

FASTENAL CO. NDQ-FAST

RECENT PRICE **52.86** P/E RATIO **38.6** (Trailing: 43.7, Median: 29.0) RELATIVE P/E RATIO **2.47** DIV'D YLD **1.3%**

VALUE LINE

TIMELINESS 3 Lowered 9/10/10
SAFETY 2 Raised 10/2/09
TECHNICAL 4 Lowered 3/30/12
BETA 1.10 (1.00 = Market)

High: 9.1 10.8 12.7 16.1 21.0 24.7 26.5 28.2 21.1 30.2 44.4 53.6
 Low: 5.9 6.7 6.9 11.0 12.8 16.6 16.5 15.0 12.9 20.5 28.8 43.3

LEGENDS
 — 22.0 x "Cash Flow" p sh
 ···· Relative Price Strength
 2-for-1 split 5/02
 2-for-1 split 11/05
 2-for-1 split 5/11
 Options: Yes
 Shaded areas indicate recessions

2015-17 PROJECTIONS

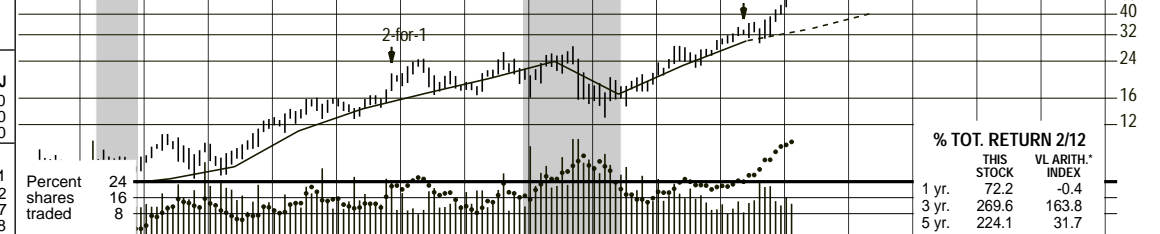
	Price	Gain	Ann'l Total Return
High	65	(+25%)	7%
Low	50	(-5%)	Nil

Insider Decisions

	M	J	J	A	S	O	N	D	J
to Buy	1	0	1	2	0	0	0	2	0
Options	0	0	0	0	0	0	0	0	0
to Sell	1	0	0	0	1	2	2	2	0

Institutional Decisions

	202011	302011	402011
to Buy	181	168	172
to Sell	178	192	197
Hlds(000)	256256	254769	248428



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
.95	1.31	1.66	2.01	2.46	2.70	2.98	3.28	4.08	5.04	5.98	6.91	7.88	6.55	7.70	9.37	10.80	12.35	Sales per sh	15.95
.13	.17	.21	.25	.30	.28	.30	.34	.51	.65	.77	.91	1.09	.76	1.04	1.36	1.55	1.85	"Cash Flow" per sh	2.45
.11	.14	.18	.22	.27	.23	.25	.28	.43	.55	.66	.78	.96	.62	.90	1.21	1.40	1.70	Earnings per sh ^A	2.25
--	--	--	.01	.01	.01	.01	.05	.10	.16	.20	.22	.26	.36	.41	.65	.68	.72	Div'ds Decl'd per sh ^B	.80
.42	.55	.72	.93	1.18	1.40	1.65	1.90	2.25	2.59	3.05	3.39	3.85	4.04	4.35	4.94	5.60	6.60	Book Value per sh	8.80
303.51	303.51	303.51	303.51	303.51	303.51	303.51	303.51	303.51	302.11	302.41	298.24	297.06	294.86	294.86	295.26	295.00	295.00	Common Shs Outst'g ^C	295.00
48.4	43.5	29.9	26.0	25.8	32.4	36.7	34.1	32.2	28.7	30.4	26.6	23.0	28.6	27.9	28.2	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	25.0
3.03	2.51	1.56	1.48	1.68	1.66	2.00	1.94	1.70	1.53	1.64	1.41	1.38	1.90	1.77	1.78			Relative P/E Ratio	1.65
--	--	--	.1%	.1%	.2%	.1%	.6%	.7%	1.0%	1.0%	1.1%	1.2%	2.0%	1.6%	1.9%			Avg Ann'l Div'd Yield	1.4%

CAPITAL STRUCTURE as of 12/31/11

Total Debt None

Leases, Uncapitalized Annual rentals \$101.8 mill.

No Defined Benefit Pension Plan

Preferred Stock None

Common Stock 295,278,974 shs. as of 2/1/12

MARKET CAP: \$15.6 billion (Large Cap)

905.4	994.9	1238.5	1523.3	1809.3	2061.8	2340.4	1930.3	2269.5	2766.9	3180	3650	Sales (\$mill)	4700
51.4%	51.2%	52.3%	51.7%	52.0%	52.6%	54.5%	53.0%	53.6%	53.4%	53.5%	54.0%	Gross Margin	54.0%
14.4%	15.7%	18.7%	19.5%	19.5%	20.1%	21.3%	17.4%	20.7%	22.4%	22.0%	22.5%	Operating Margin	23.0%
1169	1314	1533	1755	2000	2160	2311	2369	2490	2585	2680	2750	Number of Stores	3300
74.8	84.1	131.0	166.8	199.0	232.6	284.3	184.4	265.4	357.9	410	500	Net Profit (\$mill)	660
38.3%	38.3%	37.1%	38.0%	38.0%	38.4%	38.4%	38.0%	38.4%	37.8%	38.0%	38.0%	Income Tax Rate	38.0%
8.3%	8.5%	10.6%	11.0%	11.0%	11.3%	12.1%	9.6%	11.7%	12.9%	12.9%	13.7%	Net Profit Margin	14.0%
349.4	393.3	466.9	557.5	663.9	743.0	827.4	862.9	923.5	1048.3	1000	1000	Working Cap'l (\$mill)	900
--	--	--	--	--	--	--	--	--	--	Nil	Nil	Long-Term Debt (\$mill)	Nil
499.9	576.7	684.4	783.5	922.1	1010.2	1142.3	1190.8	1282.5	1459.0	1650	1950	Shr. Equity (\$mill)	2600
15.0%	14.6%	19.1%	21.3%	21.6%	23.0%	24.9%	15.5%	20.7%	24.5%	25.0%	25.5%	Return on Total Cap'l	25.5%
15.0%	14.6%	19.1%	21.3%	21.6%	23.0%	24.9%	15.5%	20.7%	24.5%	25.0%	25.5%	Return on Shr. Equity	25.5%
14.2%	11.8%	14.7%	15.3%	15.0%	16.5%	18.1%	6.5%	11.3%	11.4%	12.5%	15.0%	Retained to Com Eq	16.5%
5%	19%	23%	28%	30%	28%	27%	58%	46%	54%	49%	42%	All Div'ds to Net Prof	36%

BUSINESS: Fastenal Company sells and delivers industrial and construction supplies through stores in the U.S., Puerto Rico, Canada, Mexico, Singapore, China, and the Netherlands. Sells threaded fasteners; tools and equipment; cutting tool blades and abrasives; components and accessories for hydraulics, pneumatics, plumbing and HVAC; metals; and janitorial, welding, safety and electrical supplies. Has 2,585 stores and 15,168 employees. Off. & dir. own 9.2% of common stock; T. Rowe Price, 12.0%; Ruane, Cunniff & Goldfarb, 7.4%; Vanguard Group, 5.8%; Bank of New York Mellon, 5.1%; (2/12 proxy). Chrmn.: Robert A. Kierlin. Pres. & CEO: Willard D. Oberton, Inc.: MN. Address: 2001 Theurer Boulevard, Winona, MN 55987. Telephone: 507-454-5374. Internet: www.fastenal.com.

CURRENT POSITION

	2009	2010	12/31/11
Cash Assets	189.3	169.8	144.8
Receivables	214.2	270.1	338.6
Inventory (FIFO)	508.4	557.4	646.2
Other	70.5	88.4	106.5
Current Assets	982.4	1085.7	1236.1
Accts Payable	53.5	60.5	73.8
Debt Due	--	--	--
Other	66.0	101.7	114.0
Current Liab.	119.5	162.2	187.8

Fastenal continues to perform at a high level. The company reported earnings of \$1.21 a share in 2011, marking its second-consecutive year of earnings growth. Fastenal has rebounded nicely off its recessionary lows, and we look for profits to grow further in 2012. In light of the strong finish to 2011 and better-than-expected growth within the manufacturing sector, we are raising our 2012 earnings estimate by a nickel, to \$1.40 a share.

Vending operations are starting to gain steam. After experiencing some deceleration in December, vending contracts are on pace for strong growth in the first quarter. In early March, management announced it had already inked 2,500 new contracts year to date. The pickup in activity largely reflects a broader salesforce relative to 2011. We look for this segment to be a key earnings driver in 2012.

Fastenal announced another dividend increase. The board of directors approved its second increase in as many quarters, raising the dividend payout 21% from \$0.14 a share, to \$0.17. Given the steady earnings stream we project out to 2015-2017, further increases ought to be well covered over this time.

We view these shares to be a solid core holding for conservative accounts. Fastenal has been a consistent performer over the past two decades, posting annual profit growth every year with the exception of 2001 and 2009 (years the country was in recession). In our view, management's strategic direction of decelerated store growth and increased investment in the sales team should help to support further gains in the year ahead. Investors seeking to limit risk within their portfolios, should note that the company maintains a strong ranking in regard to Financial Strength (A+). The equity's Safety rank (2) is above average.

But, at the recent quotation, capital appreciation potential is limited over the 3- to 5-year period. Although we remain optimistic in regard to Fastenal's long-term prospects, our current earnings model indicates that much of the potential upside is already reflected in the equity's recent valuation. In fact, these shares are already trading within our projected 2015-2017 Target Price Range.

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Sales	12.5%	9.5%	12.5%
"Cash Flow"	14.0%	10.5%	15.0%
Earnings	14.5%	10.5%	16.5%
Dividends	49.0%	25.5%	9.0%
Book Value	14.5%	11.0%	12.0%

QUARTERLY SALES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	489.3	474.9	489.3	476.8	1930.3
2010	520.8	571.2	603.8	573.7	2269.5
2011	640.6	701.7	726.7	697.9	2766.9
2012	755	810	820	795	3180
2013	870	925	940	915	3650

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.16	.15	.16	.15	.62
2010	.19	.23	.25	.23	.90
2011	.27	.32	.33	.30	1.21
2012	.33	.37	.37	.33	1.40
2013	.40	.45	.45	.40	1.70

QUARTERLY DIVIDENDS PAID ^B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.13	--	.13	--	.26
2009	.18	--	.18	--	.36
2010	.20	--	.21	--	.41
2011	.25	.13	.13	.14	.65
2012	.17	--	--	--	--

Michael Ratty
 March 30, 2012

Company's Financial Strength A+
Stock's Price Stability 70
Price Growth Persistence 100
Earnings Predictability 75

(A) Basic earnings. Excludes non-recurring gains/(losses): '08, (\$0.03). Next earnings report due late April. May not sum due to rounding.
 (B) Switched from semi-annual dividend to quarterly dividend in April, 2011. Extra dividends of \$0.27, and \$0.42, paid December 15, 2008 and December 6, 2010.
 (C) In millions, adjusted for splits.

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