting Officer, and Treasurer
Charles S. Miller	1989	45	Senior Executive Vice President – Sales
Terry M. Owen	1999	51	Senior Executive Vice President – Sales Operations
John L. Soderberg	1993	48	Executive Vice President – Information Technology
Jeffery M. Watts	1996	48	Executive Vice President – International Sales
Reyne K. Wisecup	1988	56	Senior Executive Vice President – Human Resources and Director

Mr. Florness has been our president and chief executive officer since January 2016. From December 2002 to December 2015, Mr. Florness was an executive vice president and our chief financial officer. From June 1996 to November 2002, Mr. Florness was our chief financial officer. During his time as chief financial officer, Mr. Florness' responsibilities expanded beyond finance, including leadership of a portion of our manufacturing division, our product development and procurement, and the company's national accounts business. Mr. Florness has served as one of our directors since January 2016.

Mr. Drazkowski has been our executive vice president - sales since October 2019. Mr. Drazkowski's responsibilities include sales and operational oversight of our Western United States business. From December 2016 to September 2019, Mr. Drazkowski was executive vice president – national accounts sales. From October 2014 to December 2016, Mr. Drazkowski was our vice president – national accounts sales, from September 2013 to September 2014, he served as regional vice president of our Minnesota based region, and from November 2007 to August 2013, he served as one of our district managers. Prior to November 2007, Mr. Drazkowski served in various sales leadership roles at our company.

Mr. Hein has been our senior executive vice president – sales since January 2016. From July 2015 to December 2015, Mr. Hein was our chief operating officer. Mr. Hein was our president and chief executive officer from January 2015 to July 2015, and our president from July 2012 to December 2014. From November 2007 to July 2012, Mr. Hein was one of our executive vice presidents – sales. Prior to November 2007, Mr. Hein served in various sales leadership roles at our company.

Mr. Jansen has been our executive vice president – manufacturing since January 2016. Mr. Jansen's responsibilities include oversight of our industrial services, quality assurance, aerospace, manufacturing operations, and BHS management. From December 2010 to December 2015, Mr. Jansen was our executive vice president - operations. From November 2007 to December 2010, Mr. Jansen was our executive vice president – internal operations. From May 2005 to November 2007, Mr. Jansen served as our leader of systems development (this role encompassed both information systems and distribution systems development). From April 2000 to April 2005, Mr. Jansen served as regional vice president of our Texas based region.

Mr. Lewis has been our executive vice president and chief financial officer since August 2016. From April 2016 to July 2016, Mr. Lewis was a senior vice president/equity research-industrial technology with FBR Capital Markets & Co. (a full-service investment bank). From September 2014 to January 2016, Mr. Lewis was a managing director/equity research-industrial technology with Oppenheimer & Co Inc. (a full-service investment bank). From August 2002 to August 2014, Mr. Lewis was a managing director/equity research-industrial manufacturing & distribution with BB&T Capital Markets, a division of BB&T Securities LLC (a full-service investment bank). Prior to August 2002, Mr. Lewis held similar roles with various other organizations since 1994. In each of Mr. Lewis' positions prior to joining Fastenal, he was responsible for studying the strategic and financial direction of companies for the purpose of making investment recommendations to institutional clients.

Ms. Lisowski has been our controller, chief accounting officer, and treasurer since August 2016. Ms. Lisowski was our controller and chief accounting officer from October 2013 to August 2016, and also served as our interim chief financial officer from January 2016 to August 2016. From March 2007 to October 2013, Ms. Lisowski served as our controller – accounting operations. Ms. Lisowski joined Fastenal in 1994 and, prior to March 2007, served in various roles of increasing responsibility within our finance and accounting team.

Mr. Miller has been our senior executive vice president – sales since January 2020. Mr. Miller's responsibilities include sales and operational oversight of our Eastern United States business. From November 2015 to December 2019, Mr. Miller was one of our executive vice presidents – sales. From January 2009 to October 2015, Mr. Miller served as regional vice president of our southeast central region based primarily in Tennessee and Kentucky. Prior to January 2009, Mr. Miller served in various sales leadership roles at our company.

Mr. Owen has been our senior executive vice president – sales operations since January 2016. Mr. Owen's responsibilities include oversight of our e-commerce, marketing, national accounts sales, government sales, FAST Solutions®, Onsite and vending, our Manseo division, manufacturing, distribution, transportation, product development, supplier development, procurement, and supply chain. From July 2015 to December 2015, Mr. Owen was one of our executive vice president – sales. From May 2014 to June 2015, Mr. Owen served as our executive vice president – e-business, and from December 2007 to May 2014, Mr. Owen was regional vice president of our Texas based and Mexico regions. Prior to December 2007, Mr. Owen served in various distribution center leadership roles at our company.

Mr. Soderberg has been our executive vice president – information technology since May 2016. From May 2014 to May 2016, Mr. Soderberg served as our executive vice president – sales operations and support. From April 2010 to May 2014, Mr. Soderberg was one of our vice presidents – sales. From April 2005 to April 2010, Mr. Soderberg served as regional vice president of our Seattle, Washington based region. Prior to April 2005, Mr. Soderberg served in various sales leadership roles in the mid-Atlantic area of our company.

Mr. Watts has been our executive vice president – international sales since December 2016. From March 2015 to December 2016, Mr. Watts was our vice president – international sales. From June 2005 to February 2015, he served as regional vice president of our Canadian region. Prior to June 2005, Mr. Watts served in various sales leadership roles at our company.

Ms. Wisecup has been our senior executive vice president – human resources since December 2016. From November 2007 to December 2016, Ms. Wisecup was our executive vice president – human resources. Prior to November 2007, she served in various support roles, including director of employee development. Ms. Wisecup has also served as one of our directors since 2000.

The executive officers are elected by our board of directors for a term of one year and serve until their successors are elected and qualified. None of our executive officers is related to any other such executive officer or to any of our directors.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated herein by reference is the information appearing under the headings 'Corporate Governance and Director Compensation—Compensation Committee Interlocks and Insider Participation', 'Executive Compensation', and 'Corporate Governance and Director Compensation—Compensation of our Directors' in the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated herein by reference is the information appearing under the heading 'Security Ownership of Principal Shareholders and Management' in the Proxy Statement.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights		Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)		(b)	(c)
Equity compensation plans approved by security holders (1)	6,807,217	$	24.89	13,495,100
Equity compensation plans not approved by security holders				
Total	6,807,217			13,495,100

(1) Reflects stock option awards issued and issuable in the future under our Fastenal Company Stock Option Plan and our Fastenal Company Non-Employee Director Stock Option Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Incorporated herein by reference is the information appearing under the headings 'Corporate Governance and Director Compensation—Director Independence and Other Board Matters', 'Corporate Governance and Director Compensation—Related Person Transaction Approval Policy', and 'Corporate Governance and Director Compensation—Transactions with Related Persons' in the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated herein by reference is the information appearing under the heading 'Audit and Related Matters—Audit and Related Fees' and 'Audit and Related Matters—Pre-Approval of Services' in the Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

a) 1. Financial Statements:

Consolidated Balance Sheets as of December 31, 2019 and 2018
Consolidated Statements of Earnings for the years ended December 31, 2019, 2018, and 2017
Consolidated Statements of Comprehensive Income for the years ended December 31, 2019, 2018, and 2017
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2019, 2018, and 2017
Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018, and 2017
Notes to Consolidated Financial Statements
Report of Independent Registered Public Accounting Firm

2. Financial Statement Schedules:

Schedule II—Valuation and Qualifying Accounts

3. Exhibits:

INDEX TO EXHIBITS

Exhibit Number	Description of Document
3.1	Restated Articles of Incorporation of Fastenal Company, as amended (incorporated by reference to Exhibit 3.1 to Fastenal Company's Form 8-K dated as of April 23, 2019 (file no. 000-016125))
3.2	Restated By-Laws of Fastenal Company (incorporated by reference to Exhibit 3.2 to Fastenal Company's Form 8-K dated as of January 17, 2019 (file no. 000-16125))
4.1	Form of Senior Notes due July 20, 2021 (incorporated by reference to Exhibit 4.1 to Fastenal Company's Form 8-K dated as of July 20, 2016 (file no. 000-16125))
4.2	Form of Senior Notes due July 20, 2022 (incorporated by reference to Exhibit 4.2 to Fastenal Company's Form 8-K dated as of July 20, 2016 (file no. 000-16125))
4.3	Form of Senior Notes due March 1, 2024 (incorporated by reference to Exhibit 4.1 to Fastenal Company's Form 10-Q for the quarter ended March 31, 2017 (file no. 000-016125))
4.4	Description of Capital Stock
10.1	Bonus Program for Executive Officers*
10.2	Fastenal Company Stock Option Plan as amended and restated effective as of December 12, 2014 (incorporated by reference to Exhibit 10.1 to Fastenal Company's Form 8-K dated December 17, 2014 (file no. 000-16125))*
10.3	Fastenal Company Incentive Plan (incorporated by reference to Appendix A to Fastenal Company's Proxy Statement dated February 23, 2012 (file no. 000-16125))*
10.4	Fastenal Company Non-Employee Director Stock Option Plan (incorporated by reference to Exhibit 99 to Fastenal Company's Registration Statement on Form S-8 filed on April 25, 2018 (file no. 333-224441)).*
10.5	Credit Agreement, dated as of May 1, 2015, among Fastenal Company, the Lenders from time to time party thereto, and Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and Issuing Lender (incorporated by reference to Exhibit 10.1 to Fastenal Company's Form 8-K dated May 5, 2015 (file no. 001-16125)).
10.6	First Amendment to Credit Agreement, dated as of November 23, 2015, among Fastenal Company, the Lenders from time to time party thereto, and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.1 to Fastenal Company's Form 8-K dated November 25, 2015 (file no. 001-16125)).
10.7	Second Amendment to Credit Agreement, dated as of March 10, 2017, by and among Fastenal Company, the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.1 to Fastenal Company's Form 8-K dated as of March 14, 2017 (file no. 001-16125)).
10.8	Third Amendment to Credit Agreement dated as of November 30, 2018 among Fastenal Company, the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.1 to Fastenal Company's Form 8-K dated December 3, 2018 (file no. 001-16125)).

Exhibit Number	Description of Document
10.9	Master Note Agreement dated as of July 20, 2016 by and among (i) Fastenal Company, (ii) Metropolitan Life Insurance Company, NYL Investors LLC and PGIM, Inc. (formerly known as Prudential Investment Management, Inc.), as investor group representatives (each, an 'Investor Group Representative'), and (iii) Metropolitan Life Insurance Company (in its capacity as a purchaser of notes under such Master Note Agreement) and/or affiliates of any Investor Group Representative who become purchasers of notes under such Master Note Agreement (incorporated by reference to Exhibit 10.1 to Fastenal Company's Form 8-K dated as of July 20, 2016 (file no. 001-16125)).
10.10	Omnibus First Amendment to Master Note Agreement and Subsidiary Guaranty Agreement dated as of November 30, 2018 by and among Fastenal Company, Fastenal Company Purchasing, and Fastenal IP Company, on one hand, and Metropolitan Life Insurance Company, NYL Investors LLC, PGIM, Inc., and each holder of Notes that are signatory thereto, on the other hand (incorporated by reference to Exhibit 10.2 to Fastenal Company's Form 8-K dated December 3, 2018 (file no. 001-16125)).
13	Portions of 2019 Annual Report to Shareholders not included in this Form 10-K (only those sections specifically incorporated by reference in this Form 10-K shall be deemed filed with the SEC).
21	List of Subsidiaries
23	Consent of Independent Registered Public Accounting Firm
31	Certifications under Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification under Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial statements from the Annual Report on Form 10-K for the year ended December 31, 2019, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Earnings, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements.
104	The cover page from the Annual Report on Form 10-K for the year ended December 31, 2019, formatted in Inline XBRL.

* Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K pursuant to Item 15(b).

ITEM 16. FORM 10-K SUMMARY

Not applicable.

FASTENAL COMPANY

Schedule II—Valuation and Qualifying Accounts

Years ended December 31, 2019, 2018, and 2017
(Amounts in millions)

Description		Balance at Beginning of Year	"Additions" Charged to Costs and Expenses	"Other" Additions (Deductions)	"Less" Deductions	Balance at End of Year
Year ended December 31, 2019						
Allowance for doubtful accounts	$	12.8	5.5	—	7.4	10.9
Insurance reserves	$	[illegible]	[illegible] (1)	—	[illegible] (2)	[illegible]
Year ended December 31, 2018						
Allowance for doubtful accounts	$	[illegible]	[illegible]	—	[illegible]	[illegible]
Insurance reserves	$	39.0	66.9 (1)	—	68.3 (2)	37.6
Year ended December 31, 2017						
Allowance for doubtful accounts	$	11.2	8.2	—	7.5	11.9
Insurance reserves	$	[illegible]	[illegible] (1)	—	[illegible] (2)	[illegible]

(1) Includes costs and expenses incurred for premiums and claims related to health and general insurance.
(2) Includes costs and expenses paid for premiums and claims related to health and general insurance.

See accompanying Report of Independent Registered Public Accounting Firm incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 6, 2020

FASTENAL COMPANY

By /s/ Daniel L. Florness

Daniel L. Florness, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Date: February 6, 2020

/s/ Daniel L. Florness

Daniel L. Florness, President and Chief Executive Officer (Principal Executive Officer), and Director

/s/ Holden Lewis

Holden Lewis, Executive Vice President and Chief Financial Officer (Principal Financial Officer)

/s/ Sheryl A. Lisowski

Sheryl A. Lisowski, Controller, Chief Accounting Officer, and Treasurer (Principal Accounting Officer)

/s/ Willard D. Oberton

Willard D. Oberton, Director (Chairman)

/s/ Michael J. Ancius

Michael J. Ancius, Director

/s/ Michael J. Dolan

Michael J. Dolan, Director

/s/ Stephen L. Eastman

Stephen L. Eastman, Director

/s/ Rita J. Heise

Rita J. Heise, Director

/s/ Darren R. Jackson

Darren R. Jackson, Director

/s/ Daniel L. Johnson

Daniel L. Johnson, Director

/s/ Nicholas J. Lundquist

Nicholas J. Lundquist, Director

/s/ Scott A. Satterlee

Scott A. Satterlee, Director

/s/ Reyne K. Wisecup

Reyne K. Wisecup, Director

DESCRIPTION OF CAPITAL STOCK

The summary of the general terms and provisions of the capital stock of Fastenal Company (the "Company") set forth below does not purport to be complete and is subject to and qualified by reference to the Company's Restated Articles of Incorporation, as amended (the "Articles") and Restated By-Laws ("By-Laws," and together with the Articles, the "Charter Documents"), each of which is incorporated herein by reference and attached as an exhibit to the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. For additional information, please read the Company's Charter Documents and the applicable provisions of the Minnesota Business Corporation Act (the "MBCA").

Capital Stock

The Company is authorized to issue up to 805,000,000 shares, of which 5,000,000 have been designated preferred stock, par value of $0.01 per share ("Preferred Stock") and 800,000,000 have been designated common stock, par value $0.01 per share ("Common Stock"). As of January 22, 2020, 574,226,297 shares of Common Stock were issued and outstanding and no shares of Preferred Stock were issued and outstanding.

Voting Rights

The holders of shares of Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders, including the election of directors. The Articles do not permit cumulative voting in the election of directors. Subject to the rights, if any, of the holders of one or more classes or series of Preferred Stock issued by the Company, each director of the Company shall be elected at a meeting of shareholders by the vote of the majority of votes cast with respect to that director, provided that directors of the Company shall be elected by a plurality of the votes present and entitled to vote on the election of directors at any such meeting for which the number of nominees (other than nominees withdrawn on or prior to the day preceding the date the Company first mails its notice for such meeting to the shareholders) exceeds the number of directors to be elected. Voting rights with respect to certain significant corporate transactions may require more than a majority vote in certain circumstances as described below under "Business Combinations and Other Transactions with 15% Shareholders."

Dividend Rights

Subject to any prior rights of any Preferred Stock then outstanding, the holders of shares of Common Stock are entitled to receive ratably such dividends as may be declared by the Company's board of directors out of funds legally available therefor.

Liquidation Rights

Upon any liquidation or dissolution of the Company, the holders of shares of Common Stock share ratably, in proportion to the number of shares held, in the assets available for distribution after payment of all prior claims, including all prior claims of any Preferred Stock then outstanding..

No Preemptive Rights

Shareholders of the Company shall have no preemptive rights to acquire securities or rights to purchase securities of the Company.

Listing

The Company's Common Stock is currently traded on the Nasdaq Stock Market LLC under the symbol "FAST."

Anti-Takeover Provisions

The Charter Documents and the MBCA contain certain provisions that may discourage an unsolicited takeover of the Company or make an unsolicited takeover of the Company more difficult. The following are some of the more significant anti-takeover provisions that are applicable to the Company:

Business Combinations and Other Transactions with 15% Shareholders

The Articles provide that, generally, (i) consolidations, mergers, statutory share exchanges and sales or other dispositions of 10% or more of the book value of the Company's assets involving a beneficial holder of at least 15% of the stock of the Company entitled to vote generally in the election of directors ("Voting Stock"), (ii) the acquisition of assets from a beneficial holder of at least 15% of the Company's Voting Stock equal to or greater than 10% of the book value of the Company's assets, (iii) certain issuances of stock involving a beneficial holder of at least 15% of the Company's Voting Stock, (iv) liquidations or dissolutions of the Company proposed by or on behalf of a 15% or more beneficial shareholder, and (v) certain other specified transactions involving a 15% or more beneficial shareholder, whether or not they otherwise require a shareholder vote, require the affirmative vote of the holders of at least 75% of the outstanding shares of the Company's Voting Stock, unless (a) the proposed transaction is first approved by a majority of the continuing directors (generally meaning any director whose election or nomination was approved by a majority of the currently sitting directors) whose election or nomination was approved by a majority of the continuing directors), or (b) the consideration to be received by the shareholders of the Company in the proposed transaction meets certain conditions generally designed to insure that shareholders receive a fair price for their shares, and certain other procedural requirements in connection with the proposed transaction are followed. A 75% vote of the outstanding shares of the Company's Voting Stock is required to amend this special voting provision.

Special Meetings of Shareholders; Shareholder Action by Unanimous Written Consent; and Advance Notice of Shareholder Business Proposals and Nominations

Section 302A.433 of the MBCA provides that special meetings of the Company's shareholders may be called by the Company's chief executive officer, chief financial officer, two or more directors, or shareholders holding 10% or more of the voting power of all shares entitled to vote, except that a special meeting demanded by shareholders for the purpose of considering any action to directly or indirectly facilitate or effect a business combination, including any action to change or otherwise affect the composition of the board of directors for that purpose, must be called by 25% or more of the voting power of all shares entitled to vote. Section 302A.441 of the MBCA also provides that action may be taken by shareholders without a meeting only by unanimous written consent. The By-Laws provide an advance written notice procedure with respect to shareholder proposals of business and shareholder nominations of candidates for election as directors. Shareholders at an annual meeting are able to consider only the proposals and nominations specified in the notice of meeting or otherwise brought before the meeting by or at the direction of the board of directors or by a shareholder that has delivered timely written notice in proper form to the Company's general counsel of the business to be brought before the meeting.

Control Share Provision

Section 302A.671 of the MBCA applies, with certain exceptions, to any acquisition of the Company's Voting Stock (from a person other than the Company and other than in connection with certain mergers and exchanges to which the Company is a party) resulting in the acquiring person owning 20% or more of the Company's Voting Stock then outstanding. Section 302A.671 requires approval of any such acquisitions by both (i) the affirmative vote of the holders of a majority of the shares entitled to vote, including shares held by the acquiring person, and (ii) the affirmative vote of the holders of a majority of the shares entitled to vote, excluding all interested shares. In general, shares acquired in the absence of such approval are denied voting rights and are redeemable at their then fair market value by the Company within 30 days after the acquiring person has failed to give a timely information statement to the Company or the date the shareholders voted not to grant voting rights to the acquiring person's shares. The control share provision applies to any corporation that has not expressly provided to the contrary in its articles or in its bylaws approved by its shareholders. The Articles provide that this provision shall apply.

Business Combination Provision

Section 302A.673 of the MBCA generally prohibits the Company or any of its subsidiaries from entering into any merger, share exchange, sale of material assets or similar transaction with a 10% shareholder within four years following the date the person became a 10% shareholder, unless either the transaction or the person's acquisition of shares is approved prior to the person becoming a 10% shareholder by a committee of all of the disinterested members of the board of directors. The business combination provision applies to any corporation that has not expressly provided to the contrary in its articles or its bylaws. The Articles provide that this provision shall apply.

Takeover Offer; Fair Price

Under Section 302A.675 of the MBCA, an offeror may not acquire shares of a publicly held corporation within two years following the last purchase of shares pursuant to a takeover offer with respect to that class, including acquisitions made by purchase, exchange, merger, consolidation, partial or complete liquidation, redemption, reverse stock split, recapitalization, reorganization, or any other similar transaction, unless (i) the acquisition is approved by a committee of the board's disinterested directors before the purchase of any shares by the offeror pursuant to the earlier takeover offer, or (ii) shareholders are afforded, at the time of the proposed acquisition, a reasonable opportunity to dispose of the shares to the offeror upon substantially equivalent terms as those provided in the earlier takeover offer.

Greenmail Restrictions

Under Section 302A.553 of the MBCA, a corporation is prohibited from buying shares at an above-market price from a greater than 5% shareholder who has held the shares for less than two years unless (i) the purchase is approved by holders of a majority of the outstanding shares entitled to vote or (ii) the corporation makes an equal or better offer to all shareholders for all other shares of that class or series and any other class or series into which they may be converted.

Authority of the Board of Directors

The Company's board of directors has the power to issue any or all of the shares of the Company's capital stock, including the authority to establish one or more series of Preferred Stock, setting forth the designation of each such series and fixing the relative rights and preferences for each such series, without seeking shareholder approval in most instances. In addition, under the By-Laws, the Company's board of directors has the right to fill vacancies of the board of directors (including a vacancy created by an increase in the size of the board of directors).

Fastenal Company

Bonus Program for Executive Officers

Quarterly Incentives

Our executive officers are eligible for cash incentives through individual bonus arrangements based on improvements in the overall financial performance of the company and/or their respective areas of responsibility. The bonus arrangements provide our executive officers with the opportunity to earn a cash bonus for each quarter during a year when we increase our earnings above a predetermined minimum target.

The primary cash bonuses for all of our named executive officers other than our chief financial officer are based on growth in pre-tax earnings of the company and/or the officer's area of responsibility. The compensation committee selected pre-tax earnings as the appropriate metric for calculating cash bonuses for those officers because of the committee's belief that the focus of the named executive officers should be on profitability, which is the primary driver of shareholder value. The primary cash bonuses for our chief financial officer are based on growth in company-wide net earnings because his responsibilities allow him to affect our entire financial position including our tax position. The compensation committee believes that no named executive officer should earn a cash bonus under this program for a quarter unless financial performance has improved and therefore sets minimum targets for each quarter that are equal to the earnings achieved for the same quarter in the prior year. The compensation committee requires growth in earnings before any bonuses can be earned due to its belief that growth is achievable with superior effort and will generate the cash necessary to expand the company's operations in accordance with our business plans and increase shareholder value.

The payout percentage used to calculate the amount of each named executive officer's primary quarterly cash bonus reflects the officer's track record in his or her current position (i.e., newly promoted executives historically have had to prove themselves in their new positions before earning higher payout percentages) and relative ability to impact profitability.

We do not believe it is necessary for payouts under our primary executive cash incentive program to be capped, as cash bonus payments to our named executive officers are tied directly to our financial performance so that they increase only if and to the extent the company's profitability grows. We do not base the cash incentives paid to our executive officers on multiple metrics since we believe the current design of our executive bonus arrangements, along with our other controls, adequately mitigates risk and since the use of multiple metrics would not be in furtherance of our goal of keeping our compensation programs simple, understandable, and transparent, and would risk keeping our executives focused on things other than profitability, thereby depriving them of the clear feedback and motivation necessary to improve our bottom line.

The compensation committee approved a supplemental return on assets bonus program for 2019 that is discussed under '2019 Incentive Program' below.

2019 Incentive Program

The bonus arrangements for our named executive officers for 2019 were approved by our compensation committee at its last meeting in 2018. Consistent with prior years, the bonuses for 2019 were based on growth in pre-tax earnings or net earnings of the company and/or the officer's area of responsibility. The bonuses for each quarter were determined by applying a payout percentage to the amount by which pre-tax earnings or net earnings exceeded 100% of pre-tax earnings or net earnings for the same quarter in 2018. The compensation committee determined that the bonus formulas for each of the named executive officers for 2019 would remain unchanged from those in effect at the end of 2018, except that Mr. Owen's payout percentage was increased due to changes in his responsibilities. While the compensation committee otherwise maintained the bonus formulas for each other named executive officer consistent with 2018, it approved a supplemental bonus program for 2019 for each named executive officer other than Mr. Florness. The supplemental bonus program, known as the ROA (Return on Assets) Plan, is intended to encourage better management of accounts receivable, inventory, and vehicles and would provide cash incentive amounts on a quarterly basis for asset management improvement over the same quarter in the prior fiscal year and is described in more detail below.

The specific bonus opportunities for our named executive officers are summarized in the table below. Each named executive officer's cash bonus for each quarter during 2019 was determined by applying the payout percentage listed opposite his or her name below to the amount by which pre-tax earnings or adjusted net earnings of the company and/or the officer's area of responsibility for that quarter exceeded 100% of such earnings in the same quarter of 2018 (the 'minimum target').

Name	Earnings Type	Payout Percentage
Mr. Florness	Company-wide pre-tax earnings	[illegible]
Mr. Lewis	Company-wide net earnings	0.90%
Mr. Owen	Company-wide pre-tax earnings	[illegible]
Mr. Miller (1)	Pre-tax earnings	1.00% / 0.20%
[illegible]	Company-wide pre-tax earnings	[illegible]

(1) The bonuses for Mr. Miller were based on growth in pre-tax earnings for the geographic areas under his leadership (Eastern United States), with the payout percentage applied to that growth of 1.00%, as well as growth in company pre-tax earnings, with the payout percentage applied to that growth of 0.20%.

The following table sets out, for each quarter in 2019, our actual and minimum target pre-tax earnings and actual and adjusted net earnings on a company-wide basis for that quarter, in each case rounded to the nearest thousand. (As indicated above, the 'minimum target' amount in 2019 was 100% of such earnings in the same quarter of 2018.)

2019	Actual Pre-tax Earnings	Minimum Target Pre-tax Earnings	Actual Net Earnings	Minimum Target Net Earnings
First quarter	[illegible]	[illegible]	[illegible]	[illegible]
Second quarter	271,378,000	265,961,000	204,593,000	201,470,000 (1)
Third quarter	[illegible]	[illegible]	[illegible]	[illegible] (1)
Fourth quarter	236,465,000	229,703,000	178,708,000	168,698,000

(1) In calculating the changes in second and third quarter net earnings from 2018 to the comparable quarters in 2019 for purposes of determining Mr. Lewis' bonuses for such quarters in 2019, the actual net earnings for such quarters in 2018 were adjusted to exclude the impact of the one-time tax benefit of accelerated depreciation for vending equipment, maintenance, and repairs for such quarters.

During 2019, the approximate percentage of the actual and minimum pre-tax earnings of the company attributable to our operations in the geographic area under Mr. Miller's leadership was 43%.

As noted above, an additional short-term cash incentive bonus plan (the 'ROA Plan') was approved by the compensation committee for our named executives officers for 2019 that was designed to encourage careful management of assets, namely accounts receivable, inventories, and pick-up trucks. Quarterly bonuses would be payable pursuant to the plan if a specified level of improvement in asset management relative to the comparable prior year quarter was achieved. Improvement in asset management was assessed using a two-quarter average of total assets divided by the trailing 12-month net sales, which we refer to as the 'performance percentage.' If the performance percentage when compared to the prior year benchmark showed improvement at a level specified in the table below, the named executive officer would receive the corresponding bonus amount.

Improvement Amount Exceeded	Bonus Payout
150 basis points	$ [illegible]
100 basis points (but less than 150 basis points)	$ 10,000
50 basis points (but less than 100 basis points)	$ [illegible]

In addition, for each whole percentage improvement (*e.g.*, 41.0%, 40.0%, 39.0%, etc.) a $10,000 bonus would be payable for the quarter when the new whole percentage threshold was first achieved. Because we did not achieve improvement exceeding 50 basis points in any quarter during fiscal 2019 and also did not achieve a new whole percentage threshold, no bonus amounts were paid to our named executive officers pursuant to the ROA Plan for fiscal 2019.

2020 Incentive Program

The bonus arrangements for our named executive officers for 2020 were approved by our compensation committee at its last meeting in 2019. The bonus plans for our named executive officers for 2020 are unchanged from our 2019 bonus plans, except that Mr. Florness' bonus percentage increased in recognition of his continued growth, performance, and experience in his role and Mr. Owen's bonus percentages increased due to changes in his responsibilities.

2019 Annual Report

FASTENAL®

2019

The Statistics **Behind Our Service**

When we engage with a customer, the primary question isn't What can we sell you? It's What do you do as a company, what are your business challenges and goals, and how can we provide a solution? This partnership approach is predicated on our ability to move closer to the customer — to engage locally, get in sync with their business, and bring value in ways that go well beyond packing and shipping orders. The numbers below reflect this journey of service, aspects of our business that we believe set us apart by bringing us closer.

PEOPLE

21,948
employees
* 72% directly serve our customers

489,000
Fastenal School of Business trainings completed
* 16 hours of training per employee (on average)

400+
highly-trained specialists: engineering, safety, Lean Six Sigma, metalworking, construction, solutions, national accounts

PROXIMITY

3,228
in-market selling locations (branches and Onsites) spanning 25 countries

90%
of total product tonnage is shipped via our internal transportation fleet, reducing cost and enhancing service

60%
of our $1.4 billion in inventory is stored locally for same-day fulfillment

SOLUTIONS

105,000
vending machines installed
* 90,000 product revenue devices and 15,000 leased check-in/check-out lockers

92%
of our total revenue comes from customers utilizing more than one of our sales channels (branches, Onsites, vending, FMI, national accounts, web)
* 70% of our customers utilize four or more channels

65%
of national account customers utilize Fastenal e-commerce

DIFFERENTIATORS

200+
sourcing professionals positioned globally

813
customer site evaluations (process mappings) performed to uncover sources of supply chain waste

298 Million
products manufactured, modified, or refurbished by our in-house manufacturing and industrial services divisions

Table of Contents

LETTER TO SHAREHOLDERS AND EMPLOYEES

Thank you for taking a few minutes to read this letter. We had an interesting year in 2019, and I'm excited to share our story.

We principally sell into the industrial marketplace, and the trend in our 2019 results felt a bit like 2015 (the last time we saw a sustained contraction in this end market). Here is a quick comparison of our growth in net sales and in operating income for both periods.

	2019	2015
Q1 Net Sales	10.4%	8.8%
Q1 Operating Income	11.4%	13.0%
Q2 Net Sales	7.8%	6.0%
Q2 Operating Income	3.2%	9.2%
Q3 Net Sales	7.8%	1.5%
Q3 Operating Income	7.4%	3.4%
Q4 Net Sales	3.7%	-0.4%
Q4 Operating Income	2.4%	-5.2%
Annual Net Sales	7.4%	3.6%
Annual Operating Income	6.8%	5.2%

Not surprisingly, the pattern above matches the trend our customers experienced. This was reflected in the Purchasing Managers Index (PMI),[1] a well-known manufacturing industry benchmark. Here is the index for the first and last quarters of the same years.

	2019	2015
Q1 PMI (average)	55.4	52.6
Q4 PMI (average)	47.8	49.0

For those of you unfamiliar with this index, any number above 50 indicates an expanding industrial economy, while any number below 50 indicates a contraction.

A second view of our end markets is our selling activity with our 'Top 100' customers. We have a deeply established business relationship with each of the companies in this group. Therefore, the principal driver of changes in the growth pattern is usually more about trends in their underlying business activity, and less about changes in our relative market share with them. They also have a very meaningful sway on our results; their activities have historically represented about 26% of our net sales.

If we look at our Top 100 customers, here are the percentages that grew their business with us in the first and last quarters of 2019 and 2015.

	2019	2015
Q1 'Top 100' growing	81.0%	72.0%
Q4 'Top 100' growing	57.0%	49.0%

In the interest of providing a contextual explanation (similar to the 'above/below 50' metric for the PMI), history has shown we have good market conditions if >75% of our Top 100 customers are growing. We would change this to 'very good' if it's >80%.

A couple of things stand out in the comparison. From a net sales growth perspective, 2019 started a bit stronger. The PMI in the first quarter of 2019 was 55.4 versus 52.6 in 2015, which certainly helped; however, I feel the real difference was the success we enjoyed establishing our Onsite model over the last several years. (We'll take a deeper dive into our Onsite model later in the letter.) From the same net sales growth perspective, 2019 also ended a bit stronger than 2015; and notably, it did so even as the PMI dipped a bit lower (47.8 in Q4 2019 vs. 49.0 in Q4 2015). What explains this relatively better performance? I believe our strong Onsite progression has added an element of resiliency to our business. Another factor is our national accounts sales team. This team has always been talented, but today they are more than that; they are incredibly talented and they are laser-focused. I'm not sure if the Onsite model pushed national accounts to improve, or if national accounts pushed our Onsite capabilities to improve. It's the old 'chicken or egg' conundrum, and since I'm more of a bacon person, I'm not going to give it much more thought.

The net sales growth comparison highlights some favorable trends in 2019. Here are a couple of less favorable items:

(1) Our performance, measured by operating income growth, really stunk up the place in Q2 2019 (no excuses, we were caught by a slowing economy, squeezed by tariffs, and challenged to quickly react to many moving pieces). Fortunately, we stepped it up and reacted well in Q3; this shines through in our Q3 operating income growth relative to net sales growth comparison. (In the interest of full disclosure, we had an extra business day in Q3, which also helped.)

(2) As mentioned, our success with Onsite location growth helps our sales grow, but the expansion of operating locations does lessen our ability to manage operating expenses in the short term. This aspect hurts short-term operating income growth in a weakening marketplace. In many respects, it feels a bit like the old days when we were opening a lot of new branch locations.

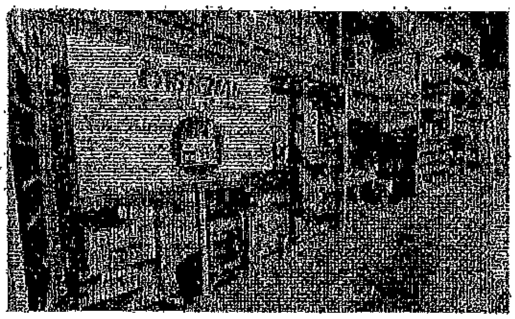
This is the start of year five for me in this role. It continues to be a learning experience every day. This is good – I believe we all should learn something every day. Someone recently asked me what makes Fastenal special, and also how Fastenal manages to grow faster than others. The answer to the first question is simple – we have great people, and a high percentage of these people are leaders, regardless of their role. We also operate with a decentralized decision-making process, which allows us to move faster. The key is challenging everyone to pursue the same goal. I believe the answer to the second question is our established North American footprint.

[1] The Purchasing Managers Index (PMI) is compiled monthly by the Institute for Supply Management (ISM). It's based on a survey and is intended to reflect the business outlook of purchasing managers at U.S. manufacturing firms.

There is no other industrial distributor with the same touchpoint density across the continent. This allows us to engage with, and service our customers in a fundamentally different way.

We have always talked about Growth Through Customer Service. This mindset has allowed us to grow organically for 50-plus years as we established our North American footprint. It has also allowed us to expand rapidly outside North America over the last 20 years. Our supply chain capabilities and our local presence (branch and Onsite) strengthen every day. With this, we believe our brand is evolving. Our branding goal is simple: We want each customer to think of Fastenal as their best global supply chain partner. This brand is important for all customers, not just multinational companies. An efficient local supply chain solution benefits every business, regardless of size or location count.

'Global' refers to our geographic presence, but also to the scope of solutions we can provide to meet wide-ranging customer needs. For a small local fabrication shop, their priority might be fast e-commerce fulfillment and a basic bin stock program, while a large manufacturing facility across town might benefit from an industrial vending solution, high-level specialist support, or even a dedicated Onsite location. With this in mind, we've developed a market strategy to educate our sales force about the best ways to approach and service different customer segments – from an efficient 'self-serve' e-commerce model for small customers, to our full suite of solutions, services, and specialists for larger operations. The goal: give our branch teams a framework to create a plan for every customer, ensuring great service while optimizing energy and resources within the branch.



Onsite solution for UMC (University Mechanical Contractors) in Mukilteo, Washington.

No matter what approach we ultimately take, we strive to change the customer mindset. Don't just think of our products as an expense to your business. Think of the total cost and the total value. Think of how your employees use the product – is it the best product for the application? Is there a more efficient way to bring that product to the point of use? Don't just have a fulfillment partner; have a supply chain partner. When we engage with each other, when we truly form a supply chain partnership, we will wear you out with ideas. We will help your business succeed.

Speaking of supply chain partnerships, let's take the deeper dive into our Onsite model promised earlier – specifically, an explanation of how Onsite impacts our results. We ended 2014 with about 200 Onsite locations, and we ended 2019 with just over 1,100. In 2015, our Onsite business represented about 15% of our net sales; in 2019, it was 30%. These percentages include not only our traditional Onsite locations, but also a small group of strategic selling locations that we view as Onsite incubators and represent approximately 4% of net sales in each period. This rapid expansion, this success, helps us to grow faster; however, it also comes at a price, at least in terms of the optics of our results.

Let's start with faster growth. Our motto is Growth Through Customer Service. I don't believe there is a higher service model in our industry than Onsite; however, you need a certain level of site-specific business activity to make the model economical. Fortunately for us, our break-even point is lower than our competitors'. Credit that to a great 'Blue Team' spread across an unmatched branch and distribution network, a great product supply chain, a great technology team with fast-growing capabilities for innovation, an efficient administrative support model – and, underlying it all, a frugal culture that has always allowed us to do more with less for our customers. (For those of you focused on 'greener operations,' we completely agree; we believe frugality and green go hand-in-hand.)

This frugal culture, and our ability to operate efficiently together, has been made easier by our historical ability to grow organically. Organic growers don't operate with a multitude of computer systems and conflicting business cultures. We all grow up on the same Blue Team, we ride the same blue bus, and we look at the customer through the same service-focused blue lens.

Next, let's discuss the optics of our results. The Onsite model differs financially from our branch-based model. First, it carries a lower gross profit margin profile. Fortunately, it also has a lower operating expense profile. Second, the operating margins are a bit lower than we see in our branch network. Fortunately, the operating margins are still industry-leading, and we believe the assets to support the model will also be lower. So it really becomes a discussion of return on investment – we like that discussion. Finally, from an individual site perspective, Onsites are ultimately limited by the activities of the individual customer location. The truth is, any business (regardless of the service model) is limited by the customer site constraints. And on the plus side, Onsite changes the competitive dynamics; it allows us to displace a wider range of suppliers, and we believe it builds a more defensible and wider moat.

There are a few more considerations related to our rapid Onsite location expansion. First, to accomplish this rapid expansion, we needed to expand our site implementations team, to expand our sourcing team, and to adjust our technology focus to support a different business model. Second, with the addition of so many new locations, our average revenue per Onsite contracted from $146,000 per month (on a per-location basis) in 2015 to $107,000 per month in 2019. This puts a drag on our profitability, on our returns, and ultimately on our ability to produce an ever-stronger cash flow.

For those of you with a longer Fastenal time horizon, think of this as a short-term 'Pathway to Profit' in reverse. We believe our rate of change will stabilize late in 2020/early in 2021. This will allow our revenue per Onsite location to stabilize and then begin to expand. It will also stabilize our 'branch economic drag.' Every time we pull a customer out of a branch and move Onsite (whether we are in their facility or nearby), we temporarily lessen the financial performance of the original branch. The trade-off: We ignite the customer relationship, unlock selling energy in the branch, and grow the market faster overall. As you can appreciate, we like the trade-off.

To learn more about Onsite and the rest of our growth drivers, please read the sidebar to the right (also featured in last year's letter).

Leadership is critical to our success at Fastenal, and I don't mean leadership in terms of a person, but rather in terms of a mindset. Every person can be a leader through their actions. If you look inside the back cover of this annual report, you will see two groups of people. The first set of photos is our board of directors. This group represents you every day. They take their governance seriously, but equally important, they challenge the Blue Team with their varying perspectives on the world, on business, and on people.

The second set of photos is our leadership team. Unfortunately, there isn't enough space to show the entire group. We have just under 22,000 employees at Fastenal. Everyone exercises daily leadership. They demonstrate this through problem-solving and by embodying our cultural values: Ambition, Innovation, Integrity, and Teamwork.

A person you won't see on the back cover, but whose influence is always present, is our founder, Bob Kierlin. Since Fastenal's founding in 1967, Bob has always demonstrated the wisdom of humble leadership – a willingness to trust others to make great decisions, along with the courage to challenge everyone to pursue a common goal. Our commitment to challenge one another (and ourselves) can cause some constructive friction, but we've found it creates an atmosphere that attracts and retains talent. This ability to retain talent is showcased every December when we celebrate our latest class of 25-year employees. Our 2019 class consisted of 60 employees, an impressive number given the size of our organization when they joined us back in 1994. We're proud (and fortunate) they chose to spend their careers with Fastenal.

Perhaps you noticed the change to the name of this year's letter. The inclusion of 'employees' in the name is a reflection of how we have operated for 52 years and the comments we made in last year's letter regarding our four priorities: our customers, our employees, our suppliers and our shareholders.

Thank you for your belief in our Blue Team. And thank you for being a shareholder and/or an employee of Fastenal.

DANIEL L. FLORNESS
President and Chief Executive Officer

Understanding Our
GROWTH DRIVERS

[illegible]

10-YEAR SELECTED FINANCIAL DATA (Amounts in Millions Except Per Share Information)

Operating Results	2019	% Change	2018	2017
Net sales	$ 5,333.7	7.4%	$4,965.1	$4,390.5
Gross profit	$ 2,511.4	4.9%	2,398.9	2,163.6
% of net sales	47.2%		46.9%	49.3%
Operating income	$ 1,057.2	5.8%	999.2	881.8
% of net sales	19.8%		20.1%	20.1%
Net earnings	$ 790.9	5.2%	751.9	578.6
% of net sales	14.8%		15.1%	13.2%
Basic net earnings per share	$ 1.38	5.3%	1.31	1.00
Basic weighted average shares outstanding	573.2	-0.1%	573.0	576.4
Diluted net earnings per share	$ 1.38	5.3%	1.31	1.00
Diluted weighted average shares outstanding[1]	574.4	0.0%	574.3	576.7
Cash Flow Summary	**2019**	**% Change**	**2018**	**2017**
Net cash provided by operating activities[2]	$ 842.7	25.0%	$674.2	$585.2
% of net earnings	106.6%		89.7%	101.1%
Less capital expenditures, net	$ (239.0)	43.8%	(166.8)	(112.6)
Acquisitions and other	$ 0.1	-101.4%	(7.1)	(66.8)
Free cash flow	$ 603.0	20.5%	500.3	405.9
% of net earnings	76.2%		66.5%	70.2%
Dividends and Common Stock Purchase Summary	**2019**	**% Change**	**2018**	**2017**
Dividends paid	$ 498.6	12.8%	$441.9	$369.1
% of net earnings	63.0%		58.8%	63.8%
Dividends paid per share	$ 0.870	13.0%	0.770	0.640
Purchases of common stock	[illegible]		103.0	82.6
% of net earnings	[illegible]		13.7%	14.3%
Common stock shares purchased	[illegible]		4.0	3.8
Average price paid per share	$ [illegible]		$25.76	$21.72
Financial Position at Year End	**2019**	**% Change**	**2018**	**2017**
Operational working capital assets (accounts receivable, net and inventories)	$ 2,100.1	5.3%	$1,993.0	$1,700.7
Net working capital[3] (current assets less current liabilities)	$ 1,912.5	1.8%	1,876.8	1,584.8
Fixed capital (property and equipment, net)	$ 1,023.2	10.6%	924.9	893.6
Total assets[3,4]	$ 3,799.9	14.4%	3,321.8	2,910.6
Total debt (current portion of debt and long-term debt)	$ 345.0	-31.0%	500.0	415.0
Total stockholders' equity	$ 2,685.0	16.6%	2,302.7	2,096.9

All information contained in this Annual Report reflects the 2-for-1 stock splits in both 2019 and 2011.
[1] Reflects impact of stock options issued by the company that were in-the-money and outstanding during the period.
[2] Reflects the impact of Accounting Standards Update 2016-09, Improvements to Employee Share-Based Payment Accounting, adopted January 1, 2017.
[3] Reflects the impact of Accounting Standards Update 2016-02, Leases, adopted January 1, 2019.

FINANCIAL HIGHLIGHTS

2016	2015	2014	2013	2012	2011	2010
$3,962.0	$3,869.2	$3,733.5	$3,326.1	$3,133.6	$2,766.9	$2,269.5
1,964.8	1,948.9	1,897.4	1,719.4	1,614.5	1,434.2	1,174.8
49.6%	50.4%	50.8%	51.7%	51.5%	51.8%	51.8%
795.9	838.8	787.0	712.7	673.7	574.9	429.7
20.1%	21.7%	21.1%	21.4%	21.5%	20.8%	19.0%
499.4	516.4	494.2	448.6	420.5	357.9	265.4
12.6%	13.3%	13.2%	13.5%	13.4%	12.9%	11.7%
0.86	0.89	0.83	0.76	0.71	0.61	0.45
577.9	588.9	593.0	593.5	592.2	590.1	589.7
0.86	0.88	0.83	0.75	0.71	0.60	0.45
578.3	589.1	594.3	595.4	594.3	591.7	589.7

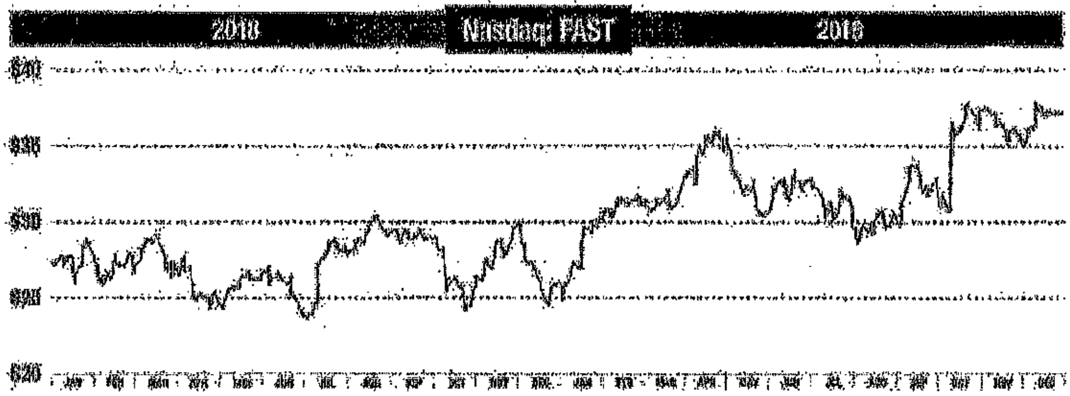
2016	2015	2014	2013	2012	2011	2010
$519.9	$550.3	$501.8	$418.9	$406.4	$268.5	$240.4
104.1%	106.6%	101.5%	93.4%	96.6%	75.0%	90.6%
(183.0)	(145.3)	(133.7)	(201.6)	(133.9)	(116.5)	(69.1)
(5.1)	(35.3)	(5.8)	10.0	(0.1)	0.2	(10.3)
331.8	369.7	312.2	217.2	272.4	152.2	161.0
66.4%	71.6%	63.2%	48.4%	64.8%	42.5%	60.7%

2016	2015	2014	2013	2012	2011	2010
$346.6	$327.1	$296.0	$237.5	$367.3	$191.7	$182.8
69.4%	63.3%	60.0%	52.9%	87.5%	53.6%	68.9%
0.600	0.560	0.500	0.400	0.620	0.325	0.310
69.0	202.9	52.8	9.7	-	-	-
11.9%	36.7%	10.7%	2.0%	-	-	-
3.2	14.2	2.4	0.4	-	-	-
$18.58	$20.63	$22.00	$22.70	-	-	-

2016	2015	2014	2013	2012	2011	2010
$1,492.7	$1,391.6	$1,381.3	$1,196.4	$1,097.5	$984.7	$827.5
1,445.1	1,291.6	1,207.0	1,168.5	1,082.5	1,048.3	923.5
890.7	816.9	763.9	664.9	616.4	435.6	363.4
2,668.9	2,532.5	2,359.1	2,075.8	1,815.8	1,684.9	1,468.3
390.0	365.0	90.0	-	-	-	-
1,933.1	1,801.3	1,915.2	1,772.7	1,560.4	1,459.0	1,282.5

STOCK AND FINANCIAL DATA

The following chart displays the daily closing sales price of our shares listed on the Nasdaq Stock Market for the last two years:



As of January 22, 2020, there were approximately 1,000 record holders of our common stock, which includes nominees or broker dealers holding stock on behalf of an estimated 275,000 beneficial owners.

In 2019 and 2018, we paid dividends per share totaling $0.87 and $0.77, respectively. On January 16, 2020, we announced a quarterly dividend of $0.25 per share to be paid on February 26, 2020 to shareholders of record at the close of business on January 31, 2020. Our board of directors intends to continue paying quarterly dividends; however, any future determination as to payment of dividends will depend upon the financial condition and results of operations of the company and such other factors as are deemed relevant by the board of directors.

In 2019, we did not purchase any shares of our common stock. In 2018, we purchased 4,000,000 shares of our common stock at an average price of $25.75 per share.

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

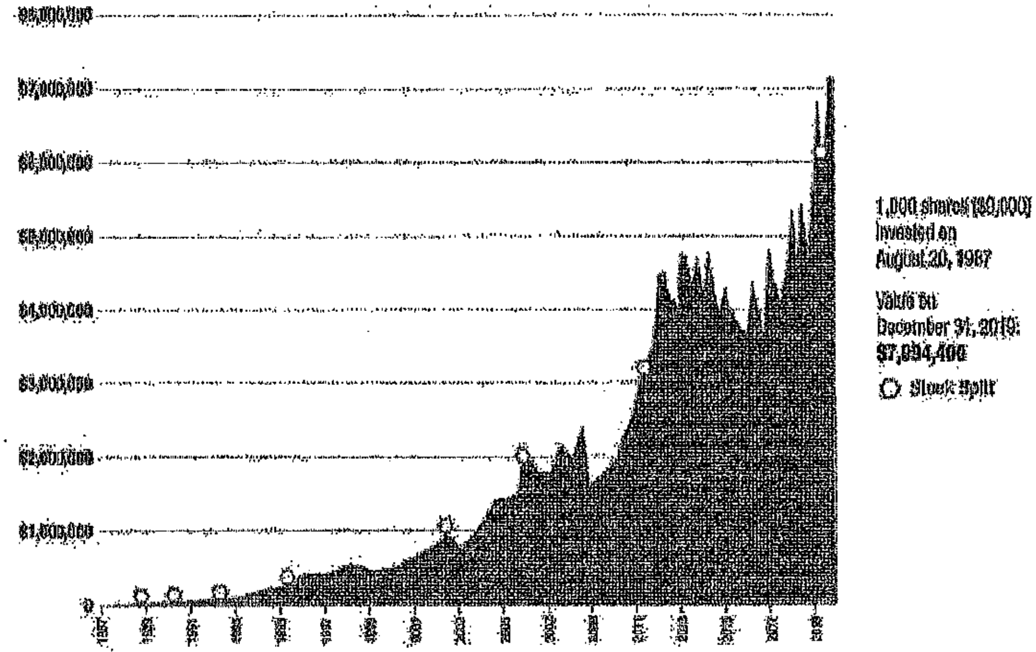
(Dollar Amounts in Millions Except Share and Per Share Information)

2019	Net Sales	Gross Profit	Pretax Earnings	Net Earnings	Basic Net Earnings per Share[1]	Diluted Net Earnings per Share[1]
First quarter	$ 1,309.3	624.7	257.0	194.1	0.34	0.34
Second quarter	1,368.4	641.2	271.4	204.6	0.36	0.36
Third quarter	1,379.1	651.1	279.4	212.5	0.37	0.37
Fourth quarter	1,276.9	609.4	230.4	176.7	0.31	0.31
Total	$ 5,333.7	[illegible]	[illegible]	790.9	1.38	1.38

2018	Net Sales	Gross Profit	Pretax Earnings	Net Earnings	Basic Net Earnings per Share[1]	Diluted Net Earnings per Share[1]
First quarter	$ 1,185.8	577.5	231.9	174.9	0.30	0.30
Second quarter	1,267.9	617.7	255.9	211.3	0.37	0.37
Third quarter	1,279.8	616.8	259.4	197.8	0.34	0.34
Fourth quarter	1,231.6	587.8	220.5	166.8	0.29	0.29
Total	$ 4,965.1	[illegible]	[illegible]	751.9	1.31	1.31

[1] Amounts may not foot due to rounding difference.

STOCK PERFORMANCE HIGHLIGHTS(1) (2)



HISTORICAL STOCK PERFORMANCE

INITIAL PUBLIC OFFERING (IPO)

On August 20, 1987 (date of our initial public offering), 1,000 shares of our stock sold for $9,000. Approximately 32 years later, on December 31, 2019, those 1,000 shares, having split eight times, were 192,000 shares worth $7,094,400, for a gain of approximately 23.2% compounded annually. In addition, the holder of these shares would have received $1,221,984 in dividends since August 20, 1987, for a total gain of approximately 23.8% compounded annually.

TEN YEARS

On December 31, 2009, 1,000 shares of our stock sold for $41,040. Ten years later, on December 31, 2019, those 1,000 shares, having split twice, were 4,000 shares worth $147,800, for a gain of approximately 13.5% compounded annually. In addition, the holder of these shares would have received $22,850 in dividends since December 2009, for a total gain of approximately 15.1% compounded annually.

FIVE YEARS

On December 31, 2014, 1,000 shares of our stock sold for $47,560. Five years later, on December 31, 2019, those 1,000 shares, having split once, were 2,000 shares worth $73,900, for a gain of approximately 9.2% compounded annually. In addition, the holder of these shares would have received $6,080 in dividends since December 2014, for a total gain of approximately 11.2% compounded annually.

DIVIDENDS

We have paid dividends in every year since 1991, and quarterly dividends since 2011.

A SIMPLE PHILOSOPHY

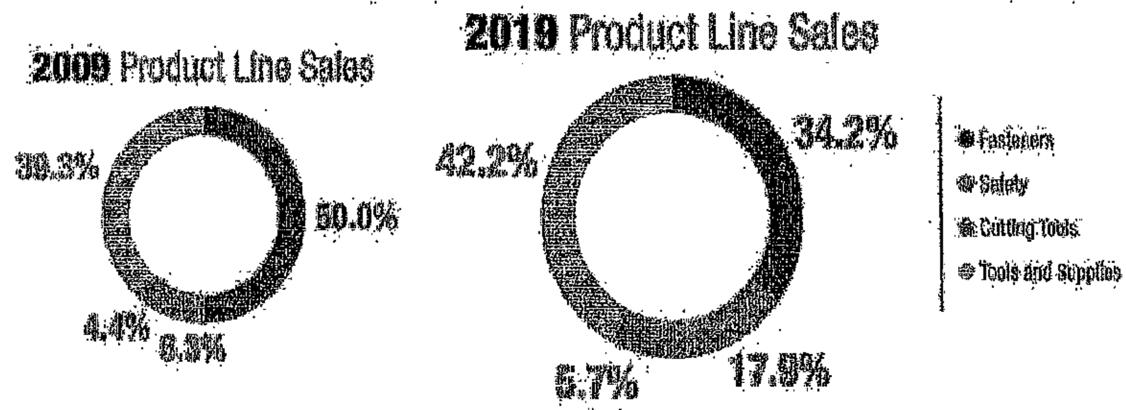
Since going public in 1987, we have maintained a consistent focus on avoiding, if feasible, the potentially dilutive impact of our activities on our shareholders. To this end, we have grown our organization principally with internal cash flow, have supported the Fastenal Company and Subsidiaries 401(k) and Employee Stock Ownership Plan with stock purchased in the open market, and, since creating a stock option program in 2003, have periodically purchased common stock in the open market to, among other things, offset the potential impact of our stock option grants. We have purchased approximately 47.8 million shares since 2003 and have granted our employees options to purchase approximately 29.1 million shares. (Note: These amounts have been adjusted to reflect the impact of stock splits.) This has allowed us to balance internal investment with cash returns to shareholders. For example, in the last five years we have enjoyed total sales of $22,521 million and total pre-tax earnings of $4,520 million. During this same time period, we spent approximately $4,398 million to compensate a group of great employees, we supported our customers' needs by adding approximately $777 million in operational working capital assets (accounts receivable, net plus inventory) and by spending approximately $847 million in net capital expenditures, and we returned $2,621 million to our shareholders. The latter was principally through dividends (approximately $1,283 million), with the remainder through share purchases.

A final point worth noting: During the last five years, we have incurred approximately $1,382 million in income taxes, or approximately 30.6% of the pre-tax earnings noted above, and incurred or remitted approximately $1,165 million in employment taxes, $96 million in property taxes, $793 million in sales, use, and value-added taxes, and $4 million in other miscellaneous business-related taxes.

(1) The share data represents past performance, which is no guarantee of future results.
(2) Unless otherwise noted, the amounts on this page are presented [illegible] in the remainder of this document.

Ordinary Products. **Extraordinary** Value.

MORE EXTRA, LESS ORDINARY



Fasteners

Dynamics & Differentiators:

- 180+ sourcing professionals in Asia (auditors, engineers, QA, logistics)
- 9 manufacturing facilities, 6 A2LA quality labs
- 40+ degreed engineers, participation in 100+ product standards committees
- 400+ semis and straight trucks (efficient transport of heavy materials)

Safety

Dynamics & Differentiators:

- 706% safety product growth since 2009
- 40% of sales through vending
- 25% of sales via our Body Guard® brand and other private label offerings
- 70+ certified safety specialists

Cutting Tools

Dynamics & Differentiators:

- 61% cutting tool growth since 2014 (10.0% five-year CAGR)
- Onsites accounted for 12.3% of cutting tool sales in 2014, and 36.5% in 2019
- Partnered with Sandvik to supply high-end solutions to customers globally
- 17% of sales via our EMT® private label
- 80+ metalworking specialists

DIRECTORS

WILLARD D. OBERTON
Chairman of the Board; Retired President and Chief Executive Officer, Fastenal Company
Director since 1999

MICHAEL J. ANCIUS
Vice President and Chief Financial Officer, A.L.M. Holding Company (construction and energy company)
Director since 2009

MICHAEL J. DOLAN
Self-Employed Business Consultant; Retired Executive Vice President and Chief Operating Officer, The Smead Manufacturing Company
Director since 2008

STEPHEN L. EASTMAN
President of the Aftermarket, Parts, Garments, and Accessories Division of Polaris Inc. (recreational vehicle manufacturer)
Director since 2015

DANIEL L. FLORNESS
President and Chief Executive Officer, Fastenal Company
Director since 2016

RITA J. HEISE
Self-Employed Business Consultant; Retired Corporate Vice President and Chief Information Officer of Cargill, Incorporated
Director since 2012

DARREN R. JACKSON
Retired Chief Executive Officer, Advance Auto Parts, Inc.
Director since 2012

DANIEL L. JOHNSON
President and Chief Executive Officer of M.A. Mortenson Company (family owned construction company)
Director since 2019

NICHOLAS J. LUNDQUIST
Retired Senior Executive Vice President - Operations, Fastenal Company
Director since 2014

SCOTT A. SATTERLEE
Retired President of North America Surface Transportation Division, C.H. Robinson Worldwide, Inc.
Director since 2009

REYNE K. WISECUP
Senior Executive Vice President - Human Resources, Fastenal Company
Director since 2000

EXECUTIVE OFFICERS

DANIEL L. FLORNESS
President and Chief Executive Officer
Employed since 1996

WILLIAM J. DRAZKOWSKI
Executive Vice President - Sales
Employed since 1995

LELAND J. HEIN
Senior Executive Vice President - Sales
Employed since 1985

JAMES C. JANSEN
Executive Vice President - Manufacturing
Employed since 1992

HOLDEN LEWIS
Executive Vice President and Chief Financial Officer
Employed since 2016

SHERYL A. LISOWSKI
Controller, Chief Accounting Officer, and Treasurer
Employed since 1994

CHARLES S. MILLER
Senior Executive Vice President - Sales
Employed since 1988

TERRY M. OWEN
Senior Executive Vice President - Sales Operations
Employed since 1996

JOHN L. SODERBERG
Executive Vice President - Information Technology
Employed since 1993

JEFFERY M. WATTS
Executive Vice President - International Sales
Employed since 1996

REYNE K. WISECUP
Senior Executive Vice President - Human Resources
Employed since 1988

CORPORATE INFORMATION

HOME OFFICE
Fastenal Company
2001 Theurer Boulevard
Winona, Minnesota 55987-0978
Phone: 507-454-5374 | Fax: 507-453-8049

ANNUAL MEETING
The annual meeting of shareholders will be held at 10:00 a.m., central time, on Saturday, April 25, 2020, at our Customer Experience Center located at 1959 Service Drive, Winona, Minnesota.

FORM 10-K
A copy of our 2019 Annual Report on Form 10-K filed with the Securities and Exchange Commission is available without charge to shareholders upon written request to Investor Relations at the address of our home office listed on this page.

Copies of our latest press releases, unaudited supplemental company information, and monthly sales information are available at: https://investor.fastenal.com.

LEGAL COUNSEL
Faegre Drinker Biddle & Reath LLP
Minneapolis, Minnesota

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
KPMG LLP
Minneapolis, Minnesota

TRANSFER AGENT
Equiniti Trust Company
Mendota Heights, Minnesota

Growth Through Customer Service

[redacted]

Exhibit 21

Subsidiaries of Fastenal Company

Geographic Location	Subsidiary Name	Year Incorporated	Jurisdiction of Incorporation
North America			
United States	Fastenal International Holdings Company	1994	Minnesota
	Fastenal Company Purchasing	1997	Minnesota
	Fastenal Company Leasing	1997	Minnesota
	Fastenal IP Company	2005	Minnesota
	Fastenal Air Fleet, LLC	2006	Minnesota
	River Surplus and Supply, LLC	2014	Minnesota
	Fastenal Mexico, LLC	2016	Minnesota
Canada	Fastenal Canada, Ltd.	2008	Canada
Mexico	Fastenal Mexico Services S. de R.L. de C.V.	1999	Mexico
	Fastenal Mexico S. de R.L. de C.V.	1999	Mexico
Central & South America			
Panama	Fastenal Panama S.A.	2009	Panama
	Fastenal Latin America, S.A.	2011	Panama
Brazil	Fastenal Brasil Importação, Exportação e Distribuição Ltda.	2011	Brazil
	Fastenal Brasil Participacoes Ltda.	2011	Brazil
Colombia	Fastenal Colombia S.A.S.	2012	Colombia
Chile	Fastenal Chile SpA	2013	Chile
Asia			
Singapore	Fastenal Singapore PTE Ltd.	2001	Singapore
China	Fastenal Asia Pacific Limited	2003	Hong Kong, China
	FASTCO (Shanghai) Trading Co., Ltd.	2003	Shanghai, China
	Fastenal (Shanghai) International Trading Co. Ltd.	2012	Shanghai, China
	Fastenal (Tianjin) International Trading Co. Ltd.	2012	Tianjin, China
	Fastenal (Shenzhen) International Trading Co. Ltd.	2012	Shenzhen, China
Malaysia	Fastenal Malaysia SDN BHD	2009	Malaysia
Thailand	Fastenal (Thailand) Ltd.	2012	Thailand
India	Fastenal India Sourcing, IT and Procurement Private Ltd.	2013	India
	Fastenal India Wholesale Private Ltd.	2013	India
Europe			
The Netherlands	Fastenal Europe, B.V.	2003	The Netherlands
	Fastenal Netherlands Holdings, B.V.	2015	The Netherlands
Hungary	Fastenal Europe, Kft.	2009	Hungary
United Kingdom	Fastenal Europe, Ltd.	2010	United Kingdom
Germany	Fastenal Europe GmbH	2011	Germany
Czech Republic	Fastenal Europe, s.r.o.	2011	Czech Republic
Italy	Fastenal Europe S.r.l.	2011	Italy
Romania	Fastenal Europe RO S.r.l.	2012	Romania
Sweden	Fastenal Europe AB	2013	Sweden
Poland	Fastenal Europe Sp. z o.o.	2013	Poland
Austria	Fastenal AT GmbH	2016	Austria
Switzerland	Fastenal Europe Sàrl	2017	Switzerland
Ireland	Fastenal Europe IE Limited	2017	Ireland
Spain	Fastenal Europe, S.L.	2018	Spain
France	Fastenal Europe FR Sàrl	2018	France
Belgium	Fastenal Europe BE BV	2019	Belgium

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Fastenal Company:

We consent to the incorporation by reference in the registration statements (No. 333-52765, No. 333-134211, No. 333-162619, No. 333-176401, and No. 333-224441) on Form S-8 of Fastenal Company of our report dated February 6, 2020, with respect to the consolidated balance sheets of Fastenal Company and subsidiaries as of December 31, 2019 and 2018, the related consolidated statements of earnings, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes and financial statement schedule (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2019, which report appears in the December 31, 2019 annual report on Form 10-K, of Fastenal Company.

/s/ KPMG LLP

Minneapolis, Minnesota
February 6, 2020

Exhibit 31

CERTIFICATIONS

I, Daniel L. Florness, certify that:

1. I have reviewed this annual report on Form 10-K of Fastenal Company;

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 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: February 6, 2020

/s/ Daniel L. Florness

Daniel L. Florness

President and Chief Executive Officer

(Principal Executive Officer)

CERTIFICATIONS

I, Holden Lewis, certify that:

1. I have reviewed this annual report on Form 10-K of Fastenal Company;
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 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: February 6, 2020

/s/ Holden Lewis

Holden Lewis

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

COUNTY OF NASSAU

CONSULTANT'S, CONTRACTOR'S AND VENDOR'S DISCLOSURE FORM

1. Name of the Entity: Fastenal Company

Address: 2001 Theurer Blvd.

City: Winona State/Province/Territory: MN Zip/Postal Code: 55987

Country: US

2. Entity's Vendor Identification Number: 41-0948415

3. Type of Business: Public Corp (specify)

4. List names and addresses of all principals; that is, all individuals serving on the Board of Directors or comparable body, all partners and limited partners, all corporate officers, all parties of Joint Ventures, and all members and officers of limited liability companies (attach additional sheets if necessary):

1 File(s) uploaded Fastenal Company Management and Director List.docx

No principals have been attached to this form.

5. List names and addresses of all shareholders, members, or partners of the firm. If the shareholder is not an individual, list the individual shareholders/partners/members. If a Publicly held Corporation, include a copy of the 10K in lieu of completing this section.
If none, explain.

See attached 10K as Fastenal is a publicly held corporation.

1 File(s) uploaded Fastenal Company 2019 Form 10-K.pdf

No shareholders, members, or partners have been attached to this form.

6. List all affiliated and related companies and their relationship to the firm entered on line 1. above (if none, enter "None"). Attach a separate disclosure form for each affiliated or subsidiary company that may take part in the performance of this contract. Such disclosure shall be updated to include affiliated or subsidiary companies not previously disclosed that participate in the performance of the contract.

Please see the attached list of Fastenal Company subsidiaries. None of the subsidiaries will be involved in the performance of this contract.

1 File(s) uploaded Fastenal Company Subsidiaries.pdf

7. List all lobbyists whose services were utilized at any stage in this matter (i.e., pre-bid, bid, post-bid, etc.). If none, enter "None." The term "lobbyist" means any and every person or organization retained, employed or designated by any client to influence - or promote a matter before - Nassau County, its agencies, boards, commissions, department heads, legislators or committees, including but not limited to the Open Space and Parks Advisory Committee and Planning Commission. Such matters include, but are not limited to, requests for proposals, development or improvement of real property subject to County regulation, procurements. The term "lobbyist" does not include any officer, director, trustee, employee, counsel or agent of the County of Nassau, or State of New York, when discharging his or her official duties.

Are there lobbyists involved in this matter?
YES [ ] NO [X]

(a) Name, title, business address and telephone number of lobbyist(s):
N/A

(b) Describe lobbying activity of each lobbyist. See below for a complete description of lobbying activities.

N/A

(c) List whether and where the person/organization is registered as a lobbyist (e.g., Nassau County, New York State):

N/A

8. VERIFICATION: This section must be signed by a principal of the consultant, contractor or Vendor authorized as a signatory of the firm for the purpose of executing Contracts.

The undersigned affirms and so swears that he/she has read and understood the foregoing statements and they are, to his/her knowledge, true and accurate.

Electronically signed and certified at the date and time indicated by:
Terry Owen [OROTH@FASTENAL.COM]

Dated: 05/08/2020 02:05:54 PM

Title: Senior Executive Vice President

The term lobbying shall mean any attempt to influence: any determination made by the Nassau County Legislature, or any member thereof, with respect to the introduction, passage, defeat, or substance of any local legislation or resolution; any determination by the County Executive to support, oppose, approve or disapprove any local legislation or resolution, whether or not such legislation has been introduced in the County Legislature; any determination by an elected County official or an officer or employee of the County with respect to the procurement of goods, services or construction, including the preparation of contract specifications, including by not limited to the preparation of requests for proposals, or solicitation, award or administration of a contract or with respect to the solicitation, award or administration of a grant, loan, or agreement involving the disbursement of public monies; any determination made by the County Executive, County Legislature, or by the County of Nassau, its agencies, boards, commissions, department heads or committees, including but not limited to the Open Space and Parks Advisory Committee, the Planning Commission, with respect to the zoning, use, development or improvement of real property subject to County regulation, or any agencies, boards, commissions, department heads or committees with respect to requests for proposals, bidding, procurement or contracting for services for the County; any determination made by an elected county official or an officer or employee of the county with respect to the terms of the acquisition or disposition by the county of any interest in real property, with respect to a license or permit for the use of real property of or by the county, or with respect to a franchise, concession or revocable consent; the proposal, adoption, amendment or rejection by an agency of any rule having the force and effect of law; the decision to hold, timing or outcome of any rate making proceeding before an agency; the agenda or any determination of a board or commission; any determination regarding the calendaring or scope of any legislature oversight hearing; the issuance, repeal, modification or substance of a County Executive Order; or any determination made by an elected county official or an officer or employee of the county to support or oppose any state or federal legislation, rule or regulation, including any determination made to support or oppose that is contingent on any amendment of such legislation, rule or regulation, whether or not such legislation has been formally introduced and whether or not such rule or regulation has been formally proposed.

Fastenal Company Management & Directors

Fastenal Management

Daniel L. Florness, *President and Chief Executive Officer*
2001 Theurer Blvd.
Winona, MN 55987

William J. Drazkowski, *Executive Vice President – Sales*
2001 Theurer Blvd.
Winona, MN 55987

Leland J. Hein, *Senior Executive Vice President – Sales*
2001 Theurer Blvd.
Winona, MN 55987

James C. Jansen, *Executive Vice President – Manufacturing*
2001 Theurer Blvd.
Winona, MN 55987

Holden Lewis, *Executive Vice President and Chief Financial Officer*
2001 Theurer Blvd.
Winona, MN 55987

Sheryl A. Lisowski, *Controller, Chief Accounting Officer, and Treasurer*
2001 Theurer Blvd.
Winona, MN 55987

Charles S. Miller, *Senior Executive Vice President – Sales*
2001 Theurer Blvd.
Winona, MN 55987

Terry M. Owen, *Senior Executive Vice President – Sales Operations*
2001 Theurer Blvd.
Winona, MN 55987

John L. Soderberg, *Executive Vice President – Information Technology*
2001 Theurer Blvd.
Winona, MN 55987

Jeffery M. Watts, *Executive Vice President – International Sales*
900 Wabanaki Drive
Kitchener, ON N2C 0B7

Reyne K. Wisecup, *Senior Executive Vice President – Human Resources*
2001 Theurer Blvd.
Winona, MN 55987

Board of Directors

Willard D. Oberton, *Chairman of the Board*
2001 Theurer Blvd.
Winona, MN 55987

Michael J. Ancius
2001 Theurer Blvd.
Winona, MN 55987

Michael J. Dolan
2001 Theurer Blvd.
Winona, MN 55987

Stephen L. Eastman
2001 Theurer Blvd.
Winona, MN 55987

Daniel L. Florness
2001 Theurer Blvd.
Winona, MN 55987

Rita J. Heise
2001 Theurer Blvd.
Winona, MN 55987

Darren R. Jackson
2001 Theurer Blvd.
Winona, MN 55987

Daniel L. Johnson
2001 Theurer Blvd.
Winona, MN 55987

Nicholas J. Lundquist
2001 Theurer Blvd.
Winona, MN 55987

Scott A. Satterlee
2001 Theurer Blvd.
Winona, MN 55987

Reyne K. Wisecup
2001 Theurer Blvd.
Winona, MN 55987

Subsidiaries of Fastenal Company

Geographic Location	Subsidiary Name	Year Incorporated	Jurisdiction of Incorporation
North America			
United States	Fastenal International Holdings Company	1994	Minnesota
	Fastenal Company Purchasing	1997	Minnesota
	Fastenal Company Leasing	1997	Minnesota
	Fastenal IP Company	2005	Minnesota
	Fastenal Air Fleet, LLC	2006	Minnesota
	River Surplus and Supply, LLC	2014	Minnesota
	Fastenal Mexico, LLC	2016	Minnesota
Canada	Fastenal Canada, Ltd.	2008	Canada
Mexico	Fastenal Mexico Services S. de R.L. de C.V.	1999	Mexico
	Fastenal Mexico S. de R.L. de C.V.	1999	Mexico
Central & South America			
Panama	Fastenal Panama S.A.	2009	Panama
	Fastenal Latin America, S.A.	2011	Panama
Brazil	Fastenal Brasil Importação, Exportação e Distribuição Ltda.	2011	Brazil
	Fastenal Brasil Participacoes Ltda.	2011	Brazil
Colombia	Fastenal Colombia S.A.S.	2012	Colombia
Chile	Fastenal Chile SpA	2013	Chile
Asia			
Singapore	Fastenal Singapore PTE Ltd.	2001	Singapore
China	Fastenal Asia Pacific Limited	2003	Hong Kong, China
	FASTCO (Shanghai) Trading Co., Ltd.	2003	Shanghai, China
	Fastenal (Shanghai) International Trading Co. Ltd.	2012	Shanghai, China
	Fastenal (Tianjin) International Trading Co. Ltd.	2012	Tianjin, China
	Fastenal (Shenzhen) International Trading Co. Ltd.	2012	Shenzhen, China
Malaysia	Fastenal Malaysia SDN BHD	2009	Malaysia
Thailand	Fastenal (Thailand) Ltd.	2012	Thailand
India	Fastenal India Sourcing, IT and Procurement Private Ltd.	2013	India
	Fastenal India Wholesale Private Ltd.	2013	India
Europe			
The Netherlands	Fastenal Europe, B.V.	2003	The Netherlands
	Fastenal Netherlands Holdings, B.V.	2016	The Netherlands
Hungary	Fastenal Europe, Kft.	2009	Hungary
United Kingdom	Fastenal Europe, Ltd.	2010	United Kingdom
Germany	Fastenal Europe GmbH	2011	Germany
Czech Republic	Fastenal Europe, s.r.o.	2011	Czech Republic
Italy	Fastenal Europe S.r.l.	2011	Italy
Romania	Fastenal Europe RO S.r.l.	2012	Romania
Sweden	Fastenal Europe AB	2013	Sweden
Poland	Fastenal Europe Sp. z o.o.	2013	Poland
Austria	Fastenal AT GmbH	2016	Austria
Switzerland	Fastenal Europe Sàrl	2017	Switzerland
Ireland	Fastenal Europe IE Limited	2017	Ireland
Spain	Fastenal Europe, S.L.	2018	Spain
France	Fastenal Europe FR Sàrl	2018	France
Belgium	Fastenal Europe BE BV	2019	Belgium

Exhibit 32

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of Fastenal Company.

A signed original of this written statement required by Section 906 has been provided to Fastenal Company and will be retained by Fastenal Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date February 6, 2020

/s/ Daniel L. Florness
Daniel L. Florness
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Holden Lewis
Holden Lewis
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

PURCHASE ORDER / SERVICE CONTRACT

County of Nassau

STATE OF NEW YORK

OFFICE OF PURCHASING

The following purchase order or service contract ID number MUST appear on all packages, invoices, claims, and correspondence.

Deliver To: OFFICE OF EMERGENCY MANAGEMENT
510 GRUMMAN RD. WEST

BETHPAGE NY 11714

Purchase Order No.: POEM20000056
P.O. Date: 01/MAY/2020

FOB: DEST

Vendor: #410948415
FASTENAL COMPANY
315-B ROSLYN RD

MINEOLA NY 11501
ATT: JAY COFIN
TEL: 516 294 7132
FAX: 516 294 7155

Delivery Date: 10/MAY/ 20

Buyer: KIMBERLY STANTON
TEL: 516 571 6679

Item	Description	Quantity	Unit	Unit Price	Amount
001	345-64-304 PROTECTION EQUIPMENT FOR FACE, HEAD, EAR, AND EYE PART # - 01978635 - 3PLY DISPOSABLE FACE MASK-1 AS PER QUOTE # 57471	200,000.00	EA	.9800	196,000.00

DISCOUNT TERMS: 0% NET 30

TERMS:
Contractor shall retain complete and accurate records and documents related to this Agreement for six (6) years following the later of termination or final payment. Such records shall at all times be available for audit and inspection by the County.

Governing Law - Consent to Jurisdiction and Venue; Governing Law. Unless otherwise specified in this Agreement or required by Law, exclusive original jurisdiction for all claims or actions with respect to this Agreement shall be in the Supreme Court in Nassau County in New York State and the parties expressly waive any objections to the same on any grounds, including venue and forum non conveniens. This Agreement is intended as a contract under, and shall be governed and construed in accordance with, the Laws of New York State, without regard to the conflict of laws provisions thereof.

Prohibition of Gifts
In accordance with County Executive Order 2-2018, the contractor shall not offer, give, or agree to give anything of value to any County employee, agent, consultant, construction manager, or other person or firm representing the County (a 'County Representative'), including

<< CONTINUED, NEXT PAGE >>

EXCISE AND SALES TAXES: THE PRICES HEREIN SHOULD NOT INCLUDE ANY FEDERAL EXCISE TAXES OR SALES TAXES IMPOSED BY ANY STATE OR MUNICIPAL GOVERNMENT. SUCH TAXES, IF INCLUDED, MUST BE DEDUCTED BY THE VENDOR WHEN SUBMITTING CLAIM FOR PAYMENT.

IMPORTANT: READ CONDITIONS ON BACK HEREOF

IF YOU CANNOT DELIVER ON DATE SPECIFIED, NOTIFY OFFICE OF PURCHASING AT ONCE

WHEN COMPLETE SHIPMENT IS MADE, MAIL YOUR CLAIM VOUCHER OR CERTIFIED INVOICE ITEMIZING ALL CHARGES IN DETAIL TO ADDRESS IN "DELIVER TO" BOX.
SEND ALL OTHER CORRESPONDENCE FOR ABOVE TO:
OFFICE OF PURCHASING
ONE WEST STREET, MINEOLA, NEW YORK 11501

DIRECTOR
OFFICE OF PURCHASING

DELIVERY MUST BE MADE WITHIN DOORS OF SPECIFIED DESTINATION

CONDITIONS GOVERNING THIS ORDER

1. THE COUNTY OF NASSAU IS NOT RESPONSIBLE FOR MATERIALS, SUPPLIES OR EQUIPMENT DELIVERED OR SERVICES RENDERED WITHOUT AUTHORITY OF ITS WRITTEN ORDER.

2. Do not overship or substitute. Ship exactly as ordered. Include itemized packing slips with all shipments or deliveries which designate the name of DEPARTMENT for which is intended. Use separate claim form for each order. Claim must be itemized in detail pursuant to Section 24 of the County law so that anyone reading same may readily understand the kind, quantity, quality and prices. CASH DISCOUNT TERMS must be indicated on claim form where applicable.

3. All material shipped by freight, express or parcel MUST HAVE ALL CHARGES FULLY PREPAID TO POINT OF DELIVERY, unless otherwise arranged for and expressly stated in this order. Curb-Door deliveries are not acceptable.

4. Invoices must be rendered with claim form, on date of complete shipment of all materials on this order. Separate billing for partial shipments not allowed unless otherwise arranged for and expressly stated on this order.

5. All materials, supplies and equipment received as well as services rendered are subject to inspection and acceptance by County of Nassau. All materials, supplies and equipment received must be new unless otherwise specified on the order.

6. If unable to fill this order exactly in accordance with description, unit, price thereon, communicate at once with Office of Purchasing. The County reserves the right to reject and return at the shipper's expense any and all materials or supplies delivered which do to conform to description or specification on the order.

7. If there is any part of this order you can not fill promptly or perform within the time specified, notify the Office of Purchasing at once. In case of unreasonable delay in delivery, or delivery of goods inferior to those specified or in case of any other default of the vendor, the Director, Office of Purchasing shall have the right at his option to cancel this order in whole or in part, and the County may procure the goods or services from other sources and hold the vendor responsible for any EXCESS COST, EXPENSE AND DAMAGES occasioned thereby.

8. The vendor by executing this order agrees to assume the defense of and hold County of Nassau, its agents and employees, harmless from all suits, costs, expenses, claims and damages arising from use of the described materials or as a result of the services rendered, including, without limitation, any claims and damages arising because of actual or alleged infringements of any copyrights, patents, or patent rights of any invention of any other cause.

9. The vendor represents and warrants that the prices charged herein are not higher than those charged to any other purchaser for like quantities.

10. The workmanship, quantities or qualities of goods or services which are to be paid hereunder shall be to the satisfaction of the Office of Purchasing and before final acceptance, all matters of dispute must be adjusted to the mutual satisfaction of the Office of Purchasing and the vendor. Determination and decisions, in case any question shall arise shall constitute a condition precedent to the right of the vendor to receive any money thereof, until the matter in question is settled.

11. This order may not be assigned, transferred or in any way disposed by the vendor without first having obtained written approval thereof from the County of Nassau.

12. The vendor warrants that he is not in arrears to the County of Nassau upon any debt or contract, and that he has not been in default and is not in default as surety, contractor or otherwise.

13. Upon the vendor's acceptance hereof, the vendor agrees to comply with Article IX, Section 2 C of the Constitution of the State of New York, Section 220, 220a, 220b,220d,220e and 230 of the Labor Law, Section 5 and 12 of the Lien Law, Article 2 of the Uniform Commercial Code, Section 108 and 109 as well as Article 18 of the General Municipal Law, Section 2218 of the County Government Law of Nassau County, Section 22-4.2 of the Nassau County Administrative Code, the provisions of the Anti-Discrimination Order of Nassau County, and the vendor shall keep himself fully informed of all additional municipal ordinance's and regulations, State and National Laws in any manner affecting this order and the goods or services delivered or rendered or to be delivered or rendered thereunder, and shall at all times observed and comply with said ordinances, laws and regulations at his sole cost and expenses.

14. The pre-printed language of this purchase order/service contract/blanket order/delivery order has been approved as to form by the Office of the County Attorney.

PURCHASE ORDER / SERVICE CONTRACT

County of Nassau

STATE OF NEW YORK

OFFICE OF PURCHASING

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OFFICE OF EMERGENCY MANAGEMENT
510 GRUMMAN RD. WEST

BETHPAGE NY 11714

Purchase Order No.: POEM20000056
P.O. Date: 01/MAY/2020

FOB: DEST

Vendor:
#410946415
FASTENAL COMPANY
315-B ROSLYN RD

MINEOLA NY 11501
ATT: JAY COPIN
TEL: 516 294 7132
FAX: 516 294 7155

Delivery Date: 10/MAY/ 20

Buyer: KIMBERLY STANTON
TEL: 516 571 6679

Item	Description	Quantity	Unit	Unit Price	Amount

members of a County Representative's immediate family, in connection with the performance by such County Representative of duties involving transactions with the Contractor on behalf of the County, whether such duties are related to this Agreement or any other County contract or matter. As used herein, 'anything of value' shall include, but not be limited to, meals, holiday gifts, holiday baskets, gift cards, tickets to golf outings, tickets to sporting events, currency of any kind, or any other gifts, gratuities, favorable opportunities or preferences. For the purpose of this subsection, an immediate family member shall include a spouse, child, parent, or sibling. The contractor shall include the provisions of this subsection in each subcontract entered into under this agreement.

Disclose of Conflicts of interest

In accordance with County Executive Order 2-2018, the Contractor has disclosed as part of its response to the County's Business History Form, or other disclosure form(s), any and all instances where the Contractor employs any spouse, child, or parent of a County employee of the agency or department that contracted or procured the goods and/or services described under this Agreement. The Contractor shall have a continuing obligation, as circumstances arise, to update this disclosure throughout the term of this Agreement.

Ordinance 153-2018

Pursuant to Ordinance # 153-2018, A bidder that is awarded a contract under this bid is required to pay the County an administrative service charge in accordance with the following schedule:

Value of Contract	Administrative Fee

<< CONTINUED, NEXT PAGE >>

EXCISE AND SALES TAXES: THE PRICES HEREIN SHOULD NOT INCLUDE ANY FEDERAL EXCISE TAXES OR SALES TAXES IMPOSED BY ANY STATE OR MUNICIPAL GOVERNMENT. SUCH TAXES, IF INCLUDED, MUST BE DEDUCTED BY THE VENDOR WHEN SUBMITTING CLAIM FOR PAYMENT.

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ONE WEST STREET, MINEOLA, NEW YORK 11501

DIRECTOR
OFFICE OF PURCHASING

DELIVERY MUST BE MADE WITHIN DOORS OF SPECIFIED DESTINATION

CONDITIONS GOVERNING THIS ORDER

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5. All materials, supplies and equipment received as well as services rendered are subject to inspection and acceptance by County of Nassau. All materials, supplies and equipment received must be new unless otherwise specified on the order.

6. If unable to fill this order exactly in accordance with description, unit, price thereon, communicate at once with Office of Purchasing. The County reserves the right to reject and return at the shipper's expense any and all materials or supplies delivered which do to conform to description or specification on the order.

7. If there is any part of this order you can not fill promptly or perform within the time specified, notify the Office of Purchasing at once. In case of unreasonable delay in delivery, or delivery of goods inferior to those specified or in case of any other default of the vendor, the Director, Office of Purchasing shall have the right at his option to cancel this order in whole or in part, and the County may procure the goods or services from other sources and hold the vendor responsible for any EXCESS COST, EXPENSE AND DAMAGES occasioned thereby.

8. The vendor by executing this order agrees to assume the defense of and hold County of Nassau, its agents and employees, harmless from all suits, costs, expenses, claims and damages arising from use of the described materials or as a result of the services rendered, including, without limitation, any claims and damages arising because of actual or alleged infringements of any copyrights, patents, or patent rights of any invention of any other cause.

9. The vendor represents and warrants that the prices charged herein are not higher than those charged to any other purchaser for like quantities.

10. The workmanship, quantities or qualities of goods or services which are to be paid hereunder shall be to the satisfaction of the Office of Purchasing and before final acceptance, all matters of dispute must be adjusted to the mutual satisfaction of the Office of Purchasing and the vendor. Determination and decisions, in case any question shall arise shall constitute a condition precedent to the right of the vendor to receive any money thereof, until the matter in question is settled.

11. This order may not be assigned, transferred or in any way disposed by the vendor without first having obtained written approval thereof from the County of Nassau.

12. The vendor warrants that he is not in arrears to the County of Nassau upon any debt or contract, and that he has not been in default and is not in default as surety, contractor or otherwise.

13. Upon the vendor's acceptance hereof, the vendor agrees to comply with Article IX, Section 2 C of the Constitution of the State of New York, Section 220, 220a, 220b,220d,220e and 230 of the Labor Law, Section 5 and 12 of the Lien Law, Article 2 of the Uniform Commercial Code, Section 108 and 109 as well as Article 18 of the General Municipal Law, Section 2218 of the County Government Law of Nassau County, Section 22-4.2 of the Nassau County Administrative Code, the provisions of the Anti-Discrimination Order of Nassau County, and the vendor shall keep himself fully informed of all additional municipal ordinance's and regulations, State and National Laws in any manner affecting this order and the goods or services delivered or rendered or to be delivered or rendered thereunder, and shall at all times observed and comply with said ordinances, laws and regulations at his sole cost and expenses.

14. The pre-printed language of this purchase order/service contract/blanket order/delivery order has been approved as to form by the Office of the County Attorney.

PURCHASE ORDER / SERVICE CONTRACT

County of Nassau

STATE OF NEW YORK

OFFICE OF PURCHASING

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Deliver To:
OFFICE OF EMERGENCY MANAGEMENT
510 GRUMMAN RD. WEST
BETHPAGE NY 11714

Purchase Order No.: POEM20000056
P.O. Date: 01/MAY/2020
FOB: DEST

Vendor:
#410948415
FASTENAL COMPANY
315-B ROSLYN RD
MINEOLA NY 11501
ATT: JAY COPIN
TEL: 516 294 7132
FAX: 516 294 7155

Delivery Date: 10/MAY/ 20
Buyer: KIMBERLY STANTON
TEL: 516 571 6679

Item	Description	Quantity	Unit	Unit Price	Amount

$0 - $10,000	$0.00
Over $10,000 - $50,000	$160.00
Over $50,000 - $100,000	$266.00
Over $100,000	$533.00

After an award, the successful bidder(s) will be notified by the Director of Shared Services, or their designee, when payment of the administrative charge is due. Please note, if you are a religious, charitable, nonprofit, or not-for-profit organization, please include this information in your bid for consideration by the Director of the Shared Services to Waive the fee.
Ordinance 72-2014

The bidder declares that they are a registered vendor for the County. All registered vendors must pay a Two Hundred Seventy-Five Dollar ($275.00) per contract fee to register Blanket contracts on the County's procurement website, as required under Ordinance # 72-2014.

****

AUTHORITY: WRITTEN QUOTATION OF FROM OLIVER ROTH
QUOTATION NO.: 57471, ACCOUNT NO.: EVNY0883
EMERGENCY PURCHASE AUTHORIZATION (NYS EXECUTIVE ORDER)

****

DOCUMENT TOTAL: 196,000.00

EXCISE AND SALES TAXES: THE PRICES HEREIN SHOULD NOT INCLUDE ANY FEDERAL EXCISE TAXES, OR SALES TAXES IMPOSED BY ANY STATE OR MUNICIPAL GOVERNMENT. SUCH TAXES IF INCLUDED MUST BE DEDUCTED BY THE VENDOR WHEN SUBMITTING CLAIM FOR PAYMENT.

IMPORTANT: READ CONDITIONS ON BACK HEREOF

IF YOU CANNOT DELIVER ON DATE SPECIFIED NOTIFY OFFICE OF PURCHASING AT ONCE.

WHEN COMPLETE SHIPMENT IS MADE, MAIL YOUR CLAIM VOUCHER OR CERTIFIED INVOICE ITEMIZING ALL CHARGES IN DETAIL TO ADDRESS IN "DELIVER TO" BOX
SEND ALL OTHER CORRESPONDENCE FOR ABOVE TO:
OFFICE OF PURCHASING
ONE WEST STREET, MINEOLA, NEW YORK 11501

DIRECTOR
OFFICE OF PURCHASING

DELIVERY MUST BE MADE WITHIN DOORS OF SPECIFIED DESTINATION

ADPICS GS P/O 2/99

PR-195.11/98 REV. 7/12

CONDITIONS GOVERNING THIS ORDER

1. THE COUNTY OF NASSAU IS NOT RESPONSIBLE FOR MATERIALS, SUPPLIES OR EQUIPMENT DELIVERED OR SERVICES RENDERED WITHOUT AUTHORITY OF ITS WRITTEN ORDER.

2. Do not overship or substitute. Ship exactly as ordered. Include itemized packing slips with all shipments or deliveries which designate the name of DEPARTMENT for which is intended. Use separate claim form for each order. Claim must be itemized in detail pursuant to Section 24 of the County law so that anyone reading same may readily understand the kind, quantity, quality and prices. CASH DISCOUNT TERMS must be indicated on claim form where applicable.

3. All material shipped by freight, express or parcel MUST HAVE ALL CHARGES FULLY PREPAID TO POINT OF DELIVERY, unless otherwise arranged for and expressly stated in this order. Curb-Door deliveries are not acceptable.

4. Invoices must be rendered with claim form, on date of complete shipment of all materials on this order. Separate billing for partial shipments not allowed unless otherwise arranged for and expressly stated on this order.

5. All materials, supplies and equipment received as well as services rendered are subject to inspection and acceptance by County of Nassau. All materials, supplies and equipment received must be new unless otherwise specified on the order.

6. If unable to fill this order exactly in accordance with description, unit, price thereon, communicate at once with Office of Purchasing. The County reserves the right to reject and return at the shipper's expense any and all materials or supplies delivered which do to conform to description or specification on the order.

7. If there is any part of this order you can not fill promptly or perform within the time specified, notify the Office of Purchasing at once. In case of unreasonable delay in delivery, or delivery of goods inferior to those specified or in case of any other default of the vendor, the Director, Office of Purchasing shall have the right at his option to cancel this order in whole or in part, and the County may procure the goods or services from other sources and hold the vendor responsible for any EXCESS COST, EXPENSE AND DAMAGES occasioned thereby.

8. The vendor by executing this order agrees to assume the defense of and hold County of Nassau, its agents and employees, harmless from all suits, costs, expenses, claims and damages arising from use of the described materials or as a result of the services rendered, including, without limitation, any claims and damages arising because of actual or alleged infringements of any copyrights, patents, or patent rights of any invention of any other cause.

9. The vendor represents and warrants that the prices charged herein are not higher than those charged to any other purchaser for like quantities.

10. The workmanship, quantities or qualities of goods or services which are to be paid hereunder shall be to the satisfaction of the Office of Purchasing and before final acceptance, all matters of dispute must be adjusted to the mutual satisfaction of the Office of Purchasing and the vendor. Determination and decisions, in case any question shall arise shall constitute a condition precedent to the right of the vendor to receive any money thereof, until the matter in question is settled.

11. This order may not be assigned, transferred or in any way disposed by the vendor without first having obtained written approval thereof from the County of Nassau.

12. The vendor warrants that he is not in arrears to the County of Nassau upon any debt or contract, and that he has not been in default and is not in default as surety, contractor or otherwise.

13. Upon the vendor's acceptance hereof, the vendor agrees to comply with Article IX, Section 2 C of the Constitution of the State of New York, Section 220, 220a, 220b,220d,220e and 230 of the Labor Law, Section 5 and 12 of the Lien Law, Article 2 of the Uniform Commercial Code, Section 108 and 109 as well as Article 18 of the General Municipal Law, Section 2218 of the County Government Law of Nassau County, Section 22-4.2 of the Nassau County Administrative Code, the provisions of the Anti-Discrimination Order of Nassau County, and the vendor shall keep himself fully informed of all additional municipal ordinance's and regulations, State and National Laws in any manner affecting this order and the goods or services delivered or rendered or to be delivered or rendered thereunder, and shall at all times observed and comply with said ordinances, laws and regulations at his sole cost and expenses.

14. The pre-printed language of this purchase order/service contract/blanket order/delivery order has been approved as to form by the Office of the County Attorney.

FASTENAL

Price Quotation
CONFIDENTIAL

NASSAU COUNTY DPW - FACILITIES - VENDING
1899 PARK BLVD
EAST MEADOW, NY 11590

Phone:
Fax:

ATTN: Anthony Marino
Account #: HVNY0883
Quote #: 57471
Job #: Item Not on State Contract

Due Date:
Expiration Date:
PO #:

Part #	Customer Part #	Description	Quantity	Price/EA	Extended Price
01978635		3ply DisposableMask1	200,000	$0.9800	$196,000.00
				USD Total:	**$196,000.00**

Thank you,

FASTENAL
15 Grumman Road West, Suite 1600
BETHPAGE, NY 11714
Phone: 516/261-9822
Fax: 516/261-9824
E-mail: NYNE5@stores.fastenal.com

COUNTY OF NASSAU
Laura Curran, County Executive
Theodore Roosevelt Executive and Legislative Office Building
1550 Franklin Avenue
Mineola, NY 11501

E MER GENCY PURCHASEAUTHORIZATION

WHEREAS, the Commissioner of Shared Services, Department of Shared Services for the County of Nassau, New York has recommended that the recent public health Coronavirus outbreak has necessitated an immediate purchase in the open market of the necessary materials, supplies, equipment and services to address this public health emergency, there being insufficient time for and a need to dispense with the requirements for public notice and taking of bids.

NOW THEREFORE, I, Laura Curran, County Executive of the County of Nassau, do hereby authorize the Commissioner of the Shared Services, Department of Shared Services for the County of Nassau, New York, or her designee, pursuant to Section 702(d) of the Nassau County Charter, to immediately purchase from the open market the necessary materials, supplies, equipment and services to address this public health emergency.

Dated as of: February 7, 2020

LAURA CURRAN, COUNTY EXECUTIVE

State of New York
Executive Chamber

No. 202

EXECUTIVE ORDER

Declaring a Disaster Emergency in the State of New York

WHEREAS, on January 30, 2020, the World Health Organization designated the novel coronavirus, COVID-19, outbreak as a Public Health Emergency of International Concern;

WHEREAS, on January 31, 2020, United States Health and Human Services Secretary Alex M. Azar II declared a public health emergency for the entire United States to aid the nation's healthcare community in responding to COVID-19;

WHEREAS, both travel-related cases and community contact transmission of COVID-19 have been documented in New York State and more are expected to continue; and

WHEREAS, New York State is addressing the threat that COVID-19 poses to the health and welfare of its residents and visitors.

NOW, THEREFORE, I, Andrew M. Cuomo, Governor of the State of New York, by virtue of the authority vested in me by the Constitution and the Laws of the State of New York, hereby find, pursuant to Section 28 of Article 2-B of the Executive Law, that a disaster is impending in New York State, for which the affected local governments are unable to respond adequately, and I do hereby declare a State disaster emergency for the entire State of New York. This Executive Order shall be in effect until September 7, 2020; and

IN ADDITION, this declaration satisfies the requirements of 49 C.F.R. 390.23(a)(1)(A), which provides relief from Parts 390 through 399 of the Federal Motor Carrier Safety Regulations (FMCSR). Such relief from the FMCSR is necessary to ensure that crews are available as needed.

FURTHER, pursuant to Section 29 of Article 2-B of the Executive Law, I direct the implementation of the State Comprehensive Emergency Management Plan and authorize all necessary State agencies to take appropriate action to assist local governments and individuals in containing, preparing for, responding to and recovering from this state disaster emergency, to protect state and local property, and to provide such other assistance as is necessary to protect public health, welfare, and safety.

IN ADDITION, by virtue of the authority vested in me by Section 29-a of Article 2-B of the Executive Law to temporarily suspend or modify any statute, local law, ordinance, order, rule, or regulation, or parts thereof, of any agency during a State disaster emergency, if compliance with such statute, local law, ordinance, order, rule, or regulation would prevent, hinder, or delay action necessary to cope with the disaster emergency or if necessary to assist or aid in coping with such disaster, I hereby temporarily suspend or modify, for the period from the date of this Executive Order through April 6, 2020 the following:

Section 112 of the State Finance Law, to the extent consistent with Article V, Section 1 of the State Constitution, and to the extent necessary to add additional work, sites, and time to State contracts or to award emergency contracts, including but not limited to emergency contracts or leases for relocation and support of State operations under Section 3 of the Public Buildings Law; or emergency contracts under Section 9 of the Public Buildings Law; or emergency contracts for professional services under Section 136-a of the State Finance Law; or emergency contracts for commodities, services, and technology under Section 163 of the State Finance Law; or design-build or best value contracts under and Part F of Chapter 60 of the Laws of 2015 and Part RRR of Chapter 59 of the Laws of 2017; or emergency contracts for purchases of commodities, services, and technology through any federal GSA schedules, federal 1122 programs, or other state, regional, local, multi-jurisdictional, or cooperative contract vehicles;

Section 163 of the State Finance Law and Article 4-C of the Economic Development Law, to the extent necessary to allow the purchase of necessary commodities, services, technology, and materials without following the standard notice and procurement processes;

Section 97-G of the State Finance Law, to the extent necessary to purchase food, supplies, services, and equipment or furnish or provide various centralized services, including but not limited to, building design and construction services to assist affected local governments, individuals, and other non-State entities in responding to and recovering from the disaster emergency;

Section 359-a, Section 2879, and 2879-a of the Public Authorities Law to the extent necessary to purchase necessary goods and services without following the standard procurement processes;

Sections 375, 385 and 401 of the Vehicle and Traffic Law to the extent that exemption for vehicles validly registered in other jurisdictions from vehicle registration, equipment and dimension requirements is necessary to assist in preparedness and response to the COVID-19 outbreak;

Sections 6521 and 6902 of the Education Law, to the extent necessary to permit unlicensed individuals, upon completion of training deemed adequate by the Commissioner of Health, to collect throat or nasopharyngeal swab specimens from individuals suspected of being infected by COVID-19, for purposes of testing; and to the extent necessary to permit non-nursing staff, upon completion of training deemed adequate by the Commissioner of Health, to perform tasks, under the supervision of a nurse, otherwise limited to the scope of practice of a licensed or registered nurse;

Subdivision 6 of section 2510 and section 2511 of the Public Health Law, to the extent necessary to waive or revise eligibility criteria, documentation requirements, or premium contributions; modify covered health care services or the scope and level of such services set forth in contracts; increase subsidy payments to approved organizations, including the maximum dollar amount set forth in contracts; or provide extensions for required reports due by approved organizations in accordance with contracts;

Section 224-b and subdivision 4 of section 225 of the Public Health Law, to the extent necessary to permit the Commissioner of Health to promulgate emergency regulations and to amend the State Sanitary Code;

Subdivision 2 of section 2803 of the Public Health Law, to the extent necessary to permit the Commissioner to promulgate emergency regulations concerning the facilities licensed pursuant to Article 28 of the Public Health Law, including but not limited to the operation of general hospitals;

Subdivision 3 of section 273 of the Public Health Law and subdivisions 25 and 25-a of section 364-j of the Social Services Law, to the extent necessary to allow patients to receive prescribed drugs without delay;

Section 400.9 and paragraph 7 of subdivision f of section 405.9 of Title 10 of the NYCRR, to the extent necessary to permit general hospitals and nursing homes licensed pursuant to Article 28 of the Public Health Law ("Article 28 facilities") that are treating patients during the disaster emergency to rapidly discharge, transfer, or receive such patients, as authorized by the Commissioner of Health, provided such facilities take all reasonable measures to protect the health and safety of such patients and residents, including safe transfer and discharge practices, and to comply with the Emergency Medical Treatment and Active Labor Act (42 U.S.C. section 1395dd) and any associated regulations;

Section 400.11 of Title 10 of the NYCRR, to the extent necessary to permit Article 28 facilities receiving patients as a result of the disaster emergency to complete patient review instruments as soon as practicable;

Section 405 of Title 10 of the NYCRR, to the extent necessary to maintain the public health with respect to treatment or containment of individuals with or suspected to have COVID-19;

Subdivision d and u of section 800.3 of Title 10 of the NYCRR, to the extent necessary to permit emergency medical service personnel to provide community paramedicine, transportation to destinations other than hospitals or health care facilities, telemedicine to facilitate treatment of patients in place, and such other services as may be approved by the Commissioner of Health;

Paragraph 3 of subdivision f of section 505.14 of Title 18 of the NYCRR, to the extent necessary to permit nursing supervision visits for personal care services provided to individuals affected by the disaster emergency be made as soon as practicable;

Sections 8602 and 8603 of the Education Law, and section 58-1.5 of Title 10 of the NYCRR, to the extent necessary to permit individuals who meet the federal requirements for high complexity testing to perform testing for the detection of SARS-CoV-2 in specimens collected from individuals suspected of suffering from a COVID-19 infection;

Subdivision 4 of section 6909 of the Public Health Law, subdivision 6 of section 6527 of the Education Law, and section 64.7 of Title 8 of the NYCRR, to the extent necessary to permit physicians and certified nurse practitioners to issue a non-patient specific regimen to nurses or any such other persons authorized by law or by this executive order to collect throat or nasopharyngeal swab specimens from individuals suspected of suffering from a COVID-19 infection, for purposes of testing, or to perform such other tasks as may be necessary to provide care for individuals diagnosed or suspected of suffering from a COVID-19 infection;

Section 596 of Title 14 of the NYCRR to the extent necessary to allow for rapid approval of the use of the telemental health services, including the requirements for in-person initial assessment prior to the delivery of telemental health services, limitations on who can deliver telemental health services, requirements for who must be present while telemental health services are delivered, and a recipient's right to refuse telemental health services;.

Section 409-i of the Education Law, section 163-b of the State Finance Law with associated OGS guidance, and Executive Order No. 2 are suspended to the extent necessary to allow elementary and secondary schools to procure and use cleaning and maintenance products in schools; and sections 103 and 104-b of the General Municipal Law are suspended to the extent necessary to allow schools to do so without the usual advertising for bids and offers and compliance with existing procurement policies and procedures;

Article 7 of the Public Officers Law, section 41 of the General Construction Law, and section 3002 of the Public Health Law, to the extent necessary to permit the Public Health and Health Planning Council and the State Emergency Medical Services Council to meet and take such actions as authorized by law, as may be necessary to respond to the COVID-19 outbreak, without meeting quorum requirements or permitting the public in-person access to meetings, provided that any such meetings must be webcast and means for effective public comment must be made available; and

FURTHER, I hereby temporarily modify, for the period from the date of this Executive Order through April 6, 2020, the following laws:

Section 24 of the Executive Law; Sections 104 and 346 of the Highway Law; Sections 1602, 1630, 1640, 1650, and 1660 of the Vehicle and Traffic Law; Section 14(16) of the Transportation Law; Sections 6-602 and 17-1706 of the Village Law; Section 20(32) of the General City Law; Section 91 of Second Class Cities Law; Section 19-107(ii) of the New York City Administrative Code; and Section 107.1 of Title 21 of the New York Codes, Rules and Regulations, to the extent necessary to provide the Governor with the authority to regulate traffic and the movement of vehicles on roads, highways, and streets.

G I V E N under my hand and the Privy Seal of the State in the City of Albany this seventh day of March in the year two thousand twenty.

BY THE GOVERNOR

Secretary to the Governor

Stanton, Kimberly

From: DeLisa, Thomas
Sent: Wednesday, April 29, 2020 10:56 AM
To: Stanton, Kimberly
Cc: Delaney, Thomas E
Subject: RE: RQ's need approval

Kimberly,

Here's the info:

Amy Nilsen, Senior Account Manager
amy@pulsarpaper.com

Oliver Roth
oroth@fastenal.com

Tom

From: Stanton, Kimberly <kstanton@nassaucountyny.gov>
Sent: Wednesday, April 29, 2020 10:39 AM
To: DeLisa, Thomas <tdelisa@nassaucountyny.gov>
Cc: Delaney, Thomas E <tdelaney@nassaucountyny.gov>
Subject: FW: RQ's need approval

Good Morning Thomas,

Can you provide the email address for the contacts at both Pulsar and Fastenal. We will need to obtain disclosure forms, and I need to contact them.

Thank you.

Regards,

Kimberly Stanton
Nassau County Office of Purchasing
1 West Street
Mineola, NY 11501
Phone: 516-571-6679
Fax: 516-571-4263
Email: kstanton@nassaucountyny.gov

Nassau County
Long Island, New York

Please consider the environment before printing this email

From: Colasurdo, Claudia <ccolasurdo@nassaucountyny.gov>
Sent: Wednesday, April 29, 2020 10:30 AM
To: Stanton, Kimberly <kstanton@nassaucountyny.gov>
Cc: Banks, Vaughn <VBanks@nassaucountyny.gov>
Subject: FW: RQ's need approval

Kimberly -these are both assigned to you, covid19.. both will require rules, please start disclosure form process.
RQEM20000035 $196,000.00 Surgical masks
RQEM20000036 $125,000.00 KN95 masks

Thanks

Claudia Colasurdo
Technical Coordinator
Nassau County Office of Purchasing
1 West Street
Mineola, NY 11501
(516) 571-6433

From: Delaney, Thomas E <tdelaney@nassaucountyny.gov>
Sent: Wednesday, April 29, 2020 9:29 AM
To: Colasurdo, Claudia <ccolasurdo@nassaucountyny.gov>; Banks, Vaughn <VBanks@nassaucountyny.gov>
Subject: FW: RQ's need approval

Claudia/Vaughn,

Quotes attached. Thank you.

Thomas Delaney
Financial Systems Administrator
Nassau County Office of Emergency Management
510 Grumman Rd. West
Bethpage, NY 11714
516-573-0636 telephone
516-573-9658 fax
tdelaney@nassaucountyny.gov

From: Delaney, Thomas E
Sent: Tuesday, April 28, 2020 14:16
To: Fox, Tatum <TFox@nassaucountyny.gov>
Cc: Margaret A Reynolds (MReynolds@nassaucountyny.gov) <MReynolds@nassaucountyny.gov>; Cleary, Robert <RCleary@nassaucountyny.gov>
Subject: RQ's need approval

DCE Fox,

Chief Procurement Officer Cleary has advised that the justification memos for the below PPE purchases are approved. Quotes attached. Thank you.

RQEM20000035 $196,000.00 Surgical masks

RQEM20000036 $125,000.00 KN95 masks

-Tom

Thomas Delaney
Financial Systems Administrator
Nassau County Office of Emergency Management
510 Grumman Rd. West
Bethpage, NY 11714
516-573-0636 telephone
516-573-9658 fax
tdelaney@nassaucountyny.gov

POEM20000056

REQUISITION

RQEM20000035 30/APR/2020

VENDOR:
FASTENAL COMPANY
315-B ROSLYN RD
MINEOLA NY 11501

TEL: (516)294-7132
FAX: (516)294-7155

REQUISITIONER:
EM OFFICE OF EMERGENCY MANAGEMENT
510 GRUMMAN RD. WEST
BETHPAGE NY 11714
TOM DE LISA
TEL: (516)573-9639
FAX: (516)573-0673

ITEM	DESCRIPTION		QTY	U/M	UNIT COST	TOTAL
001	345-64-304		200,000.00	EA	.9800	196,000.00

PROTECTION EQUIPMENT FOR FACE, HEAD, EAR, AND EYE
PART # - 01978635 - 3PLY DISPOSABLE FACE MASK-1
AS PER QUOTE # 57471

ESTIMATED TOTAL: 196,000.00

PCHL9100 ADVANCED PURCHASING/INVENTORY 04/30/2020 9:01 AM
LINK TO: ELECTRONIC NOTE PAD PAGE 01 OF 01

REQ HEADER ENT 2100

COVID-19 EMERGENCY PROCUREMENT OF FACE MASKS.

FOR COPY OF QUOTE OR MORE INFORMATION, PLEASE CONTACT
TOM DE LISA AT 573-9639 OR TDELISA@NASSAUCOUNTYNY.GOV.

AS PER QUOTE # 57471

F1-HELP F4-AUDIT F5-TOP F6 COPY F7-PR PAGE F8-NX PAGE
F9-LINK F10-SAVE F11-INS PAGE F12-DEL PAGE ENTER-INQUIRE CL-EXIT
INQUIRY COMPLETE

OEM
510 Grumman Road West • Bethpage, NY 11714
Tel. (516) 573-0636 • Fax. (516) 573-9658
Office of Emergency Management • Nassau County, NY
www.NassauCountyNY.gov/Agencies/OEM

Laura Curran
County Executive

Steven Morelli
Commissioner

To: Robert Cleary, Chief Procurement Officer

Date: April 24, 2020

Re: Justification for Emergency Procurement of Surgical Masks - Update

The Nassau County Office of Emergency Management requests an emergency procurement of items needed to help Nassau County and the County's health care providers to respond to the COVID-19, 2020 Coronavirus outbreak. This procurement of disposable surgical masks is of utmost urgency to protect our first responders and medical professionals as they encounter and treat COVID-19 afflicted patients. These masks will primarily be used by patients at hospitals and during EMS transport, but should the need arise, can substitute as a first responder mask where the N95 is used now. Proper personal protective equipment (PPE) is essential to assist our response professionals in performing their jobs safely and effectively during this outbreak.

Currently, we have a two week supply of surgical masks on hand and our burn rate has been approximately 200k masks per week. While we do have orders placed through normal procurement channels such as Grainger and Fastenal, their supply is extremely limited. Grainger reported to OEM that the Federal government has been the primary recipient of 3M product for the past several weeks, effectively shutting down supply channels for many forms of PPE. In calling a list of vendors (attached) inquiring about availability of PPE, we were advised by all that nothing is currently available.

Orders for the procurement of surgical masks were placed with Grainger on March 12, 2020 and Fastenal on March 22, 2020. Both of these were quickly placed on backorder with Grainger initially showing a delivery date of July 9, 2020 and Fastenal giving no delivery date. We also contacted several vendors including Moore Medical, Henry Schein, Cardinal Health, McKesson Medical Supplies, Medline, Dynarex, Connetquot West, and G.E Pickering for surgical masks but all explained that this product was backordered and not available.

Out of the countless number of vendors that have contacted OEM saying they have or can acquire PPE, OEM has only found two that will accept a County PO - MPGGO and TrendiDirect. While MPGGO is asking .995 per mask, they promise immediate delivery. TrendiDirect is asking .90 per mask for the identical commodity but needs a 1 week lead time for product delivery and is limited to smaller orders. We have ordered 500,000 surgical masks from MPGGO at a total cost of $497,500.00 and 22,200 surgical masks from TrendiDirect at a total cost of $19,980.00. As of April 20, 2020, after much searching, we were able to find a vendor selling blue surgical masks at a much better rate than we could previously. Jack Solo and

Company provided a sample that was deemed acceptable with a delivered price of .60 each. We plan on purchasing 250,000 surgical masks from Jack Solo and Co. at a total delivered price of $150,000.

In continuing to ensure we have sufficient supplies for respiratory protection for County employees, Fastenal, a vendor we normally deal with, advised that they can provide us with high quality surgical masks that they sourced outside of their normal supply channels. The cost of 200,000 masks is $196,000 and will ensure that all County staff have sufficient protection at the workplace. This will include but not be limited to PD (except for field operations), Correctional Center personnel, Social Services and other County agencies.

This procurement will serve Nassau's Police Department (2,000 members), volunteer and PD EMS units (2,000 members) as well as our medical professionals (over 100,000 members) serving Nassau's 1.35 million residents in NUMC as well as other private hospitals. In addition, essential County workers will be issued these masks to be in compliance with Gov. Cuomo's April 12th order that employers provide all essential employees who interact with the public a cloth or surgical facemask.

When our First Responders arrive on scene, often the exact details of the aided may not have been clearly relayed to dispatch from the 911 caller. With today's COVID-19 threat, all first responders have to act as though the aided is positive for the virus. When the aided arrives at the hospital ED, the same presumption should also apply. As such, proper PPE, such as a surgical mask, is an essential component of our first responder's and medical professional's own personal safety as well as the safety of an aided resident. This PPE is necessary to ensure our aided residents continue to receive appropriate and timely medical care, while preventing and reducing the spread of COVID-19.

T. Delaney

Thomas Delaney, Financial Systems Administrator

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 05/27/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER WA Group 174 Center Street P. O. Box 919 Winona MN 55987-0919	CONTACT NAME: Lisa Armstrong PHONE (A/C, No, Ext): (507) 453-6355 FAX (A/C, No): (507) 452-2597 E-MAIL ADDRESS: Fastenalcerts@winonaagency.com		
	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A :	Travelers Property Casualty Company of America	25674
INSURED Fastenal Company And wholly owned subsidiaries PO Box 978 Winona MN 55987	INSURER B :	Travelers Indemnity Company of America	25666
	INSURER C :		
	INSURER D :		
	INSURER E :		
	INSURER F :		

COVERAGES CERTIFICATE NUMBER: 20-21 GL AL WC REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	[X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS-MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC OTHER:	Y		TC2JGLSA117D569ATIL20	01/01/2020	01/01/2021	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
							MED EXP (Any one person)	$ 5,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 2,000,000
							PRODUCTS - COMP/OP AGG	$ 2,000,000
								$
A	AUTOMOBILE LIABILITY [X] ANY AUTO [ ] OWNED AUTOS ONLY [ ] SCHEDULED AUTOS [ ] HIRED AUTOS ONLY [ ] NON-OWNED AUTOS ONLY			TC2JCAP117D5676TIL20	01/01/2020	01/01/2021	COMBINED SINGLE LIMIT (Ea accident)	$ 2,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	[ ] UMBRELLA LIAB [ ] OCCUR [ ] EXCESS LIAB [ ] CLAIMS-MADE DED [ ] RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) [N] If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		UB9M8962322051K	01/01/2020	01/01/2021	[X] PER STATUTE [ ] OTH-ER	
							E.L. EACH ACCIDENT	$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE	$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

*GOV Nassau County is an additional insured for General Liability when required by written contract.

CERTIFICATE HOLDER	CANCELLATION
Nassau County 1 West Street Mineola NY 11501	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Greg K. Watts

ACORD 25 (2016/03)