FASTENAL COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets (Amounts in millions except share information)

	December 31		
		2018	2017
Assets			
Current assets:			
Cash and cash equivalents	\$	167.2	116.9
Trade accounts receivable, net of allowance for doubtful accounts of \$12.8 and \$11.9, respectively		7142	(07.9
Inventories		714.3 1,278.7	607.8 1,092.9
Prepaid income taxes		9.0	1,092.9
Other current assets		147.0	118.1
Total current assets		2,316.2	1,935.7
Total carrent assets		2,510.2	1,755.7
Property and equipment, net		924.8	893.6
Other assets		80.5	81.2
Total assets	\$	3,321.5	2,910.5
Liabilities and Stockholders' Equity			
Enterines and Stockholders Equity			
Current liabilities:			
Current portion of debt	\$	3.0	3.0
Accounts payable		193.6	147.5
Accrued expenses		240.8	194.0
Income taxes payable			6.5
Total current liabilities		437.4	351.0
Long-term debt		497.0	412.0
Deferred income taxes		84.4	50.6
Commitments and contingencies (Notes 5, 8, 9, and 10)			
Stockholders' equity:			
Preferred stock: \$0.01 par value, 5,000,000 shares authorized, no shares issued or outstanding		_	_
Common stock: \$0.01 par value, 400,000,000 shares authorized, 285,901,919 and 287,591,536 shares issued and outstanding, respectively		2.9	2.9
Additional paid-in capital		3.0	8.5
Retained earnings		2,341.6	2,110.6
Accumulated other comprehensive loss		(44.8)	(25.1)
Total stockholders' equity		2,302.7	2,096.9
Total liabilities and stockholders' equity	\$	3,321.5	2,910.5

See accompanying Notes to Consolidated Financial Statements.

FASTENAL COMPANY AND SUBSIDIARIES

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

	,	2018	2017	2016
Net sales	\$	4,965.1	4,390.5	3,962.0
Cost of sales		2,566.2	2,226.9	1,997.2
Gross profit		2,398.9	2,163.6	1,964.8
Operating and administrative expenses		1,400.2	1,282.8	1,169.5
Gain on sale of property and equipment		(0.5)	(1.0)	(0.5)
Operating income		999.2	881.8	795.8
Interest income		0.4	0.4	0.4
Interest expense		(12.6)	(9.1)	(6.5)
Earnings before income taxes		987.0	873.1	789.7
Income tax expense		235.1	294.5	290.3
Net earnings	\$	751.9	578.6	499.4
Basic net earnings per share	\$	2.62	2.01	1.73
Diluted net earnings per share	\$	2.62	2.01	1.73
Basic weighted average shares outstanding		287.0	288.2	288.9
Diluted weighted average shares outstanding		287.2	288.3	289.2

See accompanying Notes to Consolidated Financial Statements.

FASTENAL COMPANY AND SUBSIDIARIES

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

Adjustments to reconcile net earnings to net cash provided by operating activities, net of acquisitions: Depreciation of property and equipment 134.1 123.6 10.0 (Gain on sale of property and equipment (0.5) (1.0) (1.0) (1	
Adjustments to reconcile net earnings to net cash provided by operating activities, net of acquisitions: Depreciation of property and equipment Gain on sale of property and equipment Bad debt expense Bad debt expense and lacilities, net of acquisitions: Bad debt expense and lacilities, net of acquisitions and lacilities an	
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Changes in operating assets and liabilities, net of acquisitions: Trade accounts receivable (120.3) (103.7) (40 Inventories (193.3) (76.3) (88 Other current assets (28.9) (15.6) 29 Accounts payable 46.1 36.3 (17 Accrued expenses 46.8 37.6 (28 Income taxes (15.5) 19.4 15 Other 2.7 (0.9) 10 Net cash provided by operating activities 674.2 585.2 519 Cash flows from investing activities: Purchases of property and equipment (176.3) (119.9) (189 Proceeds from sale of property and equipment 9.5 7.4 0 Cash paid for acquisitions (3.7) (58.7) Other (3.4) (8.1) (3.8) Net cash used in investing activities (173.9) (179.3) (180 Cash flows from financing activities: (173.9) (179.3) (180 Payments against debt obligations 980.0 1,015.0 950 Payments against debt obligations (89	5.1 5.2 4.1
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Accounts payable 46.1 36.3 (17 Accrued expenses 46.8 37.6 (28 Income taxes (15.5) 19.4 15 Other 2.7 (0.9) 15 Net cash provided by operating activities 674.2 585.2 519 Cash flows from investing activities: 8 119.9 (189 Purchases of property and equipment (176.3) (119.9) (189 Proceeds from sale of property and equipment 9.5 7.4 0 Cash paid for acquisitions (3.7) (58.7) 0 Other (3.4) (8.1) 0 Net cash used in investing activities (173.9) (179.3) (180 Cash flows from financing activities: 980.0 1,015.0 950 Payments against debt obligations 980.0 1,015.0 950 Proceeds from exercise of stock options 13.4 9.5 250	(193.3) (76.3) (80.9)
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Cash flows from investing activities: (176.3) (119.9) (189.7) Purchases of property and equipment 9.5 7.4 6 Proceeds from sale of property and equipment (3.7) (58.7) Cash paid for acquisitions (3.4) (8.1) (58.7) Other (3.4) (8.1) (58.7) Net cash used in investing activities (173.9) (179.3) (189.7) Cash flows from financing activities: Proceeds from debt obligations 980.0 1,015.0 950.0 Payments against debt obligations (895.0) (980.0) (920.0) Proceeds from exercise of stock options 13.4 9.5 29.5	2.7 (0.9) 1.3
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Other (3.4) (8.1) (5.2) Net cash used in investing activities (173.9) (179.3) (188.7) Cash flows from financing activities: Proceeds from debt obligations 980.0 1,015.0 95.0 Payments against debt obligations (895.0) (980.0) (92.0) Proceeds from exercise of stock options 13.4 9.5 29.0	9.5 7.4 6.5
Net cash used in investing activities (173.9) (179.3) (1882) Cash flows from financing activities: Proceeds from debt obligations 980.0 1,015.0 950 Payments against debt obligations (895.0) (980.0) (920) Proceeds from exercise of stock options 13.4 9.5 250	(3.7) (58.7) —
Cash flows from financing activities: Proceeds from debt obligations Payments against debt obligations Proceeds from exercise of stock options 980.0 1,015.0 950 (980.0) (920) 13.4 9.5 250	(3.4) (8.1) (5.1)
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Proceeds from exercise of stock options 13.4 9.5 29	980.0 1,015.0 950.0
·	(895.0) (980.0) (920.0)
Purchases of common stock (103.0) (82.6)	13.4 9.5 29.3
	(103.0) (82.6) (59.5)
Payments of dividends (441.9) (369.1)	(441.9) (369.1) (346.6)
Net cash used in financing activities (446.5) (407.2) (346.5)	vities (446.5) (407.2) (346.8)
Effect of exchange rate changes on cash and cash equivalents (3.5) 5.5	equivalents (3.5) 5.5 (1.3)
Net increase (decrease) in cash and cash equivalents 50.3 4.2 (10	uivalents 50.3 4.2 (16.3)
Cash and cash equivalents at beginning of year 116.9 112.7 129	116.9 112.7 129.0
Cash and cash equivalents at end of year \$ 167.2 116.9 112	\$ 167.2 116.9 112.7
Supplemental disclosure of cash flow information:	
	\$ 12.6 8.7 6.2
Net cash paid for income taxes \$ 215.3 304.1 248	\$ 215.3 304.1 248.3

See accompanying Notes to Consolidated Financial Statements.