



**“The wise man puts all his
eggs in one basket and
watches the basket.”
– Andrew Carnegie**

**MII Potential Long:
Fastenal Company (FAST)
September 15, 2011
By: Alejandro Alcalá**



Founded
1967

+2,500
locations in
North
America

History of
performance

Fastenal

Key Statistics

Float Short Ratio	Market Cap	Enterprise Value	Gross Profit	Total Cash	EBITDA
10.47%	10.6 B	10.3 B	1.2 B	115.65 M	548.38 M
52-week range	Dividend Yield	Gross Margin	Operating Margin	Projected P/E (2012)	ROE
\$35.13-\$35.85	1.45%	52.02%	20.09%	25.10	24.02%

Operations

Sell industrial and construction supplies in a wholesale and retail fashion



Customize local stores to meet changing commercial trends
(Over-night shipping/Same day service/
live demonstrations)



Provide unique business solutions
(Dock-to-Dock/ Vendor Managed
Program/ Job Site Solutions / Automated
Supply System)

“Growth through
customer service”

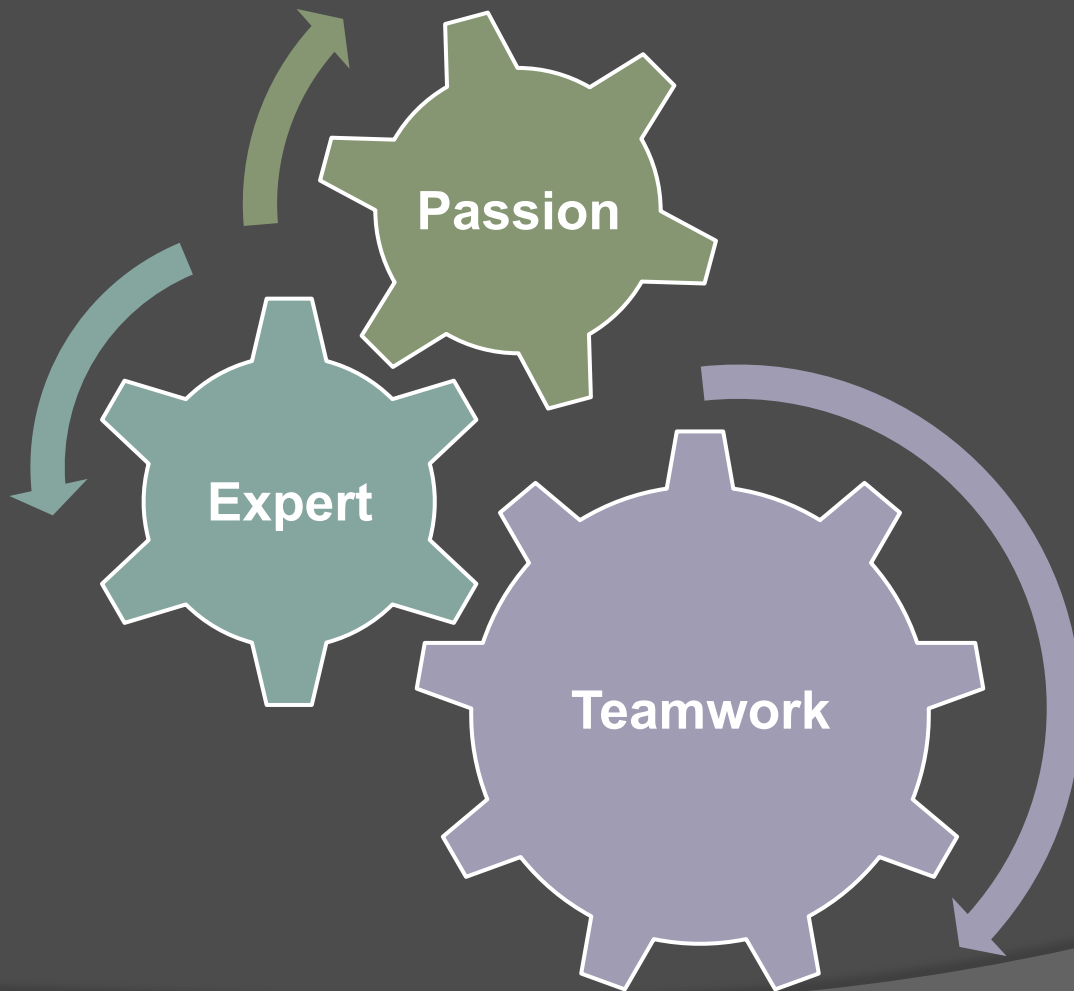
“Can Do”
Supplier

Competitive
Advantages

Fastenal School of
Business

Own about 3% of
market

Company Philosophy



Pull all nighters to meet client needs

Drive hundreds of miles to transfer crucial products

Use a snowmobile in extreme weather conditions to deliver essential items needed by customer

Help business partner at 5AM

Visit client and help finish projects

Custom manufacturing with 24 hour shipping

Green Corporate Responsibility Statement

Recycle most packaging materials & use composite pallets

Increase volume of information transferred via e-mail

Encourage everyone to recycle by strategically placing bins

Closely monitor fuel and energy consumption

Adhere to environmental and energy conservation standards

Motivate partners to become more environmentally friendly

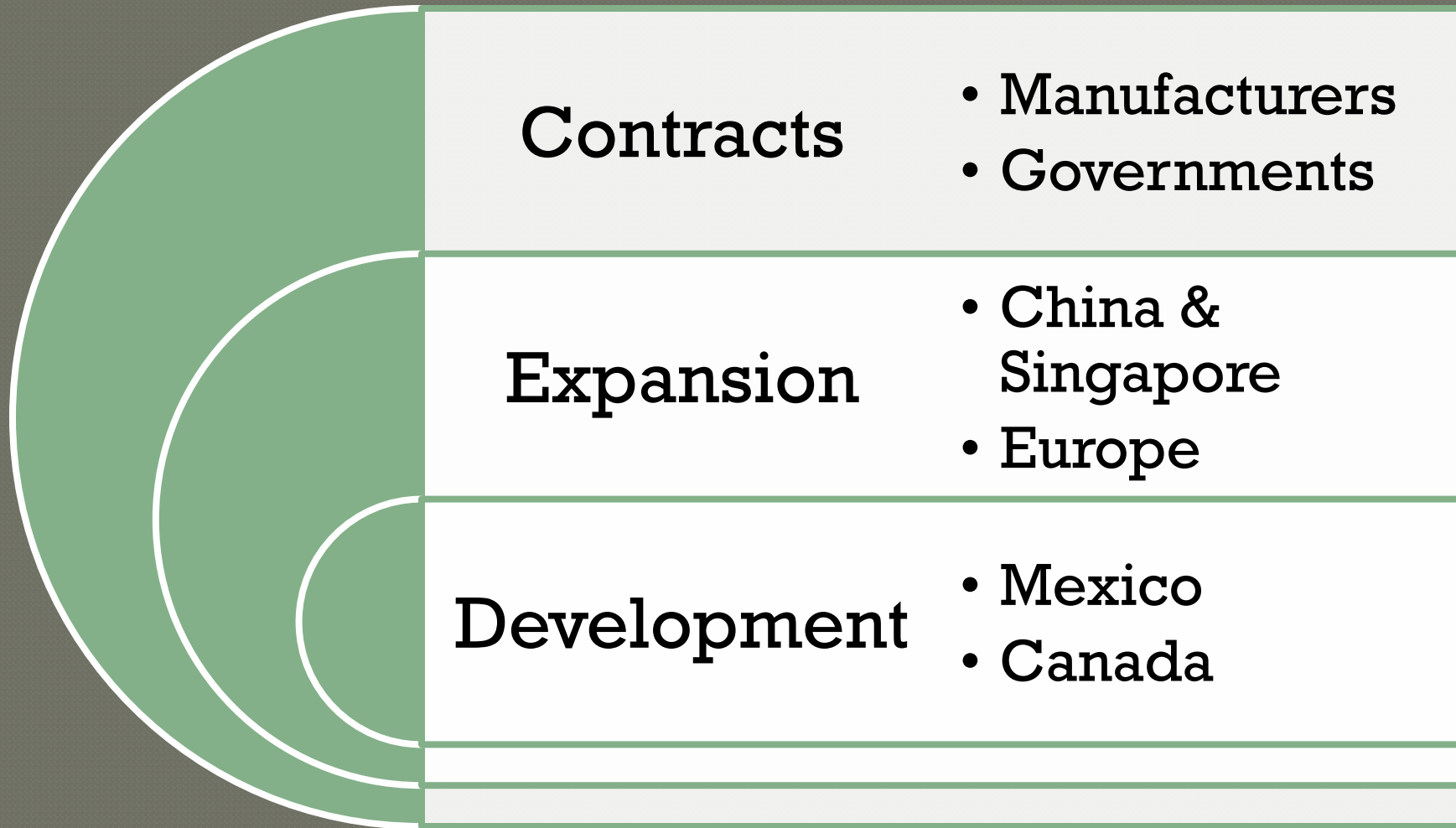
Measure carbon footprint and develop tactics to lower it

Provide awareness-raising programs on green issues

Invest in vehicles with fuel-efficiency in mind

Modify strategies to further cut down costs

Potential Growth



Controversies

Government:

In 2010, the company paid a settlement to prevent litigation resulting from a 2005 cessation of a United States General Services Administration contract.

Employees:

In 2008, Fastenal paid a \$10 million settlement to a class-action lawsuit. The company was alleged to have failed to pay overtime to some employees. Filed by former Fastenal Assistant General Managers. Fastenal has denied the allegations but said it settled "in order to avoid significant legal fees, the uncertainty of a jury trial, distractions to Fastenal's operations, and other expenses and management time that would have to be devoted to protracted litigation."

Worker satisfaction survey:

Fastenal was ranked the 24th worst place to work in America, according to a glassdoor.com survey in 2009. Currently, glassdoor.com uses compiled employee complaints to call Fastenal employees "dissatisfied".

Value Added Research

“Adventure...relationship...project”

Anonymous Employee #1 - 8 years

“Cool product line...market demand...hates
bureaucracy”

Anonymous Employee #2 – 1.5 year

“Demand from Hispanics is high...young
team... bit immature, but looks promising”

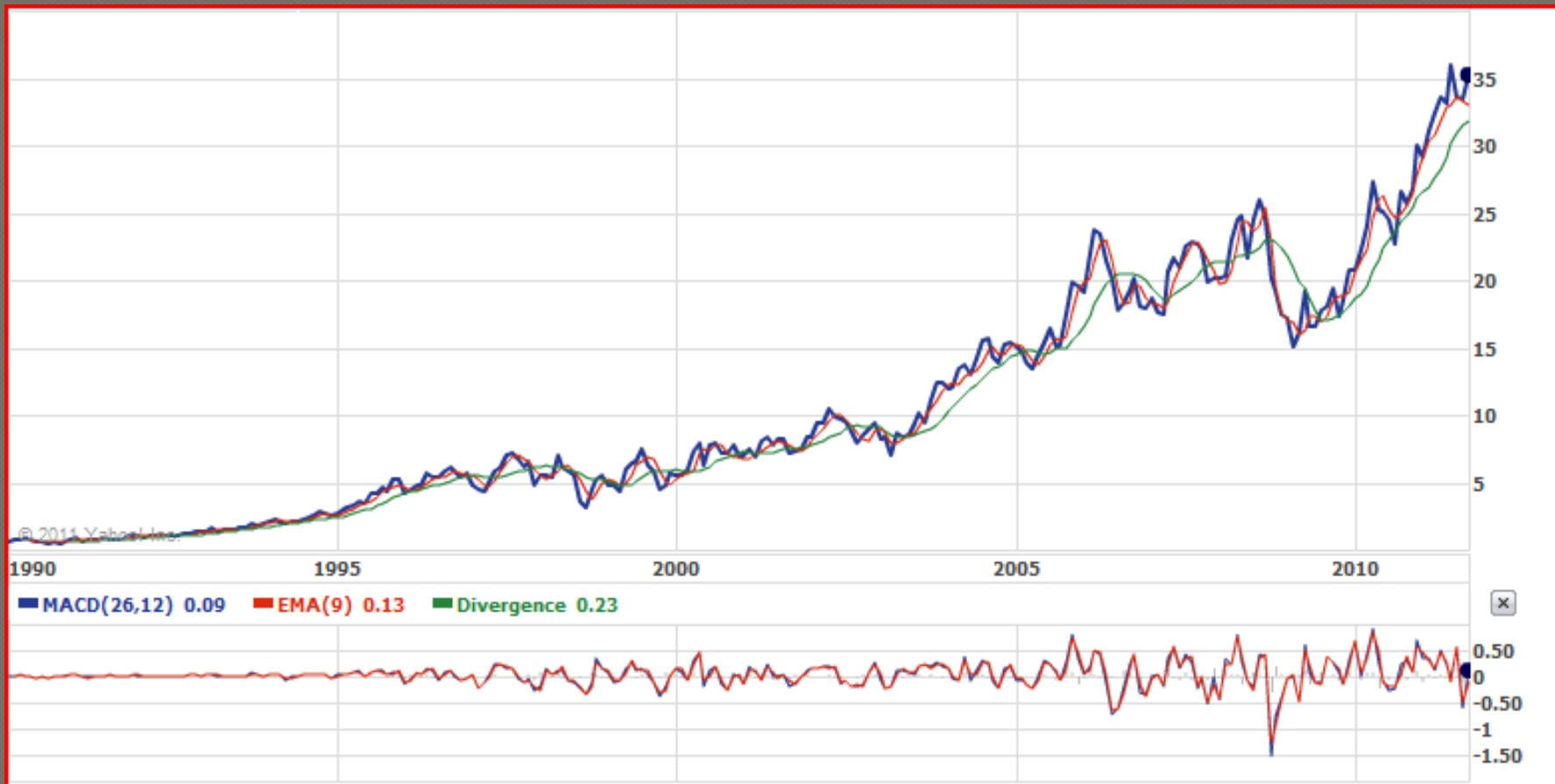
Anonymous Employee #3 – 2 months

Major Holders

- ◉ Ruane, Cunniff & Goldfarb
- ◉ William & Blair Company
 - ◉ State Street Corporation
 - ◉ Blackrock
- ◉ Price T. Rowe Associates

Chart Analysis

“It's not whether you're right or wrong, but how much money you make when you're right and how much you lose when you're wrong.”
– George Soros



MII Recap

- Firm positive fundamentals
 - Strong eco-friendly system
- Constantly developing cost reduction system
 - Long growth history
 - Healthy stock history
- Incomparable customer service