
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2005,

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
(State or other jurisdiction of
incorporation or organization)

2001 Theurer Boulevard
Winona, Minnesota
(Address of principal executive offices)

41-0948415
(I.R.S. Employer
Identification No.)

55987-1500
(Zip Code)

(507) 454-5374
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year,
if changed since last report)

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date.

<u>Class</u>	<u>Outstanding at October 18, 2005</u>
Common Stock, \$.01 par value	75,527,376

FASTENAL COMPANY

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PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets
(Amounts in thousands except share information)

	(Unaudited) September 30, 2005	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 32,029	33,503
Marketable securities	280	5,496
Trade accounts receivable, net of allowance for doubtful accounts of \$4,866 and \$5,181, respectively	204,340	162,500
Inventories	352,086	307,333
Deferred income tax asset	6,494	6,494
Other current assets	26,160	22,740
Total current assets	621,389	538,066
Marketable securities	13,508	35,468
Property and equipment, less accumulated depreciation	209,971	193,446
Other assets, less accumulated amortization	3,326	3,254
Total assets	\$ 848,194	770,234
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 40,980	39,276
Accrued expenses	43,054	31,633
Income taxes payable	1,178	274
Total current liabilities	85,212	71,183
Deferred income tax liability	14,682	14,682
Stockholders' equity:		
Common stock, 100,000,000 shares authorized 75,527,376, and 75,877,376 shares issued and outstanding, respectively	755	759
Additional paid-in capital	—	13,693
Retained earnings	738,188	662,517
Accumulated other comprehensive income	9,357	7,400
Total stockholders' equity	748,300	684,369
Total liabilities and stockholders' equity	\$ 848,194	770,234

The accompanying notes are an integral part of the consolidated financial statements.

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Statements of Earnings (Amounts in thousands except earnings per share)

	(Unaudited) Nine months ended September 30,		(Unaudited) Three months ended September 30,	
	2005	2004	2005	2004
Net sales	\$1,139,290	920,027	402,218	325,678
Cost of sales	565,763	456,281	199,872	162,118
Gross profit	573,527	463,746	202,346	163,560
Operating and administrative expenses	368,173	306,461	128,602	107,815
Gain (loss) on sale of property and equipment	(313)	(564)	139	(52)
Operating income	205,041	156,721	73,883	55,693
Interest income	846	892	265	361
Earnings before income taxes	205,887	157,613	74,148	56,054
Income tax expense	78,237	59,893	28,177	21,313
Net earnings	\$ 127,650	97,720	45,971	34,741
Basic net earnings per share	\$ 1.69	1.29	0.61	0.46
Diluted net earnings per share	\$ 1.68	1.29	0.61	0.46
Basic weighted average shares outstanding	75,673	75,877	75,527	75,877
Diluted weighted average shares outstanding	75,784	75,981	75,646	76,009

The accompanying notes are an integral part of the consolidated financial statements.

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Amounts in thousands)

	(Unaudited) Nine months ended September 30,	
	2005	2004
Cash flows from operating activities:		
Net earnings	\$127,650	97,720
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation of property and equipment	21,627	17,304
Loss on sale of property and equipment	313	564
Bad debt expense	4,482	5,022
Amortization of non-compete agreement	50	50
Changes in operating assets and liabilities:		
Trade accounts receivable	(46,322)	(46,531)
Inventories	(44,753)	(57,026)
Other current assets	(3,420)	(4,627)
Accounts payable	1,704	7,118
Accrued expenses	11,421	8,622
Income taxes, net	904	9,630
Other	1,921	878
Net cash provided by operating activities	75,577	38,724
Cash flows from investing activities:		
Purchase of property and equipment	(42,382)	(37,994)
Proceeds from sale of property and equipment	3,917	3,964
Net decrease in marketable securities	27,176	2,065
Increase in other assets	(124)	(183)
Net cash used in investing activities	(11,413)	(32,148)
Cash flows from financing activities:		
Purchase of common stock	(18,739)	—
Payment of dividends	(46,935)	(30,351)
Net cash used in financing activities	(65,674)	(30,351)
Effect of exchange rate changes on cash	36	57
Net decrease in cash and cash equivalents	(1,474)	(23,718)
Cash and cash equivalents at beginning of period	33,503	49,750
Cash and cash equivalents at end of period	\$ 32,029	26,032
Supplemental disclosure of cash flow information:		
Cash paid during each period for:		
Income taxes	\$ 77,333	50,263

The accompanying notes are an integral part of the consolidated financial statements.

FASTENAL COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands except per share information)

September 30, 2005 and 2004

(Unaudited)

(1) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements of Fastenal Company and subsidiaries (collectively referred to as the Company or Fastenal) have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. They do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. However, there has been no material change in the information disclosed in the notes to consolidated financial statements included in the Company's consolidated financial statements as of and for the year ended December 31, 2004. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the report period. Actual results could differ from these estimates.

(2) Stockholders' Equity and Stock-Based Compensation

The Company has adopted the disclosure provisions of Statement of Financial Accounting Standards (SFAS) No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosure*. SFAS No. 148 amends the disclosure requirements of SFAS No. 123, *Accounting for Stock-Based Compensation*. As of September 30, 2005, the Company has one stock option employee compensation plan.

On April 15, 2003, the shareholders of the Company approved the Fastenal Company Stock Option Plan (Fastenal Option Plan). The aggregate number of authorized and unissued shares of common stock of the Company for which options may be granted and which may be purchased upon the exercise of options granted under the Fastenal Option Plan was set at 3,794. The Company granted options to purchase 465 shares of common stock of the

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FASTENAL COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands except per share information)

September 30, 2005 and 2004

(Unaudited)

Company under the Fastenal Option Plan in May 2003. These options will become exercisable on June 1, 2006 and will expire on November 30, 2006. The exercise price for the granted options is \$40 per share. No options have been granted since the original grant in May 2003.

The following table presents a reconciliation of the denominators used in the computation of basic and diluted earnings per share related to the Fastenal Option Plan:

	Nine months ended September 30,		Three months ended September 30,	
	2005	2004	2005	2004
Basic—weighted shares outstanding	75,673	75,877	75,527	75,877
Weighted shares assumed upon exercise of stock options	111	104	119	132
Diluted—weighted shares outstanding	75,784	75,981	75,646	76,009

The dilutive impact summarized above relates to periods when the average market price of Company stock exceeded the exercise price of the potentially dilutive option securities granted in May 2003. The Company has granted no other potentially dilutive option securities.

The Company accounts for its stock options under the recognition and measurement principles of Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. No stock-based employee compensation cost is reflected in net earnings as all options to purchase common stock of the Company had an exercise price equal to, or greater than, the market value of the underlying common stock on the date of grant.

(Continued)

FASTENAL COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands except per share information)

September 30, 2005 and 2004

(Unaudited)

The following table illustrates the effect on net earnings and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 for all awards:

	Nine months ended September 30,		Three months ended September 30,	
	2005	2004	2005	2004
Reported net earnings	\$ 127,650	97,720	45,971	34,741
Stock-based employee compensation expense, net of related tax effects	378	803	126	87
Pro forma net earnings	\$ 127,272	96,917	45,845	34,654
Reported basic net earnings per share	\$ 1.69	1.29	.61	.46
Reported diluted net earnings per share	1.68	1.29	.61	.46
Pro forma basic and diluted net earnings per share	\$ 1.68	1.28	.61	.46

The fair value of each stock option is estimated as of the grant date using the Black-Scholes option-pricing model. The assumptions used and the estimated fair values are as follows:

Year of grant	Risk-free interest rate	Expected life of option in years	Expected dividend yield	Expected stock volatility	Estimated fair value of stock option
2003	4.5%	3.42	0.2%	30.33%	\$ 7.56
2002	4.5%	2.66	0.2%	27.03%	\$ 6.65

The 2003 grant was under the Fastenal Option Plan. The 2002 grant was under a plan sponsored by the Company's founder, Robert A. Kierlin (RAK Option Plan). There have been no options outstanding under the RAK Option Plan since November 30, 2004.

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FASTENAL COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands except per share information)

September 30, 2005 and 2004

(Unaudited)

(3) Comprehensive Income

Comprehensive income and the components of other comprehensive income were as follows:

	Nine months ended September 30,		Three months ended September 30,	
	2005	2004	2005	2004
Net earnings	\$127,650	97,720	\$45,971	34,741
Translation adjustment	2,156	1,019	5,144	2,602
Change in marketable securities	(199)	(84)	(104)	230
Total comprehensive income	\$129,607	98,655	51,011	37,573

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FASTENAL COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands except per share information)

September 30, 2005 and 2004

(Unaudited)

(4) Unrealized Investment Losses

The following table shows, as of September 30, 2005, the fair value and the gross unrealized gains and losses of the Company's investments. This information is aggregated by the investment category and the length of time that individual securities have been in a continuous unrealized gain or loss position.

Description	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)	Fair value	Unrealized gain (loss)
Federal mortgage backed security	\$ —	—	9,801	(199)	\$ 9,801	(199)
State and municipal bonds	3,900	—	—	—	3,900	—
Certificates of deposit or money market	87	—	—	—	87	—
Total	\$3,987	—	9,801	(199)	\$13,788	(199)

As was disclosed in our 2004 Annual Report, the Company classifies these securities as available-for-sale. Available-for-sale securities are recorded at fair value based on current market value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings, but are included in comprehensive income, and are reported as a separate component of stockholders' equity until realized.

The unrealized losses on the Company's investments at the end of the period were caused by interest rate increases. Because the decline in market value is attributable to changes in interest rates and not credit quality and because the Company has the ability and intent to hold these investments until recovery of the fair value, which may be maturity, the Company does not consider these investments to be other-than-temporarily impaired at September 30, 2005.

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FASTENAL COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands except per share information)

September 30, 2005 and 2004

(Unaudited)

(5) Operating Leases with Guarantees

The Company leases certain pick-up trucks under operating leases. These leases typically have a 72 month term and include an early buy out clause the Company generally exercises, thereby giving the leases an effective term of 12-15 months. Certain operating leases for vehicles contain residual value guarantee provisions, which could 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 at lease expiration, of the leases that contain residual value guarantees, is approximately \$7,831. We believe the likelihood of funding the guarantee obligation under any provision of the operating lease agreements is remote.

(6) Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 123R, *Share-Based Compensation*, which supersedes Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*, and its related implementation guidance. SFAS No. 123R focuses primarily on accounting for transactions in which an entity obtains employee services through share-based payment transactions. SFAS No. 123R requires a public entity to measure the cost of employee services received in exchange for the award of equity investments based on the fair value of the award at the date of grant. The cost will be recognized over the period during which an employee is required to provide services in exchange for the award. On April 14, 2005, the Securities and Exchange Commission issued a release announcing the adoption of a new rule delaying the required implementation of SFAS No. 123R. Under this new rule, SFAS No. 123R is effective as of the beginning of the first annual reporting period that begins after June 15, 2005. The impact on net earnings as a result of the adoption of SFAS No. 123R, from a historical perspective, can be found in Note 2 to the Consolidated Financial Statements in this Quarterly Report and in Note 1 to the Consolidated Financial Statements contained in our 2004 Annual Report. We are currently evaluating the provisions of SFAS No. 123R and will adopt it in the first quarter of 2006, as required.

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FASTENAL COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands except per share information)

September 30, 2005 and 2004

(Unaudited)

In December 2004, the FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets*. SFAS No. 153 is an amendment to APB Opinion No. 29, *Accounting for Nonmonetary Transactions*. SFAS No. 153 eliminates the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. We adopted the provisions of SFAS No. 153 on July 1, 2005; the adoption of SFAS No. 153 did not have a material impact on the financial statements.

In February 2005, the Securities and Exchange Commission issued a letter regarding the Office of the Chief Accountant's views on certain accounting issues and their application under generally accepted accounting principles relating to operating leases. Of specific concern was the appropriate accounting for leases, leasehold improvements, rent commencement, deferred rent, and other items. The Company conducted a review of its accounting policies applicable to leases, leasehold improvements, rent commencement, deferred rent, and other items. The Company determined that it had correctly applied the accounting rules with respect to operating lease transactions and this letter did not impact financial results for the year ended December 31, 2004 nor the nine month or three month periods ended September 30, 2005.

In May 2005, the FASB issued *SFAS No. 154 Accounting Changes and Error Correction Replacement of APB Opinion No. 20 and FASB Statement No. 3* (SFAS 154). SFAS 154 replaces APB Opinion No. 20, *Accounting Changes*, and FASB Statement No. 3, *Reporting Accounting Changes in Interim Financial Statements*, and changes the requirements for the accounting for and reporting of a change in accounting principle. Opinion 20 previously required that most voluntary changes in accounting principle be recognized by including net income of the period of the change the cumulative effect of changing to the new accounting principle. SFAS 154 requires retrospective application to prior periods' financial statements of changes in accounting principle. SFAS 154 defines retrospective application as the application of a different accounting principle to prior accounting periods as if that principle had always been used of as the adjustment of previously issued financial statements to reflect a change in the report entity. SFAS 154 also requires that a change in depreciation, amortization, or depletion method for long-lived, non-financial assets be accounted for as a change in accounting estimate affected by a change in accounting principle. We are required to adopt the provision of SFAS 154 as of June 1, 2006, although earlier adoption is permitted.

(7) Subsequent Event – Stock Split

On October 11, 2005, we announced that our Board of Directors had approved a two-for-one stock split. Shareholders of record as of October 31, 2005, will receive one additional share for every share owned. The additional shares will be distributed on November 10, 2005.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion and analysis of certain significant factors that have affected the Company's financial position and operating results during the periods included in the accompanying consolidated financial statements. (Dollar amounts are in thousands.)

The following discussion refers to the term daily sales. Daily sales are defined as sales for a period of time divided by the number of business days in that period of time.

Business 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 1,700 Company owned stores. Most of the Company's customers are in the construction and manufacturing markets. The construction market includes general, electrical, plumbing, sheet metal, and road contractors. The manufacturing market includes both original equipment manufactures (OEM) and maintenance and repair operations (MRO). Other users of the Company's product include farmers, truckers, railroads, mining companies, federal, state, and local governmental entities, schools, and certain retail trades. Geographically, our stores and customers are primarily located in North America.

Financial Overview—In the first several years of this decade, the global manufacturing recession negatively impacted the Company's performance, and that of the industry as a whole. This negative impact of the economy has reversed itself since July 2003. The impact of the economy is best reflected in the growth performance of our stores greater than five years old. These stores are more cyclical due to the increased market share they enjoy in their local markets. The net sales growth rate of stores more than five years old was as follows:

	Nine months ended September 30,		Three months ended September 30,	
	2005	2004	2005	2004
Growth percentage	12.8%	15.2%	12.7%	16.8%

Our stores that are two to five years old are also impacted by the economy, but to a lesser degree. The net sales growth rate of our stores that are two to five years old was as follows:

	Nine months ended September 30,		Three months ended September 30,	
	2005	2004	2005	2004
Growth percentage	24.7%	24.4%	21.3%	24.8%

Combined these two groups represent a consistent "same store" view of our business. These stores, which are more than two years old, had net sales growth rates as follows:

	Nine months ended September 30,		Three months ended September 30,	
	2005	2004	2005	2004
Growth percentage	15.0%	16.9%	14.4%	18.4%

Note: The age groups above are measured as of the last day of each respective year.

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ITEM 2. (Continued)

Sales Growth— Net sales were as follows:

	Nine months ended September 30,		Three months ended September 30,	
	2005	2004	2005	2004
Net sales	\$1,139,290	920,027	402,218	325,678
Percentage change	23.8%		23.5%	

The increases in net sales in the nine and three month periods came primarily from higher unit sales, and to a lesser degree, increases in prices. Price increases, due to inflation in steel pricing, added approximately 1% to sales during the nine month period in 2005. The higher unit sales resulted from increases in sales at older store sites (discussed earlier) and the opening of new store sites in 2004 and 2005.

The mix of sales from the original Fastenal® product line (which consists primarily of threaded fasteners) and from the newer product lines was as follows:

Product line	Nine months ended September 30,		Three months ended September 30,	
	2005	2004	2005	2004
Fastener product line	54.1%	55.6%	52.9%	56.0%
Newer product lines	45.9%	44.4%	47.1%	44.0%

The twelve months of 2004 and the first nine months of 2005 had daily sales growth rates of (compared to the comparable month in the preceding year):

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2004	16.1%	20.1%	19.1%	22.1%	25.6%	25.7%	27.0%	24.9%	26.2%	27.6%	25.0%	27.4%
2005	26.2%	25.1%	22.5%	26.6%	22.9%	21.2%	21.8%	21.7%	26.8%			

The January 2004 to September 2005 time frame generally represents improvement followed by stabilization in the daily sales trends. The January 2004 to June 2005 general improvement and stabilization reflects continued strengthening in the economy as it relates to the customers we sell to in North America and the impact of the Fastenal standard inventory stocking model (see reference below regarding Customer Service Project, or CSP). The 2004 period, and to a lesser extent, the 2005 period were also impacted by inflation in the steel based products we sell.

Impact of Current Initiatives: During 2005, Fastenal has been actively pursuing several initiatives to improve its operational performance. These include: (1) a new freight model, (2) tactical changes to our working capital model, and (3) an expanded store model called CSP II.

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ITEM 2. *(Continued)*

The freight model represents a focused effort to haul a higher percentage of our products utilizing the Fastenal trucking network (which operates at a substantial savings to external service providers because of our ability to leverage our existing routes) and to charge freight more consistently in our various operating units. Despite an increase of approximately 37.1% in per gallon diesel fuel costs from the third quarter of 2004 to the third quarter of 2005, this new freight model positively impacted the third quarter by approximately \$1,500 of additional operating margin.

The tactical changes to our working capital model include the establishment of a central call center for accounts receivable collection and the establishment of financial business rules for the purchasing of products outside the standard stocking model (formerly referred to as CSP) at the store. The balance sheet impacts of these changes are described below in the working capital discussion.

The CSP II store model represents an expansion of the core stocking items and sales personnel in an existing store with the goal of driving additional product sales to existing customers, target customers, and specific geographic areas within established markets. During the third quarter, 22 stores were converted to the CSP II format. The balance sheet impacts of these conversions are described below in the working capital discussion.

Impact of Hurricanes and Fuel Prices during the Quarter: During the third quarter of 2005, two hurricanes (Katrina and Rita) dramatically impacted the gulf coast of North America. The first of these two hurricanes had a meaningful impact on Fastenal from the immediate disaster. This includes: (1) dislocated employees (thankfully, we lost no employees), (2) the complete destruction of four stores, (3) a meaningful impact to another eleven stores due to wind damage, water damage, power outages, or communication failures, and (4) a lesser impact to approximately fifteen additional stores due to storms that were spawned by the hurricane. In the aftermath of the hurricanes, we have assisted our dislocated employees with temporary housing, vehicles, food, and clothing. This thanks to gifts from Fastenal, its shareholder base, and its employee base. Despite the impact to Fastenal, we were able to react to the needs of our customers and experienced an increase over planned sales of approximately \$4,000 in this geographic area during the quarter. While much of this business was at a lower gross margin, it helped supplement the pay of our personnel impacted most by the hurricane.

Rising fuel prices did take a toll on the nine month period and quarter ended September 30, 2005. During 2004, our vehicle fuel costs averaged approximately \$895, \$1,028, and \$1,134 per month in the first, second, and third quarters, respectively. Our fleet consists of a variety of distribution vehicles as well as store delivery vehicles. During 2005, vehicle fuel costs have averaged approximately \$1,248, \$1,500, and \$1,677 per month in the first, second, and third quarters, respectively. These increases relate to the rising fuel costs, the freight initiative discussed earlier, and to the increase in sales and store locations. These increases were greatly reduced during the third quarter by a very effective conservation effort by our store personnel. The related increases in heating costs have not yet resulted in a meaningful impact in 2005 due to the seasonal nature of the expense.

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[Table of Contents](#)ITEM 2. *(Continued)***Statement of Earnings Information (percentage of net sales):**

	Nine months ended September 30,		Three months ended September 30,	
	2005	2004	2005	2004
Net sales	100.0%	100.0%	100.0%	100.0%
Gross profit margin	50.3%	50.4%	50.3%	50.2%
Operating and administrative expenses	32.3%	33.3%	32.0%	33.1%
Loss on sale of property and equipment	0.0%	0.1%	0.0%	0.1%
Operating income	18.0%	17.0%	18.4%	17.1%
Interest income	0.1%	0.1%	0.1%	0.1%
Earnings before income taxes	18.1%	17.1%	18.4%	17.2%

Gross profit margins for the first nine months and the third quarter of 2005 and 2004 were similar. The slight contraction in 2005 for the nine month period was caused by the greater inflation cost in the steel based products flowing through cost of sales. The impact was expected, and reflects product costs in the last three to six month 'turn period' of inventory in a 'first-in, first-out' inventory costing model. This impact was partially offset by an improvement in the gross profit associated with net freight revenue which began during the second quarter of 2005.

Operating and administrative expenses grew at a slower rate than net sales growth during the quarter. This was primarily due to the tight management of employee numbers throughout the organization in all of 2004 and the nine months of 2005. As discussed in our 2004 Annual Report, payroll and related expenses have historically represented approximately 70% of operating and administrative expenses. Effective management of this expense allows us to leverage the sales growth more effectively. This tight management was significant, given the store expansion (discussed later). We will continue to manage headcount in a similar fashion and expect to maintain most of the labor efficiency.

Income taxes, as a percentage of earnings before income taxes, were approximately 38.0% in the first nine months of 2005 and 2004, respectively. This rate fluctuates over time based on the income tax rates in the various jurisdictions in which we operate.

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ITEM 2. (Continued)

Net earnings— Net earnings and net earnings per share were as follows:

	Nine months ended September 30,		Three months ended September 30,	
	2005	2004	2005	2004
Net earnings	\$127,650	97,720	\$45,971	34,741
Percentage change	30.6%		32.3%	
Basic net earnings per share	\$ 1.69	1.29	.61	.46
Percentage change	31.0%		32.6%	
Diluted net earnings per share	\$ 1.68	1.29	.61	.46
Percentage change	30.2%		32.6%	

The Company increased its net earnings in the nine and three month periods ended September 30, 2005 primarily due to the aforementioned: (1) growth in net sales and (2) tight management of employee numbers throughout the organization which caused operating and administrative expenses to grow at a rate less than the growth in net sales.

Working Capital:

Two components of working capital, accounts receivable and inventories, improved during the first nine months of 2005. The September 2004-to-September 2005 percentage growth (i.e. year over year) and the year-to-date dollar growth were as follows:

September 2004-to-September 2005 percentage growth				
Accounts receivable			20.0%	
Inventories			21.5%	
	Nine months ended September 30,		Three months ended September 30,	
	2005	2004	2005	2004
Accounts receivable	\$46,322	46,531	10,306	11,341
Inventories	\$44,753	57,026	18,582	27,878

These two assets were impacted by our initiatives to improve working capital. These initiatives include (1) the establishment of a centralized call center to facilitate accounts receivable management (this facility became operational early in 2005) and (2) the tight management of all inventory amounts not identified as either expected store inventory (see reference below regarding CSP), new expanded inventory, or inventory necessary for upcoming store openings.

The accounts receivable increase of 20.0% represents a meaningful lag behind the 26.8% and 23.5% sales increase in the month of September 2005 and the third quarter 2005, respectively. The portion of accounts receivable not related to September sales grew 13.3% from 2004 to 2005.

(Continued)

ITEM 2. *(Continued)*

The inventory increase for the first nine months of 2005 was higher than we had expected at the start of the year. The \$16,000 of additional inventory, year-to-date, for store openings and store conversions was expected. However, during the third quarter of 2005, we did add inventory related to the post hurricane recovery and the CSP II initiative. These two items amounted to \$1,500 and \$3,000, respectively. Our goal is to remove the hurricane build-up by year end.

Overall, our initiatives are having a positive impact on accounts receivable and inventory. Our 2005 goals center on our ability to move the ratio of annual sales to accounts receivable and inventory (Annual Sales: AR&I) back to better than a 3.0:1 ratio (we were 2.6:1 at the end of 2004). Historically, we have been able to achieve a 20% after tax return on total assets (our internal goal) when our Annual Sales: AR&I ratio is at or above 3.0:1. An important component of this goal involves holding inventory growth to 15% from December 2004 to December 2005 (or hold inventory growth to \$46,100). This will prove a challenge for us in the last quarter of the year; however, the 15% inventory growth target is still our 2005 goal, and we believe we can still be close to this goal.

Store Openings:

As discussed in previous public statements, the Company's goal is to continue opening approximately 13% to 18% new stores each year (calculated on the ending number of stores in the previous year). On December 31, 2004, the Company operated 1,533 stores; therefore, as previously announced, we expect to open approximately 200 to 275 new stores in 2005. The Company opened 219 new stores in 2004 (or an increase over December 31, 2003 of 16.7%) and 151 new store sites in 2003 (or an increase over December 31, 2002 of 12.9%). While the new stores continue to build the infrastructure for future growth, the first year sales are low, and the added expenses related to payroll, occupancy, and transportation costs do impact the Company's ability to leverage earnings. As disclosed in the past, it has been the Company's experience that new stores take approximately ten to twelve months to achieve profitability. The planned openings can be altered in a short time span, usually less than 60 to 90 days.

In addition to the planned store expansion, we continued our 'customer service project' (or CSP) in 2005. As of September 30, 2005, more than 96% of our stores were operating in a CSP fashion. Since the CSP format represents the stocking model in substantially all of our locations, during the first quarter of 2005 we began to refer to these converted locations simply as stores with our expected inventory stocking model, versus the CSP designation. Consistent with our operating philosophy, we intend to continue identifying products and store display themes to position our stores to the Fastenal goal of being 'the best industrial and construction supplier in each local market in which we operate'. In June 2005 we disclosed our intention to convert 25 locations to the CSP II format. The CSP II format represents a further expansion of the Fastenal standard inventory stocking model at the store level. As of September 30, 2005, 22 stores had been converted to the CSP II format.

(Continued)

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ITEM 2. (Continued)

Stock Repurchase:

In April 2005, the Company issued a press release announcing its board of directors had authorized purchases by the Company of up to 380,000 shares of its common stock. The Company purchased 350,000 shares of its outstanding stock at approximately \$53.50 per share in late April 2005.

Critical Accounting Policies— A discussion of the critical accounting policies related to accounting estimates is contained in the Company's 2004 Annual Report.

Liquidity and Capital Resources—

Cash flow activity was as follows:

	Nine months ended September 30,	
	2005	2004
Net cash provided by operating activities	\$75,577	38,724
Net cash used in investing activities	\$11,413	32,148
Net cash used in financing activities	\$65,674	30,351

Net cash provided by operating activities has increased from the prior year as the growth in net earnings was aided by improving trends in working capital management (discussed earlier).

Net cash used in investing activities decreased primarily due to changes in marketable securities as property and equipment expenditures were similar in both periods.

Property and equipment expenditures in the first nine months of 2005 consisted of: (1) the purchase of software and hardware for Fastenal's information processing systems, (2) the addition of certain pickup trucks, (3) the purchase of signage, shelving, and other fixed assets related to store openings and conversion of existing stores to the expected inventory stocking model (formerly referred to as CSP) or to the CSP II stocking model, (4) the addition of manufacturing and warehouse equipment, (5) the expansion or improvement of certain owned or leased store properties, and (6) the expansion of Fastenal's distribution/trucking fleet. Disposals of property and equipment consist of the planned disposition of certain pickup trucks, semi-tractors, and trailers in the normal course of business. During 2005, Fastenal has disposed of the real estate relating to several store locations.

Cash requirements for these asset changes were satisfied from net earnings, cash on hand, and the proceeds of asset disposals. As of September 30, 2005, the Company had no material outstanding commitments for capital expenditures. Management anticipates funding its current expansion plans with cash generated from operations, from available cash and cash equivalents, and, to a lesser degree, from its borrowing capacity.

(Continued)

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ITEM 2. *(Continued)*

Net cash used in financing activities consisted of the payment of dividends and the cash outflow needed to fund the stock repurchase discussed earlier.

A discussion of the nature and amount of future cash commitments is contained in the Company's 2004 Annual Report.

Certain Risks and Uncertainties— This report contains statements that are not historical in nature and that are intended to be, and are hereby identified as, “forward-looking statements” under the Private Securities Litigation Reform Act of 1995, including statements regarding management of headcount and maintenance of labor efficiency, working capital goals, ratios of returns when working capital is appropriately managed, targets for 2005 inventory growth and expectations regarding achievement of those targets, planned store openings, the timeline for altering planned openings, the time before new stores typically achieve profitability, planned conversion of stores to the CSP II format, and the funding of expansion plans. The following factors are among those that could cause the Company's actual results to differ materially from those predicted in such forward-looking statements: (i) an upturn or downturn in the economy could impact sales at existing stores, the rates of new store openings, additions of new employees, the time it typically takes a new store to achieve profitability, and the conversion of stores to the CSP II format, (ii) an upturn or downturn in the economy, a change in product mix, a change in inbound inventory costs, a change in the ability to increase selling prices in response to increased inventory costs, and a change in inventory buying patterns could impact gross margins, (iii) a change, from that projected, in the number of markets able to support future store sites could impact the rates of new store openings and additions of new employees, (iv) the ability of the Company to develop product expertise at the store level, to identify future products and product lines that complement existing products and product lines, to transport and store certain hazardous products and to otherwise integrate new products and product lines into the Company's existing stores and distribution network could impact sales and margins, (v) increases or decreases in fuel and utility costs could impact distribution and occupancy expenses of the Company, (vi) the ability of the Company to successfully attract and retain qualified personnel to staff the Company's stores could impact sales at existing stores and the rate of new store openings, (vii) changes in governmental regulations related to product quality or product source traceability could impact the cost to the Company of regulatory compliance, (viii) inclement weather could impact the Company's distribution network, (ix) foreign currency fluctuations, changes in trade relations, or fluctuations in the relative strength of foreign economies could impact the ability of the Company to procure products overseas at competitive prices and the

(Continued)

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ITEM 2. *(Continued)*

Company's foreign sales, (x) changes in the rate of new store openings could impact expenditures for computers and other capital equipment, (xi) changes in the stocking and buying patterns related to product, both domestic and imported, could result in the Company being unable to reduce its distribution center inventories to the extent anticipated and the Company failing to achieve inventory turns in the future similar to those before the CSP initiative began and have a negative impact on cash flows from investing activities, (xii) actions of competitors, suppliers, and customers could impact the Company's ability to raise prices, (xiii) disruption related to the "CSP II" implementation could cause expenses and investments to increase, which in turn could cause the Company to reevaluate implementation of the project, (xiv) a change in the economy from that currently being experienced, a change in buying patterns, a change in forecast or a change in vendor production lead times could cause working capital (including inventory) to change from expected amounts, and (xv) a change in the number of markets able to support future store sites could change the management of headcount, which in turn, together with changes in sales growth and store openings, could impact labor efficiency.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to certain market risks from changes in interest rates, foreign currency exchange rates, and commodity steel pricing. Changes in these factors cause fluctuations in the Company's earnings and cash flows. The Company evaluates and manages exposure to these market risks as follows:

Interest Rates— The Company has a \$25 million line of credit of which \$0 was outstanding at September 30, 2005. The line bears interest at 0.9% over the LIBOR rate. The Company pays no fee for the unused portion of the line of credit.

Foreign Currency Exchange Rates— Foreign currency fluctuations can affect the Company's net investments and earnings denominated in foreign currencies. The Company's primary exchange rate exposure is with the Canadian dollar against the U.S. dollar. The Company's estimated net earnings exposure for foreign currency exchange rates was not material at September 30, 2005.

Commodity Steel Pricing— The Company buys and sells various types of steel products; these products consist primarily of different types of threaded fasteners. During the last decade, there has been nominal movement in overall product pricing, with some deflation occurring in the wake of the economic crisis of the Far East markets that occurred in the late 1990's. The trend has reversed to inflation since late 2003. The Company is exposed to the impacts of commodity steel pricing and its related ability to pass through the impacts to its end customers.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures— As of the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer of Fastenal, of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on this evaluation, the principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. 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.

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PART II—OTHER INFORMATION

ITEM 6. EXHIBITS

- 3.1 Restated Articles of Incorporation of Fastenal Company, as amended
- 3.2 Restated By-Laws of Fastenal Company (incorporated by reference to Exhibit 3.2 to Registration Statement No. 33-14923)
- 31 Certifications under Section 302 of the Sarbanes-Oxley Act of 2002
- 32 Certification under Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FASTENAL COMPANY

/s/ Willard D. Oberton

(Willard D. Oberton, Chief Executive Officer)
(Duly Authorized Officer)

/s/ Daniel L. Flomess

(Daniel L. Flomess, Chief Financial Officer)
(Principal Financial Officer)

Date October 20, 2005

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INDEX TO EXHIBITS

3.1	Restated Articles of Incorporation of Fastenal Company, as amended	Electronically Filed
3.2	Restated By-Laws of Fastenal Company	(Incorporated by reference to Exhibit 3.2 to Registration Statement No. 33-14923)
31	Certifications under Section 302 of the Sarbanes-Oxley Act of 2002	Electronically Filed
32	Certification under Section 906 of the Sarbanes-Oxley Act of 2002	Electronically Filed

RESTATED
ARTICLES OF INCORPORATION
OF
FASTENAL COMPANY

ARTICLE I.

The name of the corporation is Fastenal Company.

ARTICLE II.

The address of the registered office of the corporation is 2001 Theurer Boulevard, Winona, Minnesota 55987.

ARTICLE III.

The aggregate number of shares that the corporation has authority to issue is 20,000,000. The shares are classified in two classes, consisting of 5,000,000 shares of Preferred Stock of the par value of \$.01 per share and 15,000,000 shares of Common Stock of the par value of \$.01 per share. The Board of Directors is authorized to establish one or more series of Preferred Stock, setting forth the designation of each such series, and fixing the relative rights and preferences of each such series.

ARTICLE IV.

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

ARTICLE V.

There shall be no cumulative voting in the election of directors of the corporation.

ARTICLE VI.

A. In addition to any affirmative vote required by law or the Articles of Incorporation of the corporation, and except as otherwise expressly provided in Section B of this Article VI, a Business Combination (as hereinafter defined) shall require the affirmative vote of not less than seventy-five percent (75%) of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock (as hereinafter defined), voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage or separate class vote may be specified, by law or by any other provision of the Articles of Incorporation of the corporation or in any agreement with any national securities exchange or otherwise.

B. The provisions of Section A of this Article VI shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote, if any, as is required by law or by any other provision of the Articles of

Incorporation of the corporation or in any agreement with any national securities exchange or otherwise, if the conditions specified in either of the following Paragraphs 1 or 2 are met:

1. The Business Combination shall have been approved by a majority of the Continuing Directors (as hereinafter defined).

2. All of the following conditions shall have been met:

(a) The aggregate amount of cash and the Fair Market Value (as hereinafter defined) as of the date of consummation of the Business Combination of consideration other than cash to be received per share by holders of shares of Common Stock in such Business Combination shall be at least equal to the higher amount determined under clauses (i) and (ii) below:

(i) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by or on behalf of the Interested Shareholder (as hereinafter defined), for any share of Common Stock in connection with the acquisition by the Interested Shareholder of beneficial ownership of shares of Common Stock (a) within the two-year period immediately prior to the date of the first public announcement of the proposed Business Combination (the "Announcement Date") or (b) in the transaction in which it became an Interested Shareholder, whichever is higher; and

(ii) the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Interested Shareholder became an interested Shareholder (such latter date being referred to herein as the "Determination Date"), whichever is higher.

(b) The aggregate amount of cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of shares of any class or series of outstanding Capital Stock (as hereinafter defined), other than Common Stock, shall be at least equal to the highest amount determined under clauses (i), (ii) and (iii) below:

(i) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by or on behalf of the Interested Shareholder for any share of such class or series of Capital Stock in connection with the acquisition by the Interested Shareholder of beneficial ownership of shares of such class or series of Capital Stock (a) within the two-year period immediately prior to the Announcement Date or (b) in the transaction in which it became an Interested Shareholder, whichever is higher;

(ii) the Fair Market Value per share of such class or series of Capital Stock on the Announcement Date or on the Determination Date, whichever is higher; and

(iii) (if applicable) the highest preferential amount per share to which the holders of shares of such class or series of Capital Stock would be entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the corporation, regardless of whether the Business Combination to be consummated constitutes such an event.

The provisions of Paragraphs 2(a) and (b) shall be required to be met with respect to every class or series of outstanding Capital Stock, whether or not the Interested Shareholder has previously acquired beneficial ownership of any shares of a particular class or series of Capital Stock.

(c) the consideration to be received by holders of a particular class or series of outstanding Capital Stock shall be in cash or in the same form as previously has been paid by or on behalf of the Interested Shareholder in connection with its direct or indirect acquisition of beneficial ownership of shares of such class or series of Capital Stock. If the consideration so paid for shares of any class or series of Capital Stock varied as to form, the form of consideration for such class or series of Capital Stock shall be either cash or the form used to acquire beneficial ownership of the largest number of shares of such class or series of Capital Stock previously acquired by the Interested Shareholder. The price determined in accordance with Paragraphs 2(a) and 2(b) of Section B of this Article VI shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination of shares or similar event.

(d) After such Interested Shareholder has become an Interested Shareholder and prior to the consummation of such Business Combination:

(i) there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) payable in accordance with the terms of any outstanding Capital Stock, except as approved by a majority of the Continuing Directors; (ii) there shall have been no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any stock dividend, stock split, combination of shares or similar event), except as approved by a majority of the Continuing Directors; (iii) there shall have been an increase in the annual rate of dividends paid on the Common Stock as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction that has the effect of reducing the number of outstanding shares of Common Stock, unless the failure to increase such annual rate is approved by a majority of the Continuing Directors; and (iv) except as approved by a majority of the Continuing Directors, such Interested Shareholder shall not have become the beneficial owner of any additional shares of Capital Stock except as part of the transaction that results in such Interested Shareholder becoming an Interested Shareholder and except in a transaction that,

after giving effect thereto, would not result in any increase in the Interested Shareholder's percentage beneficial ownership of any class or series of Capital Stock.

(e) After such Interested Shareholder has become an Interested Shareholder, such Interested Shareholder shall not have received the benefit, directly or indirectly (except proportionately as a shareholder of the corporation), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(f) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, or any subsequent provisions replacing such Act, rules or regulations (collectively, the "Act"), shall be mailed to all shareholders of the corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to the Act). The proxy or information statement shall contain on the first page thereof, in a prominent place, any statement as to the advisability (or inadvisability) of the Business Combination that a majority of the Continuing Directors may choose to make and, if deemed advisable by a majority of the Continuing Directors, the opinion of an investment banking firm selected by a majority of the Continuing Directors as to the fairness (or lack of fairness) of the terms of the Business Combination from a financial point of view to the holders of the outstanding shares of Capital Stock other than the Interested Shareholder and its Affiliates (as hereinafter defined) or Associates (as hereinafter defined).

(g) Such Interested Shareholder shall not have made or caused to be made any major change in the corporation's business or equity capital structure without the approval of a majority of the Continuing Directors.

C. For the purposes of this Article VI:

1. The term "Business Combination" shall mean:

(a) any merger, consolidation or statutory exchange of shares of the corporation or any Subsidiary (as hereinafter defined), with (i) any Interested Shareholder or (ii) any other corporation (whether or not itself an Interested Shareholder) which is or after such merger, consolidation or statutory share exchange would be an Affiliate or Associate of an Interested Shareholder; provided, however, that the foregoing shall not include the merger of a wholly-owned Subsidiary of the corporation into the corporation or the merger of two or more wholly-owned Subsidiaries of the corporation; or

(b) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with an Interested

Shareholder or any Affiliate or Associate of any Interested Shareholder of any assets of the corporation or any Subsidiary equal to or greater than ten percent (10%) of the book value of the consolidated assets of the corporation; or

(c) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with the corporation or any Subsidiary of any assets of any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder equal to or greater than ten percent (10%) of the book value of the consolidated assets of the corporation; or

(d) the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of an Interested Shareholder or any Affiliate or Associate of any Interested Shareholder; or

(e) the issuance or transfer by the corporation or any Subsidiary (in one transaction or a series of transactions) to any Interested Shareholder or any Affiliate or Associate of any interested Shareholder of any securities of the corporation other than Capital Stock of the corporation not exceeding in the aggregate 1% of the then outstanding Capital Stock of the corporation (except pursuant to stock dividends, stock splits or similar transactions which would not have the effect, directly or indirectly, of increasing the proportionate share of any class or series of Capital Stock, or any securities convertible into Capital Stock or into equity securities of any Subsidiary, that is beneficially owned by any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder) or of any securities of, a Subsidiary (except pursuant to a pro rata distribution to all holders of Common Stock of the corporation); or

(f) any other transaction (whether or not with or otherwise involving an Interested Shareholder) that has the effect, directly or indirectly, of increasing the proportionate share of any class or series of Capital Stock, or any securities convertible into Capital Stock or into equity securities of any Subsidiary, that is beneficially owned by any Interested Shareholder or any Affiliate or Associate of any Interested Shareholder, including, without limitation any reclassification of securities (including any reverse stock split), or recapitalization of the corporation, or any merger, consolidation or statutory exchange of shares of the corporation with any of its Subsidiaries; or

(g) any agreement, contract or other arrangement or understanding providing for any one or more of the actions specified in the foregoing clauses (a) to (f).

2. The term "Capital Stock" shall mean all shares of the corporation authorized to be issued from time to time under the Articles of Incorporation of the corporation. The term "Voting Stock" shall mean all Capital Stock of the corporation entitled to vote generally in the election of directors of the corporation.

3. The term “person” shall mean any individual, firm, corporation or other entity and shall include any group comprised of any person and any other person with whom such person or any Affiliate or Associate of such person has any agreement, arrangement or understanding, directly or indirectly, for the purpose of acquiring, holding, voting or disposing of Capital Stock.

4. The term “Interested Shareholder” shall mean any person (other than the corporation or any Subsidiary and other than any profit-sharing, employee stock ownership or other employee benefit plan of the corporation or any Subsidiary or any trustee or fiduciary with respect to any such plan when acting in such capacity) who (a) is the beneficial owner of Voting Stock representing fifteen percent (15%) or more of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock; or (b) is an Affiliate or Associate of the corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner of Voting Stock representing fifteen percent (15%) or more of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock; or (c) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Shareholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933, as amended.

5. A person shall be a “beneficial owner” of any Capital Stock (a) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; (b) which such person or any of its Affiliates or Associates has, directly or indirectly, (i) the right to acquire (whether such right is exercisable immediately or subject only to the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote, pursuant to any agreement, arrangement or understanding, or (iii) the right to dispose or direct the disposition of, pursuant to any agreement, arrangement or understanding; or (c) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Capital Stock. For the purposes of determining whether a person is an Interested Shareholder pursuant to Paragraph 4 of this Section C, the number of shares of Capital Stock deemed to be outstanding shall include shares deemed beneficially owned by such person through application of this Paragraph 5, but shall not include any other shares of Capital Stock that may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, exchange rights, warrants or options, or otherwise.

6. The term “Affiliate”, as used to indicate a relationship with a specified person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person. The term “Associate”, as used to indicate a relationship with a specified person, shall mean (a) any person (other than the corporation or a Subsidiary) of which such specified person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities, (b) any trust or other estate in which such specified person has a substantial beneficial interest or as to which such specified person serves as trustee or in a similar

fiduciary capacity, (c) any relative or spouse of such specified person or any relative of such spouse, who has the same home as such specified person or who is a director or officer of the corporation or any Subsidiary, and (d) any person who is a director or officer of such specified person or any of its parents or subsidiaries (other than the corporation or a Subsidiary).

7. The term "Subsidiary" shall mean any corporation of which a majority of any class of equity security is beneficially owned, directly or indirectly, by the corporation; provided, however, that for the purposes of Paragraph 4 of this Section C, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is beneficially owned, directly or indirectly, by the corporation.

8. The term "Continuing Director" shall mean any member of the Board of Directors of the corporation, while such person is a member of the Board of Directors, who was a member of the Board of Directors prior to June 2, 1987 or prior to the time that the Interested Shareholder involved in the Business Combination in question became an Interested Shareholder, and any member of the Board of Directors, while such person is a member of the Board of Directors, whose election, or nomination for election, by the corporation's shareholders, was approved by a vote of a majority of the Continuing Directors; provided, however, that in no event shall an Interested Shareholder involved in the Business Combination in question or any Affiliate or Associate of such Interested Shareholder, be deemed to be a Continuing Director.

9. The term "Fair Market Value" shall mean (a) in the case of cash, the amount of such cash; (b) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Act on which such stock is listed, or, if such stock is not listed on any such exchange, on the NASDAQ National Market System, or, if such stock is not quoted on the NASDAQ National Market System, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any similar system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the Continuing Directors in good faith; and (c) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined in good faith by a majority of the Continuing Directors.

10. In the event of any Business Combination in which the corporation survives, the phrase "consideration other than cash to be received" as used in Paragraphs 2(a) and 2(b) of Section B of this Article VI shall include the shares of Common Stock and/or the shares of any other class or series of Capital Stock retained by the holders of such shares.

D. The Continuing Directors by majority vote shall have the power to determine for the purposes of this Article VI, on the basis of information known to them after reasonable inquiry, (a) whether a person is an Interested Shareholder, (b) the number of shares of Capital Stock (including Voting Stock) or other securities beneficially owned by any person,

(c) whether a person is an Affiliate or Associate of another, (d) whether the assets that are the subject of any Business Combination equal or exceed ten percent (10%) of the book value of the consolidated assets of the corporation, (e) whether a proposed plan of dissolution or liquidation is proposed by or on behalf of an Interested Shareholder or any Affiliate or Associate of any Interested Shareholder, (f) whether any transaction has the effect, directly or indirectly, of increasing the proportionate share of any class or series of Capital Stock, or any securities convertible into Capital Stock or into equity securities of any Subsidiary, that is beneficially owned by an Interested Shareholder or any Affiliate or Associate of an interested Shareholder, (g) whether any Business Combination satisfies the conditions set forth in Paragraph 2 of Section B of this Article VI, and (h) such other matters with respect to which a determination is required under this Article VI. Any such determination made in good faith shall be binding and conclusive on all parties.

E. Nothing contained in this Article VI shall be construed to relieve any Interested Shareholder from any fiduciary obligation imposed by law.

F. The fact that any Business Combination complies with the provisions of Section B of this Article VI shall not be construed to impose any fiduciary duty, obligation or responsibility on the Board of Directors, or any member thereof, or the Continuing Directors, or any of them, to approve such Business Combination or recommend its adoption or approval to the shareholders of the corporation, nor shall such compliance limit, prohibit or otherwise restrict in any manner the Board of Directors, or any member thereof, or the Continuing Directors, or any of them, with respect to evaluations of or actions and responses taken with respect to such Business Combination.

G. Notwithstanding any other provisions of the Articles of Incorporation of the corporation (and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law or the Articles of Incorporation of the corporation), the affirmative vote of the holders of not less than seventy-five percent (75%) of the votes entitled to be cast by the holders of all then outstanding shares of Voting Stock, voting together as a single class, shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article VI.

ARTICLE VII.

Any action required or permitted to be taken at a meeting of the Board of Directors of the corporation, other than actions requiring shareholder approval, may be taken by written action signed by the number of directors that would be required to take the same action at a meeting of the Board of Directors at which all directors were present.

ARTICLE VIII.

No director of the corporation shall be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director; provided, however, that this Article shall not eliminate or limit the liability of a director to the extent provided by applicable law: (a) for any breach of the director's duty of loyalty to the corporation or its shareholders, (b) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (c) under Section 302A.559 or 80A.23 of the Minnesota Statutes,

(d) for any transaction from which the director derived an improper personal benefit, or (e) for any act or omission occurring prior to the effective date of this Article. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director of the corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

ARTICLE IX.

Section 302A.671 of the Minnesota Statutes, as amended from time to time, shall apply to each acquisition of shares of the corporation constituting a “control share acquisition”, as defined in Section 302A.011 of the Minnesota Statutes, as amended from time to time. The affirmative vote of the holders of a majority of the voting power of all shares of the corporation entitled to vote shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article IX.

ARTICLES OF AMENDMENT
OF
RESTATED ARTICLES OF INCORPORATION
OF
FASTENAL COMPANY

I, Robert A. Kierlin, the Chairman of the Board and President of Fastenal Company, a Minnesota corporation (the "Corporation"), do hereby certify that the following resolutions as hereinafter set forth were adopted pursuant to Section 302A.441 of the Minnesota Statutes by written action of all of the shareholders of the Corporation, effective August 6, 1987.

RESOLVED, that the Restated Articles of Incorporation of the Corporation be and hereby are amended (i) by restating Article IX thereof in its entirety to read as follows:

ARTICLE IX.

The corporation shall be subject, and hereby elects to be subject, to Section 302A.671 of the Minnesota Statutes, as amended from time to time. The affirmative vote of the holders of a majority of the voting power of all shares of the corporation entitled to vote, and the affirmative vote of the holders of a majority of the voting power of all shares of the corporation entitled to vote excluding, if the corporation shall then have an "acquiring person" (as defined in Section 302A.011 of the Minnesota Statutes as amended from time to time) all "interested shares" (as defined in Section 302A.011 of the Minnesota Statutes, as amended from time to time), shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article IX.

and (ii) by adding thereto the following new Article X:

ARTICLE X.

The corporation shall be subject, and hereby elects to be subject, to Section 302A.673 of the Minnesota Statutes, as amended from time to time. The affirmative vote of the shareholders of the corporation, other than "interested shareholders" and their "affiliates" and "associates" (each as defined in Section 302A.011 of the Minnesota Statutes, as amended from time to time), holding a majority of the outstanding voting power of all shares of the corporation entitled to vote, excluding the shares of interested shareholders and their affiliates and associates, shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article X; provided, however, that no such amendment, repeal or inconsistent provision shall be effective (i) until eighteen (18) months after the vote of shareholders of the corporation and (ii) unless such amendment, repeal or inconsistent provision provides that it does not apply to any "business combination" (as defined in Section 302A.011 of the Minnesota Statutes, as amended from time to time) of the corporation with, with respect to, proposed by or on behalf of, or pursuant to any agreement, arrangement or understanding

(whether or not in writing) with, an interested shareholder whose “share acquisition date” (as defined in Section 302A.011 of the Minnesota Statutes, as amended from time to time) is on or before the effective date of such amendment, repeal or inconsistent provision, or any affiliate or associate of that interested shareholder.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Amendment this 6th day of August, 1987.

/s/ Robert A. Kierlin

Robert A. Kierlin, Chairman
of the Board and President

STATE OF MINNESOTA)
) SS,
COUNTY OF WINONA)

Subscribed and sworn to before me this 6th day of August, 1987.

/s/ Gary I. McDowell

Notary Public

(NOTARIAL SEAL)

ARTICLES OF AMENDMENT
OF
RESTATED ARTICLES OF INCORPORATION
OF
FASTENAL COMPANY

I, the undersigned, Robert A. Kierlin, the President of Fastenal Company, a Minnesota corporation (the "Company"), do hereby certify that the following resolutions as hereinafter set forth were adopted pursuant to Chapter 302A by the affirmative vote of the holders of a majority of the voting power of the shares present and entitled to vote at the Annual Meeting of Shareholders of the Company held on April 24, 1990.

RESOLVED, that Article III of the Restated Articles of Incorporation of the Company be and hereby is amended to read in its entirety as follows:

"ARTICLE III.

The aggregate number of shares that the corporation has authority to issue is 35,000,000. The shares are classified in two classes, consisting of 5,000,000 shares of Preferred Stock of the par value of \$.01 per share and 30,000,000 shares of Common Stock of the par value of \$.01 per share. The Board of Directors is authorized to establish one or more series of Preferred Stock, setting forth the designation of each such series, and fixing the relative rights and preferences of each such series."

RESOLVED FURTHER, that the President of the Company be and he hereby is authorized and directed to execute and acknowledge Articles of Amendment embracing the foregoing resolution and to cause such Articles of Amendment to be filed in the manner required by the laws of the State of Minnesota.

IN WITNESS WHEREOF, I have subscribed my name this 24th day of April, 1990.

/s/ Robert A. Kierlin

Robert A. Kierlin, President

STATE OF MINNESOTA)
) SS,
COUNTY OF HENNEPIN)

Subscribed and sworn to before me this 24th day of April, 1990.

/s/ Stephen M. Slaggie

NOTARY PUBLIC

(NOTARIAL SEAL)

ARTICLES OF AMENDMENT
OF
RESTATED ARTICLES OF INCORPORATION
OF
FASTENAL COMPANY

I, the undersigned, Robert A. Kierlin, the President of Fastenal Company, a Minnesota corporation (the "Company") do hereby certify that the following resolutions as hereinafter set forth were adopted pursuant to Chapter 302A by the affirmative vote of the holders of a majority of the voting power of the shares present and entitled to vote at the Annual Meeting of Shareholders of the Company held on April 20, 1993.

RESOLVED, that Article III of the Restated Articles of Incorporation of the Company be and hereby is amended to read in its entirety as follows:

"ARTICLE III.

The aggregate number of shares that the corporation has authority to issue is 55,000,000. The shares are classified in two classes, consisting of 5,000,000 shares of Preferred Stock of the par value of \$.01 per share and 50,000,000 shares of Common Stock of the par value of \$.01 per share. The Board of Directors is authorized to establish one or more series of Preferred Stock, setting forth the designation of each such series, and fixing the relative rights and preferences of each such series."

RESOLVED FURTHER, that the President of the Company is hereby authorized and directed to make and execute Articles of Amendment containing the foregoing amendment and to cause such Articles of Amendment to be filed with the Minnesota Secretary of State in the manner required by the laws of the State of Minnesota.

IN WITNESS WHEREOF, I have subscribed my name this 20th day of April, 1993.

/s/ Robert A. Kierlin

Robert A. Kierlin, President

**ARTICLES OF AMENDMENT
OF
RESTATED ARTICLES OF INCORPORATION
OF
FASTENAL COMPANY**

The undersigned, Daniel L. Florness, Chief Financial Officer of Fastenal Company, a Minnesota corporation (the "Corporation"), hereby certifies (i) that Article III of the Corporation's Restated Articles of Incorporation has been amended, effective at the close of business on May 10, 2002 (the "Effective Time"), to read in its entirety as follows:

"ARTICLE III.

The aggregate number of shares that the corporation has authority to issue is 105,000,000. The shares are classified in two classes, consisting of 5,000,000 shares of Preferred Stock of the par value of \$.01 per share and 100,000,000 shares of Common Stock of the par value of \$.01 per share. The Board of Directors is authorized to establish one or more series of Preferred Stock, setting forth the designation of each such series, and fixing the relative rights and preferences of each such series."

(ii) that such amendment has been adopted in accordance with the requirements of, and pursuant to, Chapter 302A of the Minnesota Statutes; (iii) that such amendment was adopted pursuant to Section 302A.402, Subd. 3, of the Minnesota Statutes in connection with a two-for-one division of the Corporation's Common Stock, par value \$.01 per share (the "Common Stock"); and (iv) that such amendment will not adversely affect the rights or preferences of the holders of outstanding shares of any class or series of the Corporation and will not result in the percentage of authorized shares of any class or series that remains unissued after such division exceeding the percentage of authorized shares of that class or series that were unissued before the division.

The division giving rise to the amendment set forth above is a two-for-one division of the Common Stock. Such division is being effected as follows:

(i) Effective at the Effective Time, each share of Common Stock outstanding immediately prior to the Effective Time will be split and divided into two shares of Common Stock, all of which shall be validly issued, fully paid and nonassessable;

(ii) Each stock certificate representing a share or shares of Common Stock immediately prior to the Effective Time shall continue to represent the same number of shares following the Effective Time; and

(iii) A stock certificate or certificates representing one additional share of authorized but previously unissued Common Stock for each share of Common Stock outstanding immediately prior to the Effective Time shall be mailed or delivered at the Effective Time or as soon thereafter as practicable to each shareholder of record entitled to receive such stock certificate or certificates. The record date for determining the shareholders of record entitled to receive such stock certificate or certificates shall be the close of business on April 29, 2002 (the "Record Date"). With respect to each share of Common Stock, if any, that is first issued and becomes outstanding after the close of business on the Record Date, but prior to the Effective Time, and remains outstanding at the Effective Time, the stock certificate for the additional share resulting from the division of any such share of Common Stock shall be mailed or delivered to the first holder of record to whom such share of Common Stock was issued.

The foregoing Articles of Amendment shall take effect at the Effective Time previously stated herein.

IN WITNESS WHEREOF, I have subscribed my name this 15th day of April, 2002.

/s/ Daniel L. Florness

Daniel L. Florness

**ARTICLES OF AMENDMENT
OF
RESTATED ARTICLES OF INCORPORATION
OF
FASTENAL COMPANY**

The undersigned, Daniel L. Florness, Chief Financial Officer of Fastenal Company, a Minnesota corporation (the "Corporation"), hereby certifies (i) that Article III of the Corporation's Restated Articles of Incorporation has been amended, effective at the close of business on November 10, 2005 (the "Effective Time"), to read in its entirety as follows:

"ARTICLE III.

The aggregate number of shares that the corporation has authority to issue is 205,000,000. The shares are classified in two classes, consisting of 5,000,000 shares of Preferred Stock of the par value of \$.01 per share and 200,000,000 shares of Common Stock of the par value of \$.01 per share. The Board of Directors is authorized to establish one or more series of Preferred Stock, setting forth the designation of each such series, and fixing the relative rights and preferences of each such series."

(ii) that such amendment has been adopted in accordance with the requirements of, and pursuant to, Chapter 302A of the Minnesota Statutes; (iii) that such amendment was adopted pursuant to Section 302A.402, Subd. 3, of the Minnesota Statutes in connection with a two-for-one division of the Corporation's Common Stock, par value \$.01 per share (the "Common Stock"); and (iv) that such amendment will not adversely affect the rights or preferences of the holders of outstanding shares of any class or series of the Corporation and will not result in the percentage of authorized shares of any class or series that remains unissued after such division exceeding the percentage of authorized shares of that class or series that were unissued before the division.

The division giving rise to the amendment set forth above is a two-for-one division of the Common Stock. Such division is being effected as follows:

(i) Effective at the Effective Time, each share of Common Stock outstanding immediately prior to the Effective Time will be split and divided into two shares of Common Stock, all of which shall be validly issued, fully paid and nonassessable;

(ii) Each stock certificate representing a share or shares of Common Stock immediately prior to the Effective Time shall continue to represent the same number of shares following the Effective Time; and

(iii) A stock certificate or certificates representing one additional share of authorized but previously unissued Common Stock for each share of Common Stock outstanding immediately prior to the Effective Time shall be mailed or delivered at the Effective Time or as soon thereafter as practicable to each shareholder of record entitled to receive such stock certificate or certificates. The record date for determining the shareholders of record entitled to receive such stock certificate or certificates shall be the close of business on October 31, 2005 (the "Record Date"). With respect to each share of Common Stock, if any, that is first issued and becomes outstanding after the close of business on the Record Date, but prior to the Effective Time, and remains outstanding at the Effective Time, the stock certificate for the additional share resulting from the division of any such share of Common Stock shall be mailed or delivered to the first holder of record to whom such share of Common Stock was issued.

The foregoing Articles of Amendment shall take effect at the Effective Time previously stated herein.

IN WITNESS WHEREOF, I have subscribed my name this 11th day of October, 2005.

/s/ Daniel L. Florness

Daniel L. Florness

CERTIFICATIONS

I, Willard D. Oberton, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 October 20, 2005

/s/ Willard D. Oberton

(Willard D. Oberton, Chief Executive Officer)
(Principal Executive Officer)

CERTIFICATIONS

I, Daniel L. Flomess, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 October 20, 2005

/s/ Daniel L. Flomess

(Daniel L. Flomess, Chief Financial Officer)
(Principal Financial Officer)

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 October 20, 2005

/s/ Willard D. Oberton

Willard D. Oberton
Chief Executive Officer

/s/ Daniel L. Flomess

Daniel L. Flomess
Chief Financial Officer