



Fastenal Company Reports 2007 Annual and Fourth Quarter Earnings

WINONA, Minn., Jan 22, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- The Fastenal Company of Winona, MN (Nasdaq: FAST) reported the results of the twelve months and quarter ended December 31, 2007. Dollar amounts are in thousands.

Net sales for the year ended December 31, 2007 totaled \$2,061,819, an increase of 14.0% over net sales of \$1,809,337 in 2006. Net earnings increased from \$199,038 in 2006 to \$232,622 in 2007, an increase of 16.9%. Basic and diluted earnings per share increased from \$1.32 to \$1.55 for the comparable periods.

Net sales for the three-month period ended December 31, 2007 totaled \$519,206, an increase of 15.7% over net sales of \$448,729 in the fourth quarter of 2006. Net earnings increased from \$45,570 in the fourth quarter of 2006 to \$56,191 in the fourth quarter of 2007, an increase of 23.3%. Basic and diluted earnings per share increased from \$.30 to \$.38 for the comparable periods.

During 2007, Fastenal opened 161 new sites (Fastenal opened 245 new sites in 2006). These 161 new sites represent an increase in stores since December 31, 2006 of 8.1%. There were 2,000 sites on December 31, 2006. There were 12,013 total employees as of December 31, 2007, an increase of 15.3% from December 31, 2006.

SALES GROWTH:

Note -- Daily sales are defined as the sales for the month divided by the number of business days in the month.

Stores more than five years old -- The strength of the economy, over time, is best reflected in our subset of stores more than five years old (store sites opened as follows: 2007 group -- opened 2002 and earlier, 2006 group -- opened 2001 and earlier, and 2005 group -- opened 2000 and earlier). These stores are more cyclical due to the increased market share they enjoy in their local markets. During each of the twelve months in 2005, 2006, and 2007, the stores more than five years old had daily sales growth rates of (compared to the comparable month in the preceding year):

	Jan.	Feb.	Mar.	Apr.	May	June
2005	15.8%	13.7%	12.1%	15.7%	12.3%	9.5%
2006	13.9%	11.9%	10.8%	9.1%	9.6%	10.7%
2007	4.8%	3.8%	7.8%	4.5%	5.4%	6.2%
	July	Aug.	Sept.	Oct.	Nov.	Dec.
2005	11.7%	11.9%	14.7%	12.0%	11.1%	7.7%
2006	9.9%	11.2%	8.1%	8.5%	8.0%	9.6%
2007	6.1%	5.3%	6.3%	6.3%	7.9%	9.6%

Stores more than two years old -- Our stores more than two years old (store sites opened as follows: 2007 group -- opened 2005 and earlier, 2006 group -- opened 2004 and earlier, and 2005 group -- opened 2003 and earlier) represent a consistent same-store view of our business. During each of the twelve months in 2005, 2006, and 2007, the stores more than two years old had daily sales growth rates of (compared to the comparable month in the preceding year):

	Jan.	Feb.	Mar.	Apr.	May	June
2005	19.2%	17.1%	14.1%	18.0%	14.0%	12.1%
2006	17.8%	15.0%	14.6%	12.3%	12.5%	14.0%
2007	7.3%	6.0%	9.4%	5.5%	6.7%	7.2%

	July	Aug.	Sept.	Oct.	Nov.	Dec.
2005	13.3%	13.3%	16.7%	13.3%	13.0%	9.0%
2006	12.8%	13.9%	9.2%	9.0%	9.4%	10.9%
2007	6.5%	5.9%	6.8%	7.6%	8.8%	10.9%

All company sales -- During each of the twelve months in 2005, 2006, and 2007, all the selling locations combined had daily sales growth rates of (compared to the comparable month in the preceding year):

	Jan.	Feb.	Mar.	Apr.	May	June
2005	26.2%	25.1%	22.5%	26.6%	22.9%	21.2%
2006	23.9%	21.3%	21.1%	19.1%	19.2%	20.6%
2007	12.6%	11.8%	15.5%	12.0%	13.2%	14.8%

	July	Aug.	Sept.	Oct.	Nov.	Dec.
2005	21.8%	21.7%	26.8%	22.7%	21.7%	17.0%
2006	19.7%	20.7%	16.1%	15.9%	16.3%	17.7%
2007	13.9%	13.4%	13.7%	14.7%	15.2%	16.8%

The January 2005 to November 2005 time frame generally represents improvement followed by stabilization in our daily sales trends. The January 2005 to November 2005 general improvement and stabilization reflects a continuation of the improvements we saw beginning in 2003 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 the Customer Service Project, or CSP). The December 2005 daily sales growth rate was weaker than we expected; however, we believe this was an abnormality due to the following reasons (1) historically we have seen fluctuations in December's daily sales growth rates due to the presence of the various holidays and their impact on our customers' buying patterns and (2) December 2004 experienced strong growth, which creates a more difficult comparison in the next year. In 2005, item (2) is also noticeable in months such as May, June, July, and, to a lesser degree, October. The noticeable exception to item (2) is the month of September, which experienced stronger growth due to the demand generated by Hurricane Katrina. The continued strong growth in the January 2006 to March 2006 time frame generally represents a continuation of the strong environments experienced in 2004 and 2005. The first two months of the second quarter of 2006 experienced weaker sales growth than we expected. The April 2006 growth was negatively impacted by Easter (which occurred in March during 2005), but was still weaker than we expected. The June to August 2006 time frame represents stronger sales activity than the preceding two to three month period. The daily sales growth amount in September 2006 appears weaker due to the difficult comparison with Hurricane Katrina's added sales in September 2005 (approximately \$4,000 impact); however, the increase in our daily sales number from August 2006 to September 2006, of 4.1%, is consistent with historical norms. The final three months of 2006 continued in the same variable fashion as the previous six months. The October growth number was negatively impacted by the difficult comparison with Hurricane Katrina's added sales in October 2005 (approximately \$1,500 impact). The months of November and December, like the months of April and May, were weaker than expected. The first five months of 2007 continued the trend of a weak economic environment as experienced during 2006 (as described above). The month of March 2007 improved relative to January and February 2007. The month of June 2007 improved relative to April and May 2007. The June improvement was meaningful as it came in a month with fairly challenging comparisons from 2006. Unfortunately, the strength in June moderated in the third quarter. This pulled our daily sales growth rate from the 14.8% in June to 13.5% in the third quarter of 2007. This moderation reflected a continuation of the weaker economic environment experienced in four of the first five months of the year. The final three months of 2007 continued in the same variable fashion as the previous nine months but showed consistent improvement from the third quarter daily sales growth rate of 13.7%. We believe the improvement in the final months of 2007 were driven, in part, by our 'pathway to profit' initiative discussed later in this release.

IMPACT OF CURRENT INITIATIVES:

During the last several years, 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, (3) an expanded store model called CSP2, and (4) a 'master stocking hub' distribution model. Note: See introduction of our 'pathway to profit' initiative discussion later in this release.

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. This initiative positively impacted the latter two-thirds of 2005, all of 2006, and all of 2007 despite the fact we experienced year-over-year increases of approximately 31.7%, 5.3%, and 21.1% respectively, in per gallon diesel fuel costs during these three periods. The diesel fuel cost per gallon did soften in the last four months of 2006 as our average price per gallon dropped below \$2.90. During 2007, our average price per gallon of diesel fuel was \$2.59, \$2.85, \$2.94, and \$3.25 in the first, second, third, and fourth quarters, respectively. Given the nature of our distribution business, these fluctuations in diesel fuel prices have a meaningful impact on our results. This impact is quantified in greater detail in our fuel price discussion.

The tactical changes to our working capital model include the establishment of a central call center for accounts receivable collection, the establishment of financial business rules for the purchasing of products outside the standard stocking model (formerly referred to as CSP) at the store, and the continuous rebalancing of store inventory based on our expected short-term needs. The latter is accomplished through a process we call 'inventory re-distribution.' The balance sheet impacts of these changes are described below in the working capital discussion.

The CSP2 store model represented 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 of 2007 we chose to modify the CSP2 expansion from a 'one size fits all' approach to an 'a la carte' approach. This will emphasize inventory expansion based on local customer demographics and based on local product knowledge within our sales force. We believe this is a logical compliment to our 'pathway to profit' initiative discussed later.

The 'master stocking hub' distribution model represents our 'everything in the catalog' location. Historically, we have stocked a core selection of products (approximately 6,500 stock keeping units, or SKU's) plus customer specific products at each of our store locations. Our distribution centers would stock the core selection, plus other products with sufficient sales history in the region to warrant stocking in a distribution center. Our stores would utilize their local or distribution center inventory to satisfy most of their customers' needs and would then directly purchase additional items to satisfy the rest of their customers' needs. When analyzing this local (or store) spending we noted the following: (1) this is an inefficient transaction for our store, (2) we don't always benefit from good price negotiation because it is a 'one off' purchase, (3) our freight costs on these transactions are meaningfully higher than our average transaction, and (4) in many cases, we have sufficient volume at the 'company-wide' level to warrant stocking it somewhere. These and other factors convinced us to turn our Indianapolis, IN distribution center (DC) from a regional DC into both a regional DC and a North American 'master stocking hub.' This will allow all of our locations easy access to a wide variety of product already in the network. This will also allow us to turn the four points noted above into a competitive advantage at the store level. In the future, as volume justifies it, we anticipate our Modesto, CA distribution center will assume a similar role for our stores west of the Rocky Mountains.

IMPACT OF FUEL PRICES:

Rising fuel prices did take a toll on the year ended December 31, 2006, but there was some relief in the final four months that continued into the first quarter of 2007. During the second, third, and fourth quarters of 2007, we began to see significant increases in per gallon fuel costs again. During 2006, our total vehicle fuel costs averaged approximately \$1.9 million, \$2.1 million, \$2.2 million and \$1.9 million per month in the first, second, third, and fourth quarters, respectively. During 2007, total vehicle fuel costs averaged approximately \$2.1 million, \$2.5 million, \$2.4 million, and \$2.7 million per month in the first, second, third and fourth quarters, respectively. The increase resulted from variations in fuel costs, the freight initiative discussed earlier, and the increase in sales and store locations. These fuel costs include the fuel utilized in our distribution vehicles (semi-tractors, straight trucks, and sprinter trucks) which is recorded in cost of goods and the fuel utilized in our store delivery vehicles which is included in operating and administrative expenses.

STATEMENT OF EARNINGS INFORMATION (percentage of net sales):

	Year Ended		Three Months Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
Net sales	100.0%	100.0%	100.0%	100.0%
Gross profit margin	50.8%	50.2%	51.0%	49.9%
Operating and administrative expenses	32.6%	32.5%	33.3%	33.6%
Gain (loss) on sale of property and equipment	0.0%	(0.0)%	0.0%	(0.0)%
Operating income	18.3%	17.7%	17.6%	16.3%

Interest income (expense), net	0.1%	0.1%	0.1%	0.0%
Earnings before income taxes	18.3%	17.7%	17.7%	16.3%

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

Gross profit margins for the twelve months and fourth quarter of 2007 increased over the same period in 2006. The improvement was driven by our freight initiative (discussed earlier) and by improvements in our direct sourcing operations. These improvements were partially offset by the rising diesel fuel cost discussed earlier.

Operating and administrative expenses grew faster than the net sales growth rate in 2007. This was primarily due to increases in payroll and related expenses associated with the additional outside sales personnel for our 'pathway to profit' initiative (discussed later), and to a lesser extent, the previously mentioned initiatives (most notably the CSP2 conversions). Similar to the last several years, we experienced negative leverage in occupancy costs (primarily due to store openings and, to a lesser degree, store relocations). Our occupancy expenses grew approximately 16.4% in the fourth quarter and approximately 21.1% for the year. This improving trend has been driven by the completion of our standard stocking (also referred to as CSP) model store conversion and due to the decrease in store openings pursuant to our 'pathway to profit' initiative.

During the fourth quarter, we were able to leverage our operating and administrative expenses, primarily due to the improved occupancy expense trend noted above, the tight management of our administrative and sales support headcount growth since early June when we introduced our 'pathway to profit' initiative (discussed later), and to improving trends related to our general insurance costs.

The operating and administrative expenses for the twelve months of 2007 and 2006 include \$1,915 and \$279, respectively, of additional compensation expense related to the adoption of new stock option accounting rules. The 2007 expense relates to options granted in April 2007. We anticipate these options, which span five to eight years, will result in compensation expense of approximately \$227 per month for the next five years; and dropping slightly in the remaining period. The 2006 expense occurred in the first five months of 2006, but ceased on June 1, 2006 as those outstanding options, which were granted in January 2003, became vested. No other stock based compensation was outstanding during these periods.

Income taxes, as a percentage of earnings before income taxes were approximately 38.4% and 38.0% for 2007 and 2006, respectively. During the first quarter of 2007, we implemented FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN No. 48). As defined in FIN No. 48, we had a discrete event in each of the first, second, third, and fourth quarters of 2007. The event in the first, second, and fourth quarters of 2007 resulted in recognition of approximately \$827, \$124, and \$1,121 of additional tax, respectively, and the event in the third quarter of 2007 resulted in a reduction of income tax expense of \$767. Ignoring these events, but considering the ongoing impact of these events (i.e. tax law changes), we believe our core income tax rate would have been approximately 38.2% for 2007. This rate fluctuates over time based on the income tax rates in the various jurisdictions in which we operate, and based on the level of profits in those jurisdictions.

WORKING CAPITAL:

The year-over-year dollar and percentage growth related to accounts receivable and inventories were as follows:

Year-over-year change	Balance at		Twelve Month Dollar Change		Twelve Month Percentage Change	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Accounts receivable, net	\$236,331	209,532	\$26,799	25,976	12.8%	14.2%
Inventories	\$504,592	455,997	\$48,595	94,436	10.7%	26.1%

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, new expanded inventory, inventory necessary for upcoming store openings, or inventory necessary for our 'master stocking hub.'

The accounts receivable increase of 14.2% from December 31, 2005 to December 31, 2006 represents a lag behind the 17.7% daily sales increase in December 2006. The accounts receivable increase of 12.8% from December 31, 2006 to December 31, 2007 represents a lag behind the 16.8% daily sales increase in December 2007. We continue to be pleased with the improvement in accounts receivable during 2006 and 2007, and with the related reduction in bad debt expense when compared to historical amounts.

The inventory increase from December 31, 2006 to December 31, 2007 of 10.7% is less than sales growth of 14.0% for 2007. This represents a meaningful improvement from the inventory increase of 26.1% in 2006 versus sales growth in 2006 of 18.8%. This improvement relates to our conscious decision to limit the growth of inventory in the future, to halt growth or decrease inventory in the short-term, and to get everybody on the same page related to execution of this decision. We continue to be pleased with the improvement in inventory utilization, but still have much work ahead of us.

As we indicated in earlier communications, our 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 (on December 31, 2007, 2006, and 2005, we had a ratio of 2.8:1, 2.7:1 and 2.8:1, respectively). Historically, we have been able to achieve a 20% after tax return on total assets (our historical internal goal) when our Annual Sales: AR&I ratio is at or above 3.0:1. During 2006, the incremental investments did not allow us to improve our ratio (these investments include CSP2 conversions and our master stocking hub model). In 2007, we made considerable improvement as detailed above. We need to continue executing better on the inventory portion of these working capital initiatives in 2008. Please refer to our discussion on 'pathway to profit' below.

PATHWAY TO PROFIT:

During April 2007 we disclosed our intention to alter the growth drivers of our business. For most of the last decade, we have used store openings as the primary growth driver of our business (opening approximately 14% new stores each year). In the future, we intend to add outside sales personnel into existing stores at a faster rate than historical patterns. We intend to fund this sales force expansion with the occupancy savings generated by opening stores at the rate of 7% to 10% per year (we opened approximately 8.1% new stores in 2007 or 161 stores) versus the historical rate of approximately 14%. Our goal is four-fold: (1) to continue growing our business at a similar rate with the new outside sales investment model, (2) to grow the sales of our average store from \$80 thousand per month (Spring 2007) to \$130 thousand per month (five years or 2012), (3) to enhance the profitability of the overall business by capturing the natural expense leverage that has historically occurred in our existing stores as their sales grow, and (4) to increase the returns of our business due to the enhanced profitability described in (3) above and due to the more efficient use of working capital (primarily inventory) as our average store size increases.

In response to the 'pathway to profit,' we have increased our year-over-year store count and full-time equivalent (FTE) head count as follows:

	December 2007	September 2007	June 2007	March 2007
Store count	8.1%	9.7%	12.5%	13.4%
Store personnel -- FTE	18.8%	18.4%	13.7%	13.0%
Distribution and manufacturing personnel -- FTE	7.7%	12.8%	9.2%	8.9%
Administrative and sales support personnel -- FTE	1.5%	2.1%	4.4%	15.2%
Total -- FTE	14.1%	15.0%	11.5%	12.5%

STOCK REPURCHASE AND DIVIDENDS:

During 2007, we issued three press releases announcing our Board of Directors had increased our authorization to purchase shares of our common stock (over and above previously authorized amounts). The date of these press releases and the number of additional shares authorized were as follows:

Date	Number of New Shares Authorized
January 18, 2007	1,000,000
July 11, 2007	1,000,000
November 26, 2007	1,000,000

During 2007, we purchased 2,086,000 shares of our outstanding stock at an average price of approximately \$41.86 per share. As of January 18, 2008, we have remaining authority to purchase up to approximately 1,000,000 additional shares of our common stock.

During 2007 and 2006 we paid dividends totaling \$66,216 (or \$0.44 per share) and \$60,548 (or \$0.40 per share), respectively, to our shareholders.

FISCAL 2008 REPORTING:

During 2008, we intend to focus our commentary away from the four initiatives discussed earlier (new freight model, working capital model, expanded store model called CSP2, and 'master stocking hub' distribution model); instead we will focus our commentary on the 'pathway to profit.' Some key aspects we will focus on include the full-time equivalent statistics shown above, as well as information on the productivity of our outside sales personnel; the latter being information we intend to start disclosing after the second quarter when we are one year into the 'pathway to profit' which began in the spring of 2007.

ADDITIONAL INFORMATION:

Additional information regarding certain Fastenal Company statistics for the current quarter is available on the Fastenal Company World Wide Web site at <http://www.fastenal.com>. The Company discloses sales and store information on a monthly basis. This information is posted at <http://www.fastenal.com> on the third business day following the end of the first two months of a quarter and simultaneous with the earnings release following the third month of a quarter. This press release contains statements that are not historical in nature and that are intended to be, and are hereby identified as, "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995, including statements regarding working capital goals and returns on total assets when working capital is appropriately managed, the addition of outside sales personnel at existing stores and the funding of that expansion, the rate of new store openings, the ability to grow average store sales and capture resulting leverage, the expected amount of future compensation expense resulting from stock options, and the expected future change in Modesto, California regarding its proposed status as a 'master stocking hub.' A change in the economy, from that currently being experienced, could cause the store openings to change from that expected, and could impact the rate at which additional outside sales personnel are added and our ability to grow average store sales. A change from that projected in the number of markets able to support future store sites, the success of the additional outside sales personnel, and our ability to attract and retain qualified sales personnel could impact the rate of store openings. A change in our growth west of the Rocky Mountains, or a change in need, could alter our plans regarding Modesto, California. A change in accounting for stock based compensation or the assumptions used could change the amount of stock based compensation recognized. A change in accounts receivable collections, a change in the economy from that currently being experienced, a change in buying patterns, or a change in vendor production lead times could cause us to fail to attain our goals regarding working capital (including inventory) and rates of return on assets. A discussion of other risks and uncertainties is included in the Company's 2006 annual report on Form 10-K under the section captioned "Risk Factors" and the Company's 2006 annual report to shareholders under the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations." FAST-E

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets (Amounts in thousands except share information)

	(Unaudited)	
	December 31, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$57,220	19,346

Marketable securities	159	10,835
Trade accounts receivable, net of allowance for doubtful accounts of \$2,265 and \$2,119, respectively	236,331	209,532
Inventories	504,592	455,997
Deferred income tax assets	14,702	11,709
Other current assets	67,767	60,357
Total current assets	880,771	767,776
Marketable securities	1,950	3,695
Property and equipment, less accumulated depreciation	276,627	264,030
Other assets, less accumulated amortization	3,713	3,515
Total assets	\$1,163,061	1,039,016

Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable	\$55,353	41,371
Accrued expenses	75,565	61,544
Income taxes payable	6,873	981
Total current liabilities	137,791	103,896
Deferred income tax liabilities	15,109	13,027
Stockholders' equity:		
Preferred stock, 5,000,000 shares authorized	-	-
Common stock, 200,000,000 shares authorized, 149,120,712 and 151,206,712 shares issued and outstanding, respectively	1,491	1,512
Additional paid-in capital	227	12,697
Retained earnings	996,050	902,550
Accumulated other comprehensive income	12,393	5,334
Total stockholders' equity	1,010,161	922,093
Total liabilities and stockholders' equity	\$1,163,061	1,039,016

FASTENAL COMPANY AND SUBSIDIARIES

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

	(Unaudited) Year ended December 31,		(Unaudited) Three months ended December 31,	
	2007	2006	2007	2006
Net sales	\$2,061,819	1,809,337	519,206	448,729
Cost of sales	1,014,245	901,662	254,640	224,781
Gross profit	1,047,574	907,675	264,566	223,948

Operating and administrative expenses	671,248	587,610	172,958	150,982
Gain (loss) on sale of property and equipment	99	(223)	14	(47)
Operating income	376,425	319,842	91,622	72,919
Interest income	1,474	1,187	334	163
Earnings before income taxes	377,899	321,029	91,956	73,082
Income tax expense	145,277	121,991	35,765	27,512
Net earnings	\$232,622	199,038	56,191	45,570
Basic and diluted net earnings per share	\$1.55	1.32	0.38	0.30
Basic weighted average shares outstanding	150,555	151,034	149,577	151,120
Diluted weighted average shares outstanding	150,555	151,165	149,577	151,142

FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(Amounts in thousands)

	(Unaudited)	
	Year ended	
	December 31,	
	2007	2006
Cash flows from operating activities:		
Net earnings	\$232,622	199,038
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation of property and equipment	37,332	33,530
(Gain) loss on sale of property and equipment	(99)	223
Bad debt expense	5,343	3,722
Deferred income taxes	(911)	(3,705)
Stock based compensation	1,915	279
Amortization of non-compete agreement	67	67
Changes in operating assets and liabilities:		
Trade accounts receivable	(32,142)	(29,698)
Inventories	(48,595)	(94,436)
Other current assets	(7,410)	(23,264)
Accounts payable	13,982	2,799
Accrued expenses	14,021	11,286
Income taxes payable	5,892	(1,727)
Other	5,877	(239)

Net cash provided by operating activities	227,894	97,875
Cash flows from investing activities:		
Purchase of property and equipment	(55,759)	(77,581)
Proceeds from sale of property and equipment	5,929	4,246
Net decrease (increase) in marketable securities	12,421	(633)
Increase in other assets	(265)	(231)
Net cash used in investing activities	(37,674)	(74,199)
Cash flows from financing activities:		
Proceeds from exercise of stock options	-	12,522
Tax benefits from exercise of stock options	-	4,653
Purchase of common stock	(87,311)	(17,294)
Payment of dividends	(66,216)	(60,548)
Net cash used in financing activities	(153,527)	(60,667)
Effect of exchange rate changes on cash	1,181	133
Net increase (decrease) in cash and cash equivalents	37,874	(36,858)
Cash and cash equivalents at beginning of period	19,346	56,204
Cash and cash equivalents at end of period	\$57,220	19,346
Supplemental disclosure of cash flow information:		
Cash paid during each period for:		
Income taxes	\$144,318	122,831

SOURCE Fastenal Company

<http://www.fastenal.com>

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