

Fastenal

Maintenance, Repair & Operations Products & Solutions

Today, Fastenal is many things to many different customers, an expert consultant, a logistics company, a technology provider, and more generally a distributor of wide-ranging industrial and construction products. These aspects of service share a common foundation: great people, close to our customers. Our service model centers on approximately 3,200 in-market locations (a combination of public branches and customer-specific onsites), each providing custom inventory and a dedicated sales team to support local customers. Fastenal is a trusted supplier-partner of OMNIA Partners and has been offering members solution for many years.



The Bronze Partnership Excellence Award is a testament to the commendable dedication of our valued suppliers. This esteemed award is presented to those who have demonstrated a steadfast commitment to

Hi! Have a question? I'm here to help.



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Higher Education

State & Local Government

Fastenal's maintenance, repair and operations (MRO) solutions are available on competitively solicited, publicly awarded cooperative contracts through OMNIA Partners. These contracts include Fastenal's full catalog offering as well as additional value added services, such as, inventory management, vending services, etc.

• Maintenance, Repair, Operations (MRO) Supplies and Related Services

University of California, CA | 2018-000208

• Maintenance, Repair & Operations (MRO) Supplies & Equipment

Region 4 LSC - TX | R192001



Maintenance, Repair, and Operations (MRO) Supplies and Related Services

Lead Agency: University of California

Solicitation: RFP-MRO-UCSystemWide-Jan312018

RFP Issued: January 31st, 2018

Pre-Proposal Date: February 5th, 2018 at 9:00am PST

Response Due Date: March 17th, 2018

Proposals Received: 9

Awarded to: Fastenal Company

Contract Number: 2018.000208

The University of California issued RFP RFP-MRO-UCSystemWide-Jan312018 on January 31st, 2018, to establish a national cooperative contract for maintenance, repair, and operations (MRO) supplies and related services.

The solicitation included cooperative purchasing language in Section 1. Introduction, Background and Intent states:

"University of California Office of the President (UCOP) (herein "Principal Procurement Agency" on behalf of itself, California State University (CSU), California Community Colleges (CCC) represented by Foundation for California Community Colleges (FCCC) and all states, local governments, school districts, and higher education institutions in the United States of America, and other government agencies and nonprofit organizations (herein "Participating Public Agencies") is soliciting proposals from qualified Suppliers to enter into a Master Agreement for a complete line of Maintenance, Repair and Operating (MRO) Supplies & Related Products and Services (herein "Products and Services"). Moving forward, all three organizations UC, CSU, CCC will be referenced as California Higher Education Strategic Sourcing (CHESS)."

Notice of the solicitation was sent to potential offerors, as well as advertised in the following:

- Arizona Business Gazette
- Daily Journal of Commerce OR
- Deseret News
- Helena Independent Record
- Honolulu Star Advertiser
- Houston Community Papers
- Las Vegas Journal Review
- Media Planning
- New Jersey Herald
- Richmond Times
- San Bernardino Sun
- Seattle Daily Journal of Commerce
- The Advocate (New Orleans)
- The Herald News
- The State
- Times Union (Albany)
- USA Today
- The Salt Lake Tribune

On March 17th, 2018 proposals were received from the following offerors:

- CED – Consolidated Electrical Distributors Inc. DBA All-Phase Electric Supply
- Home Depot
- Ferguson
- McMaster-Carr
- WESCO Distribution, Inc.

- HD Supply Facilities Maintenance, Ltd.
- W.W. Grainger, Inc.
- Fastenal
- Pacific Plumbing Specialties
- Glory Supply, Inc.
- Bridgemore Inc.
- Clarvan Inc.
- Pacific Ink, Inc.
- Echelon Distribution LLC.

The proposals were evaluated by an evaluation committee. Using the evaluation criteria established in the RFP, the committee elected to enter into negotiations with Fastenal Company and proceeding with contract award upon successful completion of negotiations.

The University of California, National IPA, and Fastenal Company successfully negotiated a contract and executed the agreement (#2018.000208) with a contract effective date of July 1st, 2018.

Contract Highlights:

A national MRO supplier offering discounts ranging from 25% to 57% across 20 different categories along with growth, green product, E-commerce, last mile, national sales, and customized incentive programs.

Contract includes:

- Category Discounts ranging from 25% to 57% off catalog prices
- Two Market Baskets:
 - National Market Basket of 1300+ items
 - Site Specific Market Basket OF 1500+ items
- Rebate: 1% paid on annual contract spend directly to Participating Agency
- Annual Growth Incentive of 5% paid on prior year sales
- E-commerce Rebate: 1% on 50%< sales through ecommerce. 2% on 80%< through ecommerce
- Sustainability and Private Label – Additional 10% discount applied to classified “Green” or Exclusive Brand.
- Last Mile: 0.5% Incentive will be paid on all qualified Participating Agency Total.
- Fastenal Solution Incentive: 3% paid on product purchase through Fastenal Onsite Solution in the first 12 months.
- Early Payment Incentive: ACH 2% 10 N30 or Virtual/Ghost Card Net.
- Cumulative Volume Discount: \$25M total sales 1% (Total 26%), \$50M total sales 2% (Total 27%), \$100M total sales 3% (Total 28%)
- Enhancements: Ability to negotiate deeper incentives or programs to Participating Agencies.

Term:

Initial three-year agreement from July 1, 2018 through June 30, 2023 with the option to renew for two (2) additional one-year periods through June 30, 2025.

Pricing/Discount:

Discount of 25% to 57% across 20 different categories.

National IPA Web Landing Page:

<http://www.nationalipa.org/Vendors/Pages/Fastenal.aspx#tabs-contract>



UNIVERSITY
OF
CALIFORNIA

Purchasing Agreement # 2018.000208

As a result of Request for Proposal # RFP-MRO-UCSystemWide-Jan312018 for Maintenance Repair and Operations (MRO) Supplies and Related Services, the Agreement to furnish certain goods and services described herein and in the documents referenced herein ("Goods and/or Services") is made by and between The Regents of the University of California, a California public corporation ("UC") on behalf of the University of California and the supplier named below ("Supplier"). This Agreement is binding only if it is negotiated and executed by an authorized representative with the proper delegation of authority.

1. Statement of Work

Supplier agrees to perform the Services listed in the statement of work attached as Attachment A ("Statement of Work") and any other documents referenced in the Incorporated Documents section herein, at the prices set forth in the Statement of Work and any other documents referenced in the Incorporated Documents section herein. Unless otherwise provided in the Agreement, UC will not be obligated to purchase a minimum amount of Goods and/or Services from Supplier.

2. Term of Agreement/Termination

- a) The initial term of the Agreement will be from **July 1, 2018** and through **June 30, 2023** (Initial Term) and is subject to earlier termination as provided below. UC may renew the Agreement for **Two (2)** successive **One (1)** -year periods (each, a Renewal Term), by providing Supplier with at least **Thirty (30)** calendar days' written notice before the end of the Initial Term or any Renewal Term.
- b) UC may terminate the Agreement for convenience by giving Supplier at least **Thirty (30)** calendar days' written notice.
- c) UC or Supplier may terminate the Agreement for cause by giving the other party at least **Fifteen (15)** days' notice to cure a breach of the Agreement (Cure Period). If the breaching party fails to cure the breach within the Cure Period, the non-breaching party may immediately terminate the Agreement.

3. Purchase Order; Advance Payments

Unless otherwise provided in the Agreement, Supplier may not begin providing Goods and/or Services until UC approves a Purchase Order for the Goods and/or Services.

4. Pricing, Invoicing Method, and Settlement Method and Terms

Refer to Statement of Work or Purchase Order for Pricing. For system wide agreements, each UC Location will specify the Invoicing Method and Payment Options that will apply, taking into account the operational capabilities of Supplier and the UC Location. See UC's Procure to Pay Standards <http://www.ucop.edu/procurement-services/files/Matrix%20for%20website.pdf> for the options that will be considered. In the case of systemwide agreements, each UC Location will specify these terms in a Statement of Work or Purchase Order, as the case may be.

Supplier will submit invoices following the designated invoice method directly to UC Accounts Payable Departments at each UC Location, unless UC notifies the Supplier otherwise by amendment to the Agreement.

Settlement Method and Terms

Notwithstanding the provisions of Article 3 of the Terms and Conditions of Purchase, the Settlement Method and Terms will be as follows: **Settlement Matrix Option 1. ACH 2%10 Net 30 or Virtual/Ghost Card**

5. Notices

As provided in the UC Terms and Conditions of Purchase, notices may be given by overnight delivery or by certified mail with return receipt requested, at the addresses specified below. Additionally, notices by Email will be considered legal notice if such communications include the following text in the Subject field:

To UC, regarding contract issues not addressed above:

Name	Adrian Ferreira
Phone	858-534-5618
Email	Adrian.Ferreira@ucop.edu
Address	7835 Trade Street
	San Diego, CA 92121

To Supplier:

Name	Kevin Fitzgerald
Phone	757-679-9068
Email	kfitzger@fastenal.com
Address	2001 Theurer Blvd.
	Winona MN, 55987

6. Intellectual Property, Copyright and Patents

☐ The Goods and/or Services involve Work Made for Hire

☒ The Goods and/or Services **do not** involve Work Made for Hire

7. Patient Protection and Affordable Care Act (PPACA)

☐ Because the Services involve temporary or supplementary staffing, they are subject to the PPACA warranties in the T&Cs.

☒ The Services do not involve temporary or supplementary staffing, and they are not subject to the PPACA warranties in the T&Cs.

8. Prevailing Wages

☒ Supplier is not required to pay prevailing wages when providing the Services.

9. Fair Wage/Fair Work

/___/ Supplier is not required to pay the UC Fair Wage (defined as \$13 per hour as of 10/1/15, \$14 per hour as of 10/1/16, and \$15 per hour as of 10/1/17) when providing the Services.

10. Restriction Relating to Consulting Services or Similar Contracts – Follow-on Contracts

Please note a Supplier that is awarded a consulting services or similar contract cannot later submit a bid or be considered for any work “required, suggested, or otherwise deemed appropriate” as the end product of the Services (see Public Contract Code Section 10515).

11. Insurance

Deliver the Certificate of Insurance to UC’s Buyer, by mail or overnight delivery. Additionally, this requirement will be considered satisfied if a PDF version of the Certificate of Insurance is sent by Email and includes the following text in the Subject field: CERTIFICATE OF INSURANCE – **FASTENAL COMPANY**

12. Records about Individuals

Records created pursuant to the Agreement that contain personal information about individuals (including statements made by or about individuals) may become subject to the California Information Practices Act of 1977, which includes a right of access by the subject individual. While ownership of confidential or personal information about individuals is subject to negotiated agreement between UC and Supplier, records will normally become UC’s property, and subject to state law and UC policies governing privacy and access to files. When collecting the information, Supplier must inform the individual that the record is being made, and the purpose of the record. Use of recording devices in discussions with employees is permitted only as specified in the Statement of Work.

13. Cooperative Purchasing

Supplier agrees to extend pricing and Goods and/or Services to the California State University institutions (CSU), California Community Colleges (CCC) and agencies nationwide registered with National Intergovernmental Purchasing Alliance Company (“National IPA”) under the terms of the Agreement. All contractual administration issues (e.g. terms and conditions, extensions, and renewals) will remain UC’s responsibility except as outlined in the above referenced RFP. Operational issues, fiduciary responsibility, payment issues, performance issues and liabilities, and disputes involving individual CSU, CCC or Participating Agencies will be addressed, administered, and resolved by each CSU or CCC campus or Participating Agency.

14. Incorporated Documents

The following documents are incorporated and made a part of the Agreement by reference as if fully set forth herein, listed in the order of precedence following the Agreement:

- a) Statement of Work – Attachment A
- b) UC Terms and Conditions of Purchase, dated 11/29/17
- c) Attachment B – Appendix Electronic Commerce
- d) UC Request for Proposal# RFP-MRO-UCSystemWide-Jan312018 ("RFP") and
- e) Supplier's responses thereto submitted on or about March 26, 2018 ("RFP Response")
- f) Attachment C – Related Services
- g) Attachment D – Category Discount Pricing
- h) Attachment E – National Market Basket
- i) Attachment F – FAST Solutions Bin Stock Agreement
- j) Attachment G – FAST Solutions Onsite Agreement
- k) Attachment H – FAST Solutions Vending Agreement
- l) Attachment I – Supply Agreement
- m) Attachment J – National IPA Requirements
- n) Attachment K – UC Participating Entities
- o) Attachment L – CSU Participating Entities
- p) Attachment M – CCC Participating Entities
- q) Attachment N – AICCU Participating Entities
- r) Attachment O - Sustainability Specifications

15. Entire Agreement

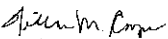
The Agreement and its Incorporated Documents contain the entire Agreement between the parties and supersede all prior written or oral agreements with respect to the subject matter herein.

The Agreement is signed below by the parties' duly authorized representatives.

This Agreement can only be signed by an authorized representative with the proper delegation of authority.

**THE REGENTS OF THE
UNIVERSITY OF CALIFORNIA**

DocuSigned by:



(Signature)

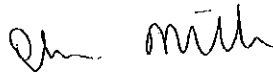
William Cooper AVP & Chief Procurement Officer

(Printed Name, Title)

6/19/2018

(Date)

FASTENAL COMPANY



(Signature)

Charles Miller, Executive Vice President

(Printed Name, Title)

6/19/2018

(Date)

ATTACHMENT A TO PURCHASING AGREEMENT # 2018.000208

STATEMENT OF WORK

This Statement of Work ("SOW") is issued pursuant to Purchasing Agreement # 2018.000208 dated July 1, 2018 between UC and Supplier ("Agreement").

1. Title and Description of the Scope of Goods and/or Services

A complete and comprehensive offering of MRO supplies such as but not limited to appliances, material handling repairs, air filters, batteries, electrical, fasteners, hand tools, HVAC, lighting, lamps, ballast, fixtures, material handling repairs, motors, outdoor equipment, paint and equipment supplies, plumbing, pneumatic tools, power tools and accessories, safety, security, welding and soldering, public safety and any other miscellaneous MRO supplies offered by Supplier. Also include sourcing options for items not readily available.

Related Products and Services-- A complete range of related products and services offered by Supplier including, but not limited to, supplier-managed inventory, vending machines, storehouse analytics, inventory management, safety training, and any other related services.

A. SCOPE:

- a. UC Locations. Supplier agrees to extend the pricing basis, terms and conditions of the Agreement to all UC locations Supplier will make available to any UC location its improved pricing basis, terms or conditions resulting from increased usage or aggregation of activity by multiple UC locations. All contractual administration issues (e.g. terms and conditions, extensions, and renewals), operational issues, fiduciary responsibility, payment issues, performance issues and liabilities, and disputes involving individual UC locations will be addressed, administered, and resolved by each UC location. Any delay in payment or other operational issue involving one UC location will not adversely affect any other UC location.
- b. California State University System. Supplier agrees to extend pricing and services to the California State University institutions (CSU) under the terms of the Agreement. All contractual administration issues (e.g. terms and conditions, extensions, and renewals) will remain UC's responsibility. Operational issues, fiduciary responsibility, payment issues, performance issues and liabilities, and disputes involving individual CSU campuses will be addressed, administered, and resolved by each CSU campus.
- c. California Community Colleges. Supplier agrees to extend pricing and services to the California Community Colleges (CCC) under the terms of the Agreement. All contractual administration issues (e.g. terms and conditions, extensions, and renewals) will remain UC's responsibility. Operational issues, fiduciary responsibility, payment issues, performance issues and liabilities, and disputes involving individual CCC campuses will be addressed, administered, and resolved by each CCC campus.

2. Term of SOW

This SOW will begin on **July 1, 2018** ("Effective Date") and continue through **June 30, 2023**. This SOW may not be renewed or otherwise amended except through a Change Order pursuant to the Change Management section below.

3. Key Tasks and Activities, Deliverables and Completion Timeframe

Supplier Obligations				
Task		Activities	Deliverables	Completion Date or Timeframe
1	Sales Report	Provide Quarterly Sales report for all CHESS sales transaction.	Exhibit X-Quarterly Report	Quarterly
2	Service Level Agreement Report	Report in which outlines the details and supplier performance specified in SLA.	SLA Report	Quarterly
3	Green Spend Report	Report in which outlines the total sales classified as "green and or sustainable "	Green Spend Report	Quarterly

4. Key Personnel

Supplier's Account Manager is listed below, is subject to UC approval, and has overall responsibility for managing the UC/Supplier relationship:

Name	Kevin Fitzgerald
Phone	757-679-9068
Email	kfitzger@fastenal.com
Address	2001 Theurer Blvd.
	Winona MN, 55987

Supplier's Account Management Team is:

Name	Erik McKenna
Title	Director Government Sales – West
Phone	360-220-5683
Email	emckenna@fastenal.com
Name	Justin Burke
Title	Government Sales Manager
Phone	916-612-7034
Email	jburke@fastenal.com

5. Reporting Requirements

Supplier agrees to provide other reports as reasonably requested by UC during the Term of the Agreement and any extension(s) to the Term at no additional cost to UC.

6. Service Level Agreement (SLA)

During the term of this Master Agreement and any extension(s) of such term, Supplier agrees to the following Service Metrics details and specifications. UC service standards provides guarantees that Supplier shall consistently adhere to the standards for all Participating Locations:

- 6.1 Stock Item Delivery: Orders placed before 5:00 p.m. local time will ship the same day for next day delivery for items that are stocked within our local distribution footprint of Fastenal branches.
- 6.2 Non Stock Item Delivery: Supplier shall place the order on the same day it receives the order from a Location. Supplier shall then deliver the Product the next day after Supplier's receipt of the item unless the item is shipped direct to the ordering Location from the Manufacturer.
- 6.3 Fill Rate: 98% order fill rate; 98% line fill rate
- 6.4 Returns: Full credit guaranteed on any return regardless of reason if within thirty (30) days of receipt with receipt, invoice, packing slip or similar documentation.
- 6.5 Return Pick-up: Pick-up will occur within five (5) days from request. Return time frame begins as of date of request for pick-up.
- 6.6 Credits: Full credit issued in same form as payment and referencing the original purchase order number.
- 6.7 Report Requests: Standard reports will be generated at the CHESS and Location or Participating Agency level quarterly or as necessary to track compliance.
- 6.8 Delivery Accuracy: 98% calculated based on percent of entire order fulfilled accurately.
- 6.9 On-Time Delivery: 98% calculated based upon the percent of the entire order arriving at the customer's required time.
- 6.10 Invoice/Billing Accuracy: 99%
- 6.11 Customer Service Satisfaction: Average score of 3.75 or better on a 5 point scale.
- 6.12 Quote Turnaround: 24 hours.
- 6.13 Response Time: Emergency Calls 1 hour; Non-Emergency Calls 4 business hours; Emergency Resolution Time Best efforts until issue is resolved

The minimum service standards set forth above recognize that occasional errors are likely; however, Supplier further agrees to use its best efforts to achieve 100% of service levels. Should the service levels fall below the minimum standards and Supplier does not take corrective action within fourteen (14) days following UC written notification, UC reserves the right to terminate the Agreement immediately.

7. Pricing and Invoicing Method

Pricing is addressed below. The Invoicing Method and Terms are addressed in the applicable Agreement. As regards Invoicing Method and Terms, the terms of the applicable Agreement will take precedence over any conflicting terms in this Statement of Work.

7.1 Pricing:

- a. National Market Basket, which is also referred to as the Market Basket – Provides for the deepest discounts on a variety of products to agencies nationwide. Pricing on the National Market Basket shall be provided to all Participating Agencies. Please refer to **Attachment H – National Market Basket**
- b. Customized Market Basket - In addition to the National Core List, Custom Market Basket of up to One Thousand Five Hundred (1500) skus pricing will be held for a period of one (1) year, evaluation and selection of items will be mutually agreed upon. Supplier(s) will support a Participating Agency, if assistance is needed to create a Customized Market Basket that brings greatest value.
- c. Category Discount – All percentage-off discounts for Catalog Pricing shall be deducted from the list price in effect at the time the Catalog Product is purchased by UC from

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Supplier. Current list price for Catalog Products shall be available when UC logs into its account on Supplier's Website. The proposed discount percentages must not exceed 2 digits (i.e., 10.37% is acceptable while 10.37862% is not). please refer to

Attachment G – Category Discount**7.2 Catalog Adjustments:**

- a. **Price Updates.** As described above in Product Pricing, prices for National Core List shall be reviewed and subject to change one per year from 1st January. Third Party Product pricing and pricing for special price promotions shall be reviewed and updated on a quarterly basis (or earlier if mutually agreed). Price decreases shall be implemented on the quarterly review (or such earlier date mutually agreed by the parties). Changes to price file shall be submitted to UC and shall have a maximum period of 30 days to review and approve updates or raise objections. Objections shall be reviewed on a case by case basis with the balance of price amendments being approved for upload. In the event that UC does not approve or reject any updates within 45 days of the revised file being submitted to UC, then Seller shall be entitled to load the new pricing.
- b. **Other Catalog Updates.** Seller may provide other updates to the catalog quarterly or as mutually agreed. These updates may include (without limitation) changes to content, the addition of new products, removal of discontinued items, updates to unit of measure, and special promotional offers.

7.3 Product Pricing: Pricing shall be a fixed percentage (%) off catalog/list pricing by Product Category.

- a. **Price Increase Documentation and Price Update Procedure:** It should not be a forgone conclusion that Supplier automatically be granted a price increase each year on all items in the System or Market Basket. Supplier must provide a minimum 90-day notice of a price increase with supporting documentation. UC will evaluate price increase supporting documents and implement upon mutual acceptance. It is the intent of both parties that the Supplier(s) utilize best practices in Supply Chain Management to minimize cost increases.
- b. **Volatile Product Price Increases:** For any System or Local Market Basket Item, where such Volatile Product has a significant price increase in excess of 3%, the parties agree to review those prices as frequently as quarterly and to negotiate prices for such Volatile Products individually in good faith between the parties. Increases must be mutually agreed upon by the parties.
- c. **Price Decreases:** UC accepts price decreases as soon as they are available and can be entered into e-procurement or e-commerce purchasing processes. Notwithstanding anything to the contrary, Supplier(s) shall upload new pricing files within five (5) business days of receipt or as otherwise indicated, such other time to be not less than five (5) business days.
- d. **Special Discounts:** At a Participating Agency's request, Suppliers may offer discounts such as discounts based on large volume, sales growth, single delivery location, etc.
- e. **Manufacture Direct Pricing Agreement:** Participating Agency may request Supplier(s) to negotiate directly with manufactures for better pricing and or discounts, for the benefit of UC and/or each Participating Agency. Further, Participating Agency reserves the right to negotiate directly with manufactures for items purchased. Upon mutual agreement, Supplier may be selected to distribute the Product to UC and/or Participating Agency.
- f. **Contractor Participation Contractors and Subcontractors:** At the direction of Participating Public Agencies, to other Participating Agency Contractors or subcontractors, contractors shall extend this Agreement's pricing and category discounts to other UC Contractors and Subcontractors (herein referred to as "Other UC Contractor") for UC-related spend if Other UC Contractor provides Contractor with valid UC project number/project name and the Product is to be shipped directly to the Participating Agency related to the project. Contractor has the right to verify with UC and the UC Project Number/Project Name. Contractor also has the right to limit or terminate an Other UC Contractor use of this Agreement if the Other UC Contractor fails to timely pay Contractor for Product, fails to establish and maintain adequate credit worthiness or utilizes this Agreement for the benefit of anyone other than the Participating Agency for which the project relates.

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- i. Other UC Contractors are not required to use Contractor for materials, therefore it is important that Contractor pricing be attractive and act as an incentive to purchase against this Agreement.
- ii. Other UC Contractors are responsible for payment to Contractor and UC has no liability for OTHER UC Contractor purchases. Contractor shall extend payment options to Other UC Contractor such as Purchase Order or Procurement Credit Cards, or other order placement and payment methods agreed upon by Contractor.
- iii. Contractor shall track Other UC Contractors purchases and report on their purchases by, Other UC Contractor Name, product description, SKU and other spend related information that Contractor has available.
- iv. Other UC Contractor purchases shall apply to the particular Participating Agency location's contract purchases for purpose of Supplier Consolidation and Annual Incremental Growth and shall be calculated in contract purchases for the benefit of Participating Agency.

7.4 Invoices and Payments:

- a. Invoices are required to contain the following information:
 - i. California sales tax as a separate line item
 - ii. Shipping costs as a separate line item
 - iii. UC or each respective Participating Agency's Purchase Order, Release Number, or Agreement Number
 - iv. Description, quantity, catalog number and manufacturer number of the item ordered
 - v. Pricing per unit of purchase
 - vi. Extended price
 - vii. Total Amount Due
 - viii. Any pay/earned/dynamic discount
 - ix. Reference to original order number for all credit memos issued
- b. Modification of Terms: Participating Agencies commonly require a modification to a term of the Master Agreement (e.g. governing law). Supplier and Participating Agency may agree to modify terms on any specific purchase by a Participating Agency without being in conflict with the Master Agreement.
- c. Problems regarding billing or invoicing shall be directed to the Participating Agency as listed on the Purchase Order.

8. Incentives and Rebates

8.1 Cumulative Volume National Category Discount: Fastenal is offering a cumulative volume category discount if total cumulative product spend as reported under the agreement exceeds the volume target established in a given contract year. The additional discount will apply to product category discounts offered under the agreement. The volume discount excludes any market basket priced items. Additional discounts resulting from meeting the cumulative ordering volumes will be effective no later than the 1st day of the 14th month (allowing a one-month evaluation period) of the contract for the second year of the contract and run for 12 consecutive months, at which time spend for the next year will be evaluated for minimum spend requirements to achieve the additional volume discount continuation. The maximum additional discount for the life of the contract is 3%. The Cumulative Ordering Volume Discount will be adjusted each contract year to coincide with the 1%, 2% or 3% discount achieved.

- i. ILLUSTRATION for Cumulative Volume National Category Discounts

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Participating Entity Yearly Spend	Annual Spend \$25million	Annual Spend \$50million	Annual Spend \$100million
Additional Discount per Spend Level	1%	2%	3%

CONTRACT YEAR	7/1/2018 – 6/30/2019	7/1/2019 – 6/30/2020	7/1/2020 – 6/30/2021	7/1/2021 – 6/30/2022	7/1/2022 – 6/30/2023
Spend	\$10 Million	\$25 Million	\$10 Million	\$50 Million	\$100 Million
Contract Year Qualified	No	Yes	No	Yes	Yes
Add'l Discount %	0%	1%	0%	2%	3%
Add'l Discount Start Date & End Date	N/A	8/1/2020 – 7/31/2021	N/A	8/1/2021 – 7/31/2022	8/1/2022 – 7/31/2023
Example Category Discount (Fasteners)	57%	58%	57%	59%	60%

- 8.2 **Additional Incentive Programs:** If selected as the MRO Distributor for this agreement, Fastenal will offer the incentives detailed below to any Participating Entities utilizing the agreement who will meet a **minimum spend expectation with Fastenal of \$150,000 per year** (12 months) in product purchases. A Supply Agreement will be required from the Participating Agency.

All incentives and rebates can be negotiated by Participating Agency to be granted at the Discount level if Participating Agency is unable to receive a rebate.

All Participating Entities who meet the requirement qualify for the following additional incentive programs listed:

- i. **Rebate (or Discount):** 1% paid on annual contract spend directly to Participating Agency.
- ii. **Growth Incentive:** 5% paid on annual contract spend in excess of previous year's spend with Fastenal.
- iii. **E-Commerce Incentive:** Fastenal is offering an incentive on all approved annual purchases through an e-commerce platform with Fastenal. Approved purchases are for standard product found on Fastenal.com or a 3rd party punch-out integration. E-commerce can be defined as any e-commerce platform such as Fastenal.com or a 3rd party punch-out integration.
 1. 1% paid on a minimum of 50% < of the total annual spend placed through the E-Commerce platform
 2. 2% paid on a minimum of 80% < of the total annual spend placed through the E-Commerce platform
- iv. **Sustainable and Private Label Incentive:** Fastenal is offering up to a 10% additional discount on any product that is purchased by the Participating Agency that is labelled or classified as "Green" or Exclusive Brand for Fastenal.
- v. **Fastenal Solution Incentive:** 3% paid on all product purchased through Fastenal in the first 12 months after signing and implementing a Fastenal Onsite Solution. Implementation for an onsite can be 30-90 day from signature. A formal signature on our Fastenal agreement for a Fastenal onsite program is required to be eligible for this incentive. In addition to signing an agreement, Fastenal would also request inventory space or warehouse space for commonly used items from the Participating Agency to be eligible for this incentive.
- vi. **Last Mile Delivery:** Fastenal will offer a 0.5% Last Mile Delivery Model incentive to UC/CHESS/NIPA Participating Entities in the form of an annual rebate check directly paid to the Participating Agency (payment will not be made to each location/department within each Participating Agency). Last Mile Delivery Model Incentive can be negotiated based on Program Structure with the Participating Agency directly.

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- vii. Enhancements: Participating Entities have the ability to negotiate deeper incentives or programs based on the Participating Entities needs or requirements. Enhancements are to be mutually agreed upon prior to implementation and must be negotiated at the Participation Agency level directly.

Additional Information: Eligible annual activity includes all product spend (gross product spend less product returns) and excludes freight (if charged) and sales taxes (if charged). The benchmark for year 1 will be determined by the eligible activity (irrespective of contract vehicle or if participating Agency purchased from Fastenal without a contract) for the previous contract year. Purchasing Agency will receive an activity report to support all calculations. Fastenal reserves the right to hold Rebate payments until open invoices for the subject contract year are paid. Incentive Program payments or discounts shall not automatically roll over in the event that Buyer continues to purchase product from Seller upon expiration of the Agreement. The Incentive Program period terminates at the end of the Agreement term and may only be extended by a written agreement signed by both parties. In the event that the underlying purchase Agreement is prematurely terminated by the Buyer, for any reason, Incentive Program credits accrued in the current contract year shall be forfeited by the Buyer. The Incentives earned by the member will be paid annually within the first contract quarter following each consecutive contract year in the form of a single disbursement.

9. Program Requirements

- a. Shipping Terms: All domestic ground shipments shall be FOB Destination, Freight Prepaid and Included. Any handling fees shall also be included in the pricing.
- b. Minimum Order: There shall be no minimum order requirement during the term of this Agreement and any extension(s) of such term.
- c. Online Catalog: Online/ecommerce capability to access catalog reflecting contract pricing of all products.
- d. Acceptance (if required): Upon delivery and successful installation, the material(s) shall be deemed accepted and the warranty period shall begin. All documentation shall be completed prior to final acceptance.
- e. Training: Supplier(s) to provide detailed list of training that is offered under proposal and all additional training. Provide any details that are available if training can be conducted from manufacture direct, with the support of Supplier/Distributor.
- f. Background Check: The parties agree to address the need of background checks on a case-by-case basis as requested by Participating Entities.
- g. Surveys: Supplier will, at Participating Agency request, conduct customer surveys. The content of these surveys will be approved by Participating Agency. Participating Agency will be responsible for the tabulation of these surveys.
- h. Program Management: Supplier will provide the necessary staff and resources to support CHES program management function as outlined in the RFP and Supplier's Response including, but not limited to:
 - i. Marketing Program to increase sales activity;
 - ii. Coordinating Program implementation;
 - iii. Providing superior customer service;
 - iv. Promoting alternate Services to reduce cost and to meet CHES sustainability objectives;

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- v. Demonstrating new Services;
 - vi. Managing the continuous improvement process;
 - vii. Providing on-going contract monitoring and maintenance;
 - viii. Offering Services cost reduction and process improvement opportunities to CHES;
 - ix. Conducting monthly account review meetings.
- i. Project Manager: Supplier will assign a project management team to coordinate Participating Agency implementation of the Agreement.
- j. Order Packaging and Labeling. Supplier agrees that each UC order will be individually wrapped and labeled with the following information:
- i. Purchase Order number;
 - ii. Product description, quantity and catalog number of the product ordered and an open 30-character field for internal identification e.g., UC storehouse catalog numbers and/or internal customer order numbers; and
 - iii. Other information, as may be requested by ordering UC Location.
 - iv. Packaging slips will be attached to the outside of the package such that it can be inspected by UC at the requesting department and/or receiving dock.
- k. Receiving Locations. Supplier agrees to provide desktop and dock delivery to all UC current and future authorized personnel delivery points, as requested by UC.
- l. Delivery Delays. Supplier will report any delivery delay whatsoever to the ordering Location, as well as its cause, within two (2) hours after Supplier is able to reasonably determine there will be a delay; the report will be provided to UC by telephone, e-mail, or facsimile. Supplier will keep UC fully informed and will take all reasonable action in eliminating the cause of delay.
- m. Rush Delivery Requirements. Should a Participating Public Agency determine that rush shipping or other alternate shipping is required, it shall notify the Supplier. The Supplier shall determine any additional costs associated with such delivery terms and communicate that cost to the Participating Public Agency.
- n. Out of Stock Items. If there is an out of stock situation of any ordered inventoried item(s), the out of stock item will be added to the back order file and will be delivered to UC when the item is in stock without a further order being submitted.
- o. Substitutions. UC encourages Supplier to offer substitute or alternate items, brands or generic items to end users when the offer adds value to the procurement of goods and services. No substitutions of alternate items for products ordered will be permitted except with the express approval from authorized UC or Participating Agency personnel. Supplier shall not substitute and/or interchange a different brand or generic product or package size, other than the specific product ordered, without authorization from UC or Participating Agency. Any such authorization is granted on a per order basis and is not to be considered as justification for a Product substitution on any future orders or shipments.
- p. Additional Services. Supplier will offer Change Management support to improve the adoption rate, achieve a successful implementation of solutions, and meet desired goals. Supplier will provide guidance and expertise in managing the change process with relevant solutions. Those solutions can be defined but not limited to: inventory management, vending machines, process changes, supplier consolidation, product standardization, and ecommerce. Refer to additional services attached by Supplier.

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- q. Environmentally Preferable Product And Program Options. Supplier shall use best efforts to comply with the most current version of the University of California System recommendations as referenced in **Attachment M – Sustainability Specifications**.
- r. Emergency Disaster Response. In the event of natural disasters or emergency situations where the humans health and welfare are at risk, Supplier gives priority to emergency response personnel and entities including first responders, first receivers, emergency management agencies and similar entities and individuals. To the extent that Participating Agency Locations or portions of them fall within these parameters, Supplier shall give those Locations priority over other customers but not priority over others falling within these parameters.
- s. Hazardous Materials and Safety Data Sheets (SDS). Supplier shall retain title and/or ownership and responsibility for hazardous materials delivered to Participating Entities at all times.
- t. Safety Data Sheets (SDS). In addition to existing regulatory requirements to provide Safety Data Sheets (SDS), Supplier shall make available at all times current SDS at an electronic website address accessible to the UC. To the extent available and upon request Supplier shall provide an electronic SDS for each Product ordered, in a format compatible with the UC's SDS database.
- u. Chemical Tracking and Hazardous Substance Database. Each Participating Agency Location will work with the Supplier to implement, to the best of Supplier's current capabilities, any current and new future technology to ensure Supplier's compliance with the Department of Transportation Regulations as they relate to the transport of hazardous materials. Supplier will coordinate with each Location's Office of Environmental Health and Safety (or equivalent) to ensure the compatibility of information technology hardware and software. At a minimum, the following information must be provided for each UC Locations' chemical inventory databases:
 - i. Chemical/product name Physical state at standard temperature and pressure
 - ii. Type of container
 - iii. Size of container
 - iv. Unit of measure
 - v. Supplier shall also provide each Location with an annual summary of all hazardous chemicals purchased the previous year.
- v. Product Promotions/Sales Incentives. Supplier must communicate and make available any special Product promotional sales incentive offers to all Participating Agency Locations. All marketing and sales promotional materials must be submitted to each Participating Agency Location's Materiel Management or Strategic Sourcing Department, as determined during local implementation, for approval prior to distribution.
- w. Discontinued Products. Supplier shall notify the UC sixty (60) days in advance of any National Market Basket Products being discontinued. If Products are replaced without proper notification, Supplier must supply Product until the sixty (60) day notification period is satisfied. Replacement of any discontinued Product should be offered to the Participating Agency at the same discount level as the item being replaced.
- x. Quality Management and Continuous Improvement Process. The UC expects on an on-going basis to receive, review, consider and utilize suggestions, cost reduction opportunities and or recommendations as offered by the Contractor based on their professional experience. The performance philosophy of this Agreement is based on continuous improvement. This philosophy ascribes to the improvement in quality, costs and service. Supplier shall leverage its consulting services group to perform indirect materials management consulting. This team

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will work with Participating Agency Locations to build a comprehensive total cost summary and make recommendations on opportunities for improvement, including, but not limited to:

- i. **Productivity improvement** - Supplier approach will be to understand the people, steps, and policies for purchasing MRO Products and help identify opportunities to streamline the process and reduce complexity.
- ii. **Inventory optimization** – Analysis focuses on inventory dynamics which lead to identification of challenges which can include overstocking, availability, and obsolescence opportunities. Supplier strategies for inventory optimization will help drive cost savings to the bottom line.
- iii. **Total Cost Savings** – Supplier approach will provide a comprehensive analysis of Participating Agency Locations' current environment and will help to prioritize strategies to improve service levels and lower overall MRO management costs (e.g., Product/Supplier Consolidation, Cost-in-Use and Energy).

Supplier shall present an annual plan that describes their strategy for quality management and process for continuous improvement. Supplier and the Participating Agency Locations will work to identify and implement additional opportunities to reduce costs, such as Supplier's Consulting Services, inventory solutions, and other programs at no additional cost to the UC and/or Participating Agency Location.

10. Changes to the Services

UC may desire to change the Goods and/or Services following execution of an SOW. If so, UC will submit a written Amendment to Supplier describing the changes in appropriate detail. If an Amendment does not require Supplier to incur any additional material costs or expenses, then Supplier will make the modification within ten (10) business days of Supplier's receipt of UC's Amendment. If an Amendment does require that Supplier incur additional material costs or expenses, then Supplier in good faith will provide UC with a written, high level, non-binding assessment of the costs and expenses and the time required to perform the modifications required by the Amendment, within ten (10) business days of Supplier's receipt of UC's Amendment. UC will notify Supplier in writing within ten (10) business days after receipt of Supplier's response to the Amendment as to whether UC wishes Supplier to implement the Amendment based on the response. UC will compensate Supplier for implementation of an Amendment in accordance with the terms and conditions of the relevant Amendment and Supplier's response to the Amendment, if any. Supplier's implementation of an Amendment will not delay the performance of Services and/or the delivery of deliverables not reasonably affected by an Amendment.

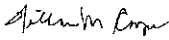
11. No Mandatory Use

Because there is no mandatory use policy at UC, nothing in this Statement of Work will be construed to prevent UC from entering into similar agreements with any third parties including, without limitation, suppliers that may be in competition with Supplier.

This Statement of Work is signed below by the parties' duly authorized representatives.

**THE REGENTS OF THE
UNIVERSITY OF CALIFORNIA**

DocuSigned by:



(Signature)

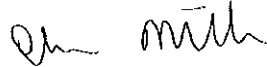
William Cooper AVP & Chief Procurement officer

(Printed Name, Title)

6/19/2018

(Date)

FASTENAL COMPANY



(Signature)

Charles Miller, Executive Vice President

(Printed Name, Title)

6/19/2018

(Date)



Terms and Conditions of Purchase

ARTICLE 1 – GENERAL

The equipment, materials, or supplies ("Goods") and/or services ("Services") furnished by Supplier (together, the "Goods and Services") and covered by the UC Purchase Order ("PO") and/or other agreement (which, when combined with these Terms and Conditions and any other documents incorporated by reference, will constitute the "Agreement") are governed by the terms and conditions set forth herein. As used herein, the term "Supplier" includes Supplier and its sub-suppliers at any tier. As used herein, "UC" refers to The Regents of the University of California, a corporation described in California Constitution Art. IX, Sec. 9, on behalf of the UC Location(s) identified in the Agreement and/or the PO. UC and Supplier individually will be referred to as "Party" and collectively as "Parties." Any defined terms not defined in these Terms and Conditions of Purchase will have the meaning ascribed to such term in any of the other documents incorporated in and constituting the Agreement. No other terms or conditions will be binding upon the Parties unless accepted by them in writing. Written acceptance or shipment of all or any portion of the Goods, or the performance of all or any portion of the Services, covered by the Agreement, will constitute Supplier's unqualified acceptance of all of the Agreement's terms and conditions. The terms of any proposal referred to in the Agreement are included and made a part of the Agreement only to the extent the proposal specifies the Goods and/or Services ordered, the price therefor, and the delivery thereof, and then only to the extent that such terms are consistent with the terms and conditions of the Agreement.

ARTICLE 2 – TERM AND TERMINATION

- A. As applicable, the term of the Agreement ("Initial Term") will be stated in the Agreement. Following the Initial Term, the Agreement may be extended by written mutual agreement.
- B. UC's obligation to proceed is conditioned upon the appropriation of state, federal and other sources of funds not controlled by UC ("Funding"). UC will have the right to terminate the Agreement without damage, penalty, cost or further obligation in the event that through no action or inaction on the part of UC, the Funding is withdrawn.
- C. UC may, by written notice stating the extent and effective date thereof, terminate the Agreement for convenience in whole or in part, at any time with not less than the number of days' notice stated elsewhere in the Agreement. As specified in the termination notice, UC will pay Supplier as full compensation the pro rata Agreement price for performance through the later of the date that (i) UC provided Supplier with notice of termination or (ii) Supplier's provision of Goods and/or Services will terminate.
- D. UC may by written notice terminate the Agreement for Supplier's breach of the Agreement, in whole or in part, at any time, if Supplier refuses or fails to comply with the provisions of the Agreement, or so fails to make progress as to endanger performance and does not cure such failure within a reasonable period of time, or fails to supply the Goods and/or Services within the time specified or any written extension thereof. In such event, UC may purchase or otherwise secure Goods and/or Services and, except as otherwise provided herein, Supplier will be liable to UC for any excess costs UC incurs thereby.

ARTICLE 3 – PRICING, INVOICING METHOD, AND SETTLEMENT METHOD AND TERMS. Pricing is set forth in the Agreement or Purchase Order Number. Unless otherwise agreed in writing by UC, Supplier will use the invoicing method and payment settlement method (and will extend the terms applicable to such settlement method) set forth in UC's Supplier Invoicing, Terms & Settlement Matrix. UC will pay Supplier, upon submission of acceptable invoices, for Goods and/or Services provided and accepted. Invoices must be itemized and reference the Agreement or Purchase Order number. UC will not pay shipping, packaging or handling expenses, unless specified in the Agreement or Purchase Order. Unless otherwise provided, freight is to be FOB destination. Any of Supplier's expenses that UC agrees to reimburse will be reimbursed under UC's Travel Policy, which may be found at <http://www.ucop.edu/central-travel-management/resources/index.html>. Where applicable, Supplier will pay all taxes imposed on Supplier. Notwithstanding any other provision to the contrary, UC will not be responsible for any fees, interest or surcharges Supplier wishes to impose.

ARTICLE 4 – INSPECTION. The Goods and/or Services furnished will be exactly as specified in the Agreement, free from all defects in Supplier's performance, design, workmanship and materials, and, except as otherwise provided in the Agreement, will be subject to inspection and test by UC at all times and places. If, prior to final acceptance, any Goods and/or Services furnished are found to be incomplete, or not as specified, UC may reject them, require Supplier to correct them without charge, or require provision of such Goods and/or Services at a reduction in price that is equitable under the circumstances. If Supplier is unable or refuses to correct such deficiencies within a time UC deems reasonable, UC may terminate the Agreement in whole or in part. Supplier will bear all risks as to rejected Goods and/or Services and, in addition to any costs for which Supplier may become liable to UC under other provisions of the Agreement, will reimburse UC for all transportation costs, other related costs incurred, or payments to Supplier in accordance with the terms of the Agreement for unaccepted Goods and/or Services and materials and supplies incidental thereto. Notwithstanding final acceptance and payment, Supplier will be liable for latent defects, fraud or such gross mistakes as amount to fraud.

ARTICLE 5 – ASSIGNED PERSONNEL; CHARACTER OF SERVICES

Supplier will provide the Services as an independent contractor and furnish all equipment, personnel and materiel sufficient to provide the Services expeditiously and efficiently, during as many hours per shift and shifts per week, and at such locations as UC may so require. Supplier will devote only its best-qualified personnel to work under the Agreement. Should UC inform Supplier that anyone providing the Services is not working to this standard, Supplier will immediately remove such personnel from providing Services and he or she will not again, without UC's written permission, be assigned to provide Services. At no time will Supplier or Supplier's employees, sub-suppliers, agents, or assigns be considered employees of UC for any purpose, including but not limited to workers' compensation provisions.

ARTICLE 6 – WARRANTIES

In addition to the warranties set forth in Articles 11, 12, 17, 23, 24, 25 and 26 herein, Supplier makes the following warranties. Supplier acknowledges that failure to comply with any of the warranties in the Agreement will constitute a material breach of the Agreement and UC will have the right to terminate the Agreement without damage, penalty, cost or further obligation.

- A. General Warranties. Supplier agrees that the Goods and Services furnished under the Agreement will be covered by the most favorable warranties Supplier gives to any customer for the same or substantially similar goods or services, or such other more favorable warranties as specified in the Agreement. The rights and remedies so provided are in addition to and do not limit any rights afforded to UC by any other article of the Agreement.
- B. Permits and Licenses. Supplier agrees to procure all necessary permits or licenses and abide by all applicable laws, regulations and ordinances of the United States and of the state, territory and political subdivision or any other country in which the Goods and/or Services are provided.
- C. Federal and State Water and Air Pollution Laws. Where applicable, Supplier warrants that it complies with the requirements in UC Business and Finance Bulletin BUS-56 (Materiel Management; Purchases from Entities Violating State or Federal Water or Air Pollution Laws). Consistent with California Government Code 4477, these requirements do not permit UC to contract with entities in violation of Federal or State water or air pollution laws.
- D. Accessibility Requirements. Supplier warrants that:
 - 1. It complies with California and federal disabilities laws and regulations; and
 - 2. The Goods and Services will conform to the accessibility requirements of WCAG 2.0AA.Supplier agrees to promptly respond to and resolve any complaint regarding accessibility of its Goods and/or Services.
- E. Warranty of Quiet Enjoyment. Supplier warrants that Supplier has the right to use all intellectual property that will be needed to provide the Goods and/or Services.
- F. California Child Abuse and Neglect Reporting Act ("CANRA"). Where applicable, Supplier warrants that it complies with CANRA.
- G. Debarment and Suspension. Supplier warrants that it is not presently debarred, suspended, proposed for debarment, or declared ineligible for award of federal contracts or participation in federal assistance programs or activities.
- H. UC Code of Conduct for Trademark Licensees. If the Goods will bear UC's name (including UC campus names, abbreviations of these names, UC logos, UC mascots, or UC seals) or other trademarks owned by UC, Supplier warrants that it holds a valid license from UC and complies with the Trademark Licensing Code of Conduct policy, available at <http://policy.ucop.edu/doc/3000130/TrademarkLicensing>.
- I. Outsourcing (Public Contract Code section 12147) Compliance. Supplier warrants that if the Agreement will displace UC employees, no funds paid under the Agreement will be used to train workers who are located outside of the United States, or plan to relocate outside the United States as part of the Agreement. Additionally, Supplier warrants that no work will be performed under the Agreement with workers outside the United States, except as described in Supplier's bid. If Supplier or its subsupplier performs the Agreement with workers outside the United States during the life of the Agreement and Supplier did not describe such work in its bid, Supplier acknowledges and agrees that a) UC may terminate the Agreement without further obligation for noncompliance, and b) Supplier will forfeit to UC the amount UC paid for the percentage of work that was performed with workers outside the United States and not described in Supplier's bid.

ARTICLE 7 – INTELLECTUAL PROPERTY, COPYRIGHT AND PATENTS

- A. Goods and/or Services Involving Work Made for Hire.
 - 1. Unless UC indicates that the Goods and/or Services do not involve work made for hire, Supplier acknowledges and agrees that any deliverables provided to UC by Supplier in the performance of the Agreement, and any intellectual property rights therein, (hereinafter the "Deliverables") will be owned by UC. The Deliverables will be considered "work made for hire" under U.S. copyright law and all right, title, and interest to and in such Deliverables including, but not limited to, any and all copyrights or trademarks, will be owned by UC. In the event that it is determined that UC is not the owner of such Deliverables under the



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Litigation Disclosure

On October 18, 2007, a complaint was filed in the United States District Court for the Northern District of California against Fastenal Company on behalf of two former employees claiming to represent all employees employed in the store position of Assistant General Manager in the United States within three years prior to the filing date (four years for California employees). The suit alleges Fastenal misclassified its Assistant General Managers as exempt for purposes of the overtime provisions of the Fair Labor Standards Act (FLSA) and California and Pennsylvania state statutes. This suit also alleges that Assistant General Managers in California did not receive sufficient meal breaks and paid rest periods under the California Labor Code. An opt-in class has been certified for this action.

On August 29, 2008, Fastenal Company issued a press release announcing a preliminary agreement to settle the class action lawsuit noted above. While the Company denies the allegations underlying the lawsuit, it has agreed to enter into the settlement agreement in order to avoid significant legal fees, the uncertainty of a jury trial, distractions to Fastenal's operations, and other expenses and management time that would have to be devoted to protracted litigation. The settlement, which is still subject to court approval, fully resolves all claims brought by the plaintiffs in this lawsuit. Pursuant to the settlement, Fastenal will make a cash payment of \$10 million to cover claims by eligible class members, plaintiff attorneys' fees and costs, and payments to the named plaintiffs. The expense for this settlement was recorded in the quarter ended September 30, 2008. The company does not expect the settlement to have any material impact on its operating results going forward.

In July 2010, we received a letter from the Civil Division of the Department of Justice (the 'DOJ') advising that they intended to be ready to commence litigation against us regarding a contract we entered into with the United States General Services Administration (the 'GSA') in 2000. We discontinued the GSA contract in 2005. The letter is related to an audit conducted by the GSA Office of Inspector General (the 'OIG') in 2005-06 that suggested we had not complied with certain pricing and product requirement provisions, and had potentially overcharged government customers under the contract. We have communicated our disagreement with the audit report, and have participated in several meetings and discussions with the OIG and DOJ on these disputed issues during the past several years. A subpoena dated March 25, 2010 was sent to us from the DOJ seeking information about the Company's position concerning our compliance under the contract, and we provided responsive information to the DOJ in May 2010. Discussions between the DOJ and Fastenal relating to our compliance with the pricing and product requirement provisions under the contract are ongoing. As of June 30, 2010, the DOJ had offered to resolve this matter for a payment by us of \$9.5 million and we had offered \$750,000, which amount we had accrued. During the third quarter of 2010 we continued our discussions with the DOJ. The DOJ has currently offered to resolve this matter for \$8.5 million and we have offered \$2,750,000, which amount we have accrued as of September 30, 2010. Fastenal Company signed a settlement agreement on January 13, 2011. This agreement settles the dispute disclosed in our quarterly report on Form 10-Q for the quarter ended September 30, 2010. Under the terms of the agreement, we will make an immediate one-time payment of \$6.25 million. As indicated above, we continue to believe that we complied with our obligation under the GSA contract in all material respects. However, we felt a continuation of our dispute with the DOJ and GSA was not the best use of our resources.

In early February 2010, we received a letter from a California fastener supplier dated January 26, 2010. This letter threatened to sue us for our alleged violation of an exclusive distribution arrangement this supplier believes exists between our organizations. In addition, this supplier provided a press release and

a video regarding the claim that they threatened to make public unless we agreed to mediation of the claim. Shortly after receipt of this letter, we performed a preliminary internal review to understand (1) who this supplier was and (2) the nature of our relationship with this supplier. Based on that review, we determined that this supplier manufactures a niche type of fastener and that the total volume of purchases by us, from all suppliers, over the purported term of the alleged exclusivity arrangement of this niche type of fastener does not exceed \$1 million. Following completion of our preliminary internal review, we requested additional information and documentation from the supplier. The supplier's response failed to provide the requested information and documentation. By letter dated February 26, 2010, we quantified for the supplier our total volume of purchases as discussed above and informed the supplier that we believed their claim was grossly exaggerated and completely unsupported. We have not received any direct response to our February 26 letter. On May 3, 2010, this supplier filed suit in Arkansas alleging damages. In response, we filed a motion to dismiss. This motion to dismiss was denied on August 16, 2010. We subsequently filed two motions for summary judgment. The first summary judgment motion was partially denied.

On August 24, 2011, the court issued an order granting Fastenal's second motion for summary judgment in its entirety. On December 16, 2011, the court issued an order granting, in part, Fastenal's request to recover on its Bill of Costs and Petition for Attorney's Fees from B&B Hardware, which order B&B Hardware appealed on January 9, 2012. On August 21, 2012, the appeals court issued a ruling affirming the August 24, 2011 and December 16, 2011 orders. The appeals court filed a Mandate order on September 13, 2012 to effectively conclude these proceedings. While we are not required to disclose this matter under the rules of the Securities and Exchange Commission, we initially disclosed the existence of this threat in February 2010 (in our 2009 annual report on Form 10-K) as we believed that disclosure was prudent due to the alleged amount (\$180 million) of the claim and the threat to make these allegations public.

On October 8, 2015, the Office of Federal Contract Compliance Programs (OFCCP) announced a settlement between the OFCCP and Fastenal. The matter involved Fastenal's distribution centers in Indianapolis and Atlanta. Based on a statistical analysis of these warehouse locations done during routine desk audits, the OFCCP contended that Fastenal should have hired additional female and Black applicants for part-time General Warehouse positions during 2011 and 2012. Fastenal vehemently denied the accusations that it discriminated against anyone in the hiring process. There were legitimate and non-discriminatory reasons that subject individuals were not hired. However, Fastenal ultimately agreed to a settlement with the OFCCP in the amount of \$1,253,611 in order to avoid the extreme costs, time drain and uncertainty associated with litigation. In addition, Fastenal has made several enhancements to its hiring processes and procedures to prevent this type of situation from occurring in the future.

In addition to the forgoing legal actions, Fastenal Company from time to time may be involved in various legal actions or proceeding that may involve products, employees, property, debtor or creditor issues, bankruptcy, contracts and related operational issues of the Company and certain investigative inquiries or audits by local, state or federal authorities; however, these actions or activities are not viewed as having a material impact on the Company's operations or its financial condition.

What does this mean for UC/CHESS/NIPA? When we think about lead time, we usually think of the unplanned purchasing environment – the ticking clock that begins when an outage or unforeseen need is discovered. To meet a broad range of spot-buy needs, each Fastenal branch offers a core inventory that includes thousands of the most commonly used SKUs. We also offer e-commerce tools that make it easy to view local branch inventory and procure same-day product solutions.

But the deeper value of our local stocking model is that it enables you to *avoid* these kinds of reactive, expensive transactions in the first place. As part of a national partnership, we would tailor your servicing branches' inventory to anticipate and support UC/CHESS/NIPA Participating Entities' local business needs, including high-use MRO supplies and critical spares – enabling you to significantly reduce inventory costs without risking outages.

The next step is to keep those planned needs flowing from the local branch to your facilities' points of use via best-in-class bin stock and vending solutions – taking the service timeframe from 'same day' to 'just in time.' Fastenal has been the dominant industry leader in VMI for decades, and the reason is clear: effective inventory management requires regular (potentially daily) site visits, hands-on labor to organize, monitor and put the inventory away, and close familiarity with decision-makers, end users, processes and changing needs. In short, it requires a *local presence*, which is why no other industrial supplier can match Fastenal's scope and level of service when it comes to inventory management.

FAST Solutions

Fastenal's menu of FAST Solutions can help UC/CHESS/NIPA Participating Entities capture time, eliminate waste, and free up resources. Please see below for details of the variety of programs Fastenal has to offer. Our attached FAST Solutions agreement(s) (vending, bin stock, onsite) will be executed and/or incorporated in the resulting Participating Addendum with the respective entity.

FAST Solutions — BIN STOCK —

Fastenal's bin stock solutions are a perfect fit for any MRO items you cannot dispense out of a vending machine but are still needed on your shelves. Each solution is unique, but all share three common elements:

1. A labeled location and min/max inventory range for each part.
2. A nearby Fastenal branch to carry the inventory and make sure you always have just the right amount on hand.
3. Detailed usage reporting by location, clarifying 'how much of which parts should be stocked where.'

Manual Solutions:**Fastenal Managed Inventory (FMI)**

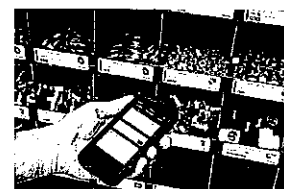
Save time and money by utilizing our local experts to manage your bin stock inventory.

- We organize & label new or existing bins, collaborate to establish initial min/max levels and service schedule.
- We visit regularly to monitor & replenish inventory.
- Suggested replenishment orders are submitted, reviewed and approved via Fastenal.com.
- Flexible delivery (we deliver to dock or put product away).

**FAST Scan**

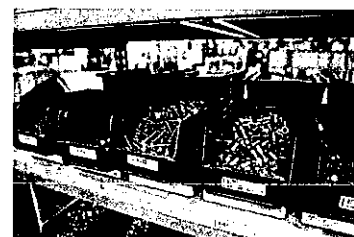
If you prefer to handle the scanning and ordering internally, Fastenal will provide an iOS-based scanning solution for your personnel to quickly generate replenishment orders.

- We organize and label bins and shelving.
- We set up profiles for local users on Fastenal.com and provide scanning devices.
- Your local personnel determine inventory levels and controls.
- We provide flexible delivery, reporting, and suggestions for improvement.

Electronic Solutions:**FAST Scale**

Utilizes weight sensor technology to provide a real-time view of your *exact* quantity on hand (QOH) – a good fit for critical production parts. Users log onto Fastenal.com to view live inventory levels and adjust reorder triggers.

- We install the scale system, organize and label parts.
- An order is automatically generated when stock hits 'min' level.
- View and approve suggested orders via Fastenal.com.
- Flexible delivery (we deliver to dock or put product away).

**Auto Bins (coming soon)**

Offers a real-time view of your inventory 'health' ('above min,' 'below min' or 'out of stock' – not exact QOH) along with electronic signals prompting replenishment when stock runs low. There are two basic options:

- *Infrared Bins* – An order is triggered when stock falls below a specified 'water mark' in the bin.
- *2-Bin System* – An order is triggered by placing the empty bin next to an RFID chip built into the shelving.

FAST Solutions®

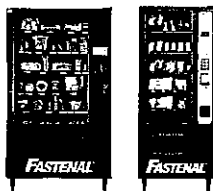
VENDING

With tens of thousands of machines currently implemented at customer sites, Fastenal is the dominant leader in industrial vending. ... Why? It's a combination of our innovative technology, our low-cost, no-risk program, and most important of all, our "machine *behind* the machine" – the thousands of local Fastenal personnel making sure each solution is perpetually filled, functioning, and fully optimized for maximum savings.

- Wide variety of machines to support virtually any product needs.
- Dynamic web reporting – view real-time usage data when, where and how you want to see it.

WE ARE WHERE YOU ARE.

- Machines provided free of charge based on a one-year renewable service agreement.
- Your servicing Fastenal branch teams monitor and replenish the machines – no paperwork or labor required.
- Dedicated vending specialists work hand-in-hand with our local branches to analyze usage patterns, suggest areas for improvement, and make sure the solution is driving the results you want to see.
- Fastenal's industrial vending solutions have the added benefit of reducing product consumption, typically by 25-35%.

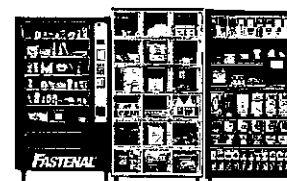


FAST 5000 & FAST 3000

With tens of thousands of units driving results at customer sites, this is the most widely-used industrial technology in the world – a simple, versatile solution to track and control items ranging from PPE to general MRO items. The FAST 3000 is simply a more compact version of the FAST 5000. Both can function as stand-alone solutions or used in conjunction with our standard lockers.

Standard Lockers

Our standard (semi-secure) lockers are used to: 1) track and control access to larger-sized consumable products (relying on the user to enter the quantity taken), and 2) automate check-out and return of tools and other assets. They can be used with a standalone controller or in conjunction with a FAST 5000 or FAST 3000 machine.

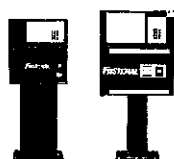


FAST 10000SL (Secure Locker) Series

This next-generation technology extends the benefits of vending to four very common (yet traditionally difficult to vend) product types: 1) boxes, 2) cylinders/cans, 3) 'floppy' items (Tyvek suits, belts, hoists, etc.), and 4) loose components (fasteners, fittings, cutting tools, etc.). The machines automatically sense and report the exact amount taken by each user, providing per-item traceability and a frictionless 'grab and go' experience.

Outdoor Lockers

With a tough steel exterior, ruggedized electronics and optional temperature control, these lockers are built to operate in harsh outdoor environments. Keep tools perpetually stocked, secure and accessible on the jobsite, and automatically track check-out/check-in of expensive tools.



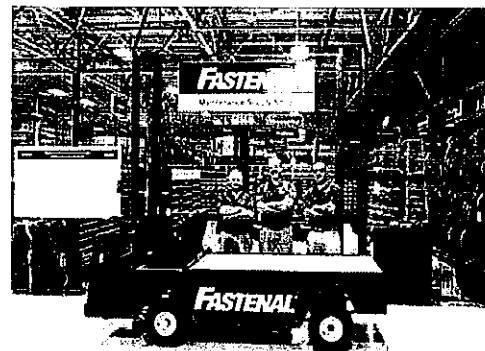
FAST CT (Cutting Tool) Machines

Designed to dispense and track inserts and round tools, either individually or in pre-determined quantities. The compact design of the machines (combined with the low cost of our vending program) makes it practical to install multiple point-of-use machines throughout the shop (versus a single centralized unit) for increased productivity.

FAST Solutions®

ONSITE

The purest expression of our local service philosophy is our Onsite service model, positioning not only our solutions but also Fastenal personnel and Fastenal-owned inventory – essentially a dedicated branch – within the walls of your facilities. Just like vending and bin stocks, this is a natural extension of our distribution infrastructure and a model we've pioneered in our industry.



The Fastenal Onsite Advantage:

- Full program customization based on process mapping exercise.
- Dedicated onsite Fastenal team to handle all inventory management functions – the first time your employees touch the product is at the point of use
- Consigned onsite inventory within the Fastenal crib – we own it until it's dispensed to your end-user
- Customized inventory modeling to eliminate stock-outs.
- Immediate access to planned needs (within our crib) and a variety of spot-buy needs (via our local branch).
- Detailed, flexible reporting based on your business priorities.
- Deep collaboration, including participation in Kaizen events and other company initiatives. (As we like to say, it's like having a team of supply chain experts on your staff, but not on your payroll.)

How Will Your Business Benefit?

✓ ***Save money***

- Utilize Fastenal labor for purchasing, quality inspection, inventory management, etc.
- Reduce transportation costs through better inventory planning and utilization of Fastenal's trucking system.

✓ ***Reduce inventory/working capital***

- Upon moving Onsite, we will sell down your current inventory and replace it with our own.
- Moving forward, the inventory in the Fastenal crib is on our books until provided to the end user. This transformation creates a dollar-for-dollar reduction in your working capital.

✓ ***Gain efficiency in your facility***

- Simply put, *we are experts* – with the knowledge, solutions, and systems to run a truly world-class supply chain for your business.
- Put our decades of experience to work for you in the areas of quality/source control, critical spares management, inventory planning, point-of-use supply flow, and other critical activities.

Integrated Solutions

In conjunction with our Onsite service model, Fastenal personnel can perform any and all business functions, including purchasing and managing your non-Fastenal product needs (with no mark-ups added). Each integrated supply solution is unique and will require a detailed RFP to define the scope

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and responsibilities. To begin the process, our team of Lean Six Sigma specialists is prepared to perform a process mapping event.

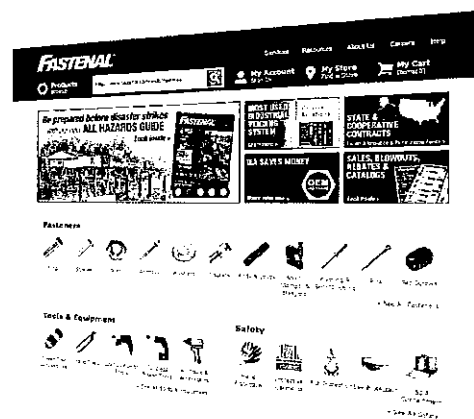
FAST Solutions[®]

E-BUSINESS

Our e-business solutions are designed to streamline business processes while leveraging our local presence to provide the fastest possible service. This includes something no other national supplier can offer on a national level: *same-day* service for thousands of locally stocked items.

Fastenal.com

Fastenal.com is a 24/7 window to research, source, procure, and manage a spectrum of MRO, OEM and Construction supplies. Leveraging our brick-and-mortar presence at 2,000+ U.S. locations, the site is designed to present the nearest – and therefore fastest – solutions to your product needs. That includes thousands of items available for same-day fulfillment at your servicing Fastenal branches.



Key Features & Functionality:

- **My Branch:** Need it today? Click on your My Branch tab to see if the item you're searching for is stocked on your local Fastenal branch shelves.
- **In-Stock Alternative Products:** View the item you originally searched for as well as 'in-stock alternatives' offering the same fit, form and function – potential solutions for a faster lead time or lower cost.
- **Advanced Permissions Settings:** Control non-compliant spending by setting employee purchase limits, establishing authorized users and approvers, and creating an automated approval workflow.
- **eQuotes:** Edit and approve branch quotes, including suggested bin stock (eVMI) replenishment orders, without having to enter or re-type data.
- **Reports:** Access usage, vending, and cost savings reports to bring visibility to your overall spend with Fastenal.
- **Strategic Supply Recommendations:** If desired, we can analyze your usage activity and present opportunities to standardize purchases, switch to more cost-effective alternatives, and supply repetitive orders via a more strategic delivery method, such as a vending or bin stock solution.

B2B Integration

B2B integration is either a direct connection between your internal ERP system and Fastenal, or a connection via a third-party procurement partner that supports electronic document exchange throughout the purchase-to-payment process. Reduce operational costs associated with the procurement process, eliminate double and manual data entry, and ensure adherence to supplier contracts and budgets.

Why Integrate With Fastenal?

WE ARE WHERE YOU ARE.

- *Experience & Flexibility* – Our in-house eBusiness department has nearly 20 years of experience developing and implementing custom integrated solutions for a broad range of customers. With capabilities ranging from different types of electronic documents and formats to fully customizable catalogs, we can quickly tailor a solution to support your system and unique business needs.
- *Local fulfillment at 2,000+ U.S. locations* – Our integration solutions are backed by local inventory and a familiar face for each of your locations. Our easy-to-use punchout catalog keeps your personnel connected with their servicing branches, with the ability to direct users to locally-stocked product options for same-day service. Features like eQuotes and Order Templates further streamline the process for ordering locally-managed inventory items.

Our integration solutions are built on open industry standards (**OCI, cXML, xCBL** and **Punchout**), and we offer integration via most leading e-business systems and portals, including:



FAST Crib

Monitor inventory, equipment, and even work orders – all within one platform. This web-based, barcode-driven solution supports total inventory control, including min/max-triggered replenishment and a full suite of reports providing visibility and accountability on an enterprise-wide level.

Our implementation team will oversee the entire setup process, from data gathering to labeling, and even training, so your local teams can learn how to use the system while it's being customized for them.



FAST Crib supports four key processes: inventory management, asset management, maintenance management and procurement. These core components can be custom-configured for use at any time:

- *Inventory & Asset Management:* The FAST Crib program can be customized to include anything your local personnel wish to control, issue, return, monitor, or procure. Items are loaded by part number to create barcodes which can be scanned and tracked to provide real-time inventory visibility. This works for all parts, not just items supplied by Fastenal.
- *Procurement Platform:* Manage all of your suppliers via a single portal utilized by all employees – great for managing spot buys, controlling rogue purchasing, and channeling spend to preferred suppliers. Comes pre-loaded with a 325,000-SKU Fastenal reference database.
- *Maintenance Management:* Streamline preventative maintenance with pre-formatted work orders tied to inventory with Bill of Material generation. Be proactive in your maintenance and understand the true cost to maintain assets and your facility.

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Industry Specialists

As a complement to our local branch sales force, Fastenal has trained and deployed hundreds of industry specialists to provide high-level support in key areas of our business, including:

Safety

To support our safety product offering, we've positioned 50+ trained Safety Specialists across the U.S. and Canada. These personnel carry multiple certifications, including Masters in Occupational Health and Safety, QSSP Certification, and OSHA 30-Hour Training. Their job is to identify hazards, document risk factors, garner worker feedback regarding PPE, and ultimately develop a business plan to reduce workplace incidents while maximizing productivity and profits.

Working with our key safety suppliers, Fastenal's Safety Specialists provide trainings and PPE equipment assessments for the following concepts:

- *Eye Protection* – product selection/rationalization, fit testing
- *Hearing Conservation* – fit testing
- *Face and Head Protection*
- *Respiratory Protection* – qualitative fit testing
- *Skin Care Needs Analysis* – prevention/reduction of occupational dermatitis, reduction in sick days
- *Hand Protection* – job-specific assessments, product testing
- *Fall Protection* – application assessment, harness/lanyard inspection, competent person training
- *Hoist and Sling Inspection and Certification*
- *Heat Stress Evaluation* – program development
- *Spill Containment and Flammable Storage*
- *Lock Out/Tag Out Program*
- *AED, BBP, First Aid Training*
- *ARC Flash Assessments*



Manufacturing/Metalworking

As part of our metalworking product expansion, we've stationed 40+ Metalworking Specialists across North America. These individuals have undergone three levels of training, culminating with intensive hands-on training at our key suppliers' facilities. They work directly with customers to help them select the best products for the job and run them the right way for maximum productivity and cost-effectiveness.

Consulting/Lean Solutions

Our 70+ employees who have completed Black Belt training and 110+ internally-trained 'Blue Belts' are available to participate in Lean events and support your Lean initiatives. Services include **DMAIC Process Mappings** – working with your personnel to map the movement of product through your current system and identify areas where costs can be reduced or eliminated.



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Based on the information gathered, a gap analysis is presented along with a business plan to achieve a specific cost savings goal.

Product Services

Custom Packaging/Kitting

Our 10 packaging facilities assemble 50,000 to 70,000 kits each day to meet our customers' needs. Our operation in Shanghai, China is located inside a free trade zone, enabling us to source product from the most qualified manufacturers in Asia and package it to meet your specifications. Depending on your needs, we can work with standard part numbers, non-standard parts, customer-specific parts, or a mix of all. Kitted solutions can include barcoding, lot number, company logo, assembly services (e.g., applying grease to an o-ring and placing it on a bolt), and multiple sub-kits within a master kit.

Product Sourcing

Fastenal's sourcing model is a value-added service that we offer to customers to source products. The local Fastenal branch manages the sourcing, procurement, delivery, and, if required, the inventory management of the sourced product as part of a Fastenal vendor managed inventory solution.

Reseller Subcontracting Program

Sourcing of non-core items is service that Fastenal offers to customers to procure items that are not available within Fastenal's distribution system. The local Fastenal branch manages the sourcing, procurement, delivery, and, if required, the inventory management of the sourced items as part of a Fastenal vendor managed inventory solution.

Fastenal's sourced items may be a direct line extension with an existing vendor or the item may be procured same day from local vendors. Additionally, for Participating Entities with Small Business goals, non-core items may be sourced through one of Fastenal's authorized resellers.

Under the Small Business Reseller program, the Small Business is the vendor of record and manages the sourcing, procurement, and invoicing of the item to the Participating Entity under Fastenal's contract. Depending upon the item, Fastenal may provide distribution, logistics and vendor managed inventory services.

Pricing for sourced items is based on current market conditions and is negotiated locally (either by Fastenal or the Small Business Reseller) on a per-order basis.

Cost Savings Opportunities

Vendor Consolidation. As an efficient single source for thousands of corporately approved supplier partners, Fastenal can help you leverage spending and streamline costs for a vast range of MRO supplies.

VMI / Vending. Your servicing branches will stock product locally and keep just the right amount flowing to your points of use, eliminating costs associated with stock-outs, rush orders and excess inventory. Our industrial vending solutions have the added benefit of reducing product consumption, typically by 25–35%.

Contract Pricing. We can offer leveraged, consistent pricing for each of your locations – globally, nationally or regionally.

Reduced Freight Costs. Our company-owned transportation fleet (8,000+ vehicles in all) enables us to move product efficiently and economize freight expenditures for our strategic customers.

Product Standardization/Substitutions. Your Fastenal account representative can identify redundant requests and cost-saving conversion opportunities.

Brand Conversion. Made by best-in-class domestic and global manufacturers, our Fastenal brand product lines present opportunities to reduce cost without sacrificing quality.

E-Business Solutions. We offer a range of solutions to minimize paperwork, processing time, and administrative costs.

Dedicated Local Service. Each of your locations will be serviced by a dedicated local branch team that will tailor its inventory and service to support your business goals.

WE ARE WHERE YOU ARE.

Search
Enter Company Name, ID or D-U-N-S Number Enter City Select State/Province Include Snapshots? More Options
Search

You are in Search Results > Account ECF FASTENAL COMPANY

Account : FASTENAL COMPANY

D-U-N-S® Number: 04-265-3634 - FASTENAL COMPANY / Account Number: 408048510 / Trade Names:

Acc to Remove Print E-File PDF Preferences
from FICor FASTENAL

Address: 2001 THEURER BLVD
WINONA, MN, US - 55987
Location Type: Headquarters
Phone: 507-454-5374
Fax: 507-454-6542
Web: www.fastenal.com
Map using Google Maps

Address: 2001 THEURER BLVD
WINONA, MN, US
Phone:
Fax:

Assigned to: Credit Department

Last Review Date: View More >

Endorsement: anpicro@fastenal.com

In Folders: View >

Match Company
Reassign
Order Investigation

Company Summary

- Detailed Trade Risk Insight
- Corporate Linkage
- Predictive Scores
- Trade Payments
- Public Filings
- Special Events
- History & Operations
- Financials
- Company News
- Notes & Documents
- Associations
- Account Information
- Aging
- Custom Scores
- Audit Trail

How helpful was the D&B information for this company?
☆☆☆☆

Company Summary

Currency: Shown in USD unless otherwise indicated

Account Review Reasons

Status: No Action Recommended

Reevaluate Credit Change Credit Terms
Place on Credit Hold Set Review Preferences
Send to Credit Review Send to Collections
Send to Credit Manager

There is no active decision currently

Score Bar

Financial Stress Score 1312 Low to Moderate Risk of severe financial stress

Commercial Credit Score Class 2 Low to Moderate Risk of severe payment delinquency

Employees 19624 Includes Officers, 400 employed here

Commercial Credit Score 161 Low to Moderate Risk of severe payment delinquency

PAVDX® 74 Paying 9 days past due

Customize Score Bar

Latest Aging (11/18/2016) Aging Graph cannot be created

D&B Viability Rating Viability Score 1 High Risk Low Risk

Portfolio Comparison

Total Outstanding : 0.0

View Details

Detailed Trade Risk Insight™ To learn more, Click here

Days Beyond Terms Past 3 Months

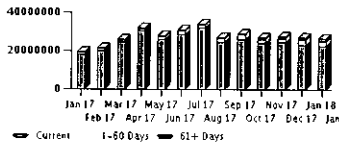
3 Days

Dollar-weighted average of 2835 payment experiences reported from 456 Companies

Recent Derogatory Events

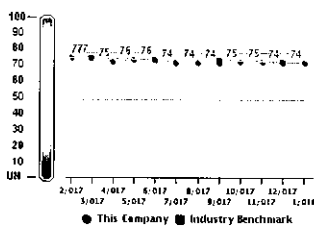
	Nov-17	Dec-17	Jan-18
Placed for Collection	1	21	3
Bad Debt Written Off	1	1	1

Total Amount Current & Past Due - 13 Months Trend



View Details

PAYDEX® Trend Chart



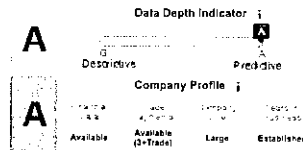
View Details

News & Alerts

There are no alerts for this company in the last 30 days.

3 High Risk Low Risk

A



Current Credit Terms

Actual Credit Limit(USD)	Not Set
Previous Credit Limit(USD)	Not Available
Actual Payment Terms	Not Set
Actual Early Payment Discount	Not Set
Actual Term Status	Not Set
Total Outstanding	0.00
Credit Limit Remaining	
Credit Limit Utilization	

0.0%

Company Overview

This is a headquarters location

Branch(es) or Division(s) exist	Y
Mailing Address	PO BOX 348 WINONA,MN55987
Chief Executive	DANIEL L FLORNESS, PRES-CEO
Stock Symbol	FAST
Year Started	1967
Employees	19624 (400 Here)
Financing	SECURED
SIC	5085, 5072
Line of business	Whol industrial supplies
NAICS	423840
History Status	CLEAR
Financial Condition	GOOD

Stock Performance

FAST 52.52 -2.93 (-5.28%) Trend Charts

Previous Close: 55.44	Volume: 6839193.00
Daily High: 54.05	Daily Low: 51.50
52-Week High: 56.16	52-Week Low: 39.80
P/E: 27.9335	Market Cap: 15,092,305,491
EPS: 1.88	Div/Yield: 2.44

FirstRain Company News

Fastenal (FAST) Meets Q4 Earnings Estimates, [View Details](#)

Fastenal (NASDAQ:FAST) reported earnings of [View Details](#)

Fastenal tops profit and sales estimates [View Details](#)

Fastenal Co. Q4 Profit Rises 33% [View Details](#)

Fastenal EPS in-line, beats on revenue [View Details](#)

Fastenal Company Reports 2017 Annual and [View Details](#)

Powered by FirstRain

Public Filings

The following data includes both open and closed filings found in D&B's database on this company:

Record Type	Number of Records	Most Recent Filing Date
Bankruptcies	0	-
Judgments	1	07/18/13
Liens	46	08/03/15
Suits	6	06/06/17
UCCs	298	01/05/16

The public record items contained herein may have been paid, terminated, vacated or released prior to today's date.

View Details

Corporate Linkage

No parent company found. To view the full family tree, which may include branches, subsidiaries and affiliates, click on View Details.

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Service Metrics

Stock Item Delivery: Orders placed before 5:00 p.m. local time will ship the same day for next day delivery.

Fastenal agrees to these terms for any in-stock item that is stocked within our local distribution footprint of Fastenal branches.

Fastenal's distribution footprint allows us to exceed UC/CHESS/NIPA's delivery schedule of next day on many in-stock items by offering same-day service in 2,000+ local markets, something no other industrial supplier can do. The key to this solution has been our ability to cost-effectively operate local branches in not only major cities but also small towns and rural areas across North America, positioning dedicated service teams and customized inventory minutes away from the customers we serve. Fastenal's branch-based service model enables us to stock product locally for immediate availability, tailor local branch inventory to match our UC/CHESS/NIPA Participating Entities' needs, manage customers' inventory to lower their total cost of ownership, and provide industry leading in-person, flexible, value added customer service.

With our exceptional distribution network consisting of a footprint of 2,000+ local Fastenal branches and 17 distribution centers, Fastenal has a proven track record of superior past performance in supporting our public sector customers. Fastenal holds more than \$1 billion worth of inventory which is immediately available to UC/CHESS/NIPA Participating Entities through our local branches. Each Fastenal branch serves as a local distribution point for a vast range of MRO and Facilities Maintenance supplies – backed by our global distribution and sourcing strength, yet free to tailor its inventory and service to meet the needs of local customers. Branches are serviced by the nearest of 17 Fastenal distribution centers throughout the U.S. through our company-owned fleet of over 7,600 pick-up trucks; 315 Semis, and over 300 additional vans and sprinters. Our U.S.-based distribution centers are located in Akron, OH; Atlanta, GA; Denton, TX; Edwardsville, KS; High Point, NC; Houston, TX; Indianapolis, IN; Jessup, PA; Lakewood, WA; Leominster, MA; Modesto, CA; Orlando, FL; Pearl City, HI; Salt Lake City, UT; Spokane Valley, WA; and Winona, MN.

Non Stock Item Delivery: Contractor shall place the order on the same day it receives the order from a Location. Contractor shall then deliver the Product the next day after Contractor's receipt of the item unless the item is shipped direct to the ordering Location from the Manufacturer.

Fastenal agrees to these terms for Non Stock Item Delivery by placing the order on the same day we receive the order from the customer. We shall then deliver the product the next day after Fastenal receives the product in unless we ship direct to the customer.

Fill Rate: 98% order fill rate; 98% line fill rate

Fastenal agrees to these terms for 98% order and line item fill rate for Stock Items delivered next day for items that are in stock at the local servicing branch. In addition, Fastenal agrees to these terms for 98% order and line fill rate for Non Stock items being delivered the next day after receipt of the product.

Returns: Full credit guaranteed on any return regardless of reason if within thirty (30) days of receipt with receipt, invoice, packing slip or similar documentation.

For market basket and catalog products, Fastenal must approve cancellation of any order prior to shipment. Any returns for shipping errors, damage or loss upon delivery must be reported within 10 days of the delivery date. Except as otherwise agreed, Products will not be accepted for return after 30 days from the date of delivery to the Purchaser. Any cancellation or returns accepted after 30 days may be subject to a restocking fee and other charges, for which the Purchaser shall be responsible. All returns

should be made to a Fastenal branch or as otherwise designated by Fastenal, and must be in resalable condition and accompanied with an Invoice.

Sourced Items ordered and delivered to the Customer may be non-returnable and non-refundable. Sourced Items that have been ordered by the Customer and are non-cancelable by the manufacturer, Customer must accept and pay for the delivered quantities, excluding non-conforming items. If Customer requests to cancel a Sourced Item order prior to shipment or delivery, Seller will exercise reasonable commercial efforts to discontinue the production of the items by the manufacturer. However, Customer will be responsible for any restocking fee or costs imposed by the manufacturer related to the cancellation of the Sourced Item. In the event the Customer requests Seller to stock and maintain an inventory of certain quantities of Sourced Item for Customer, Customer agrees to purchase all remaining Sourced Items maintained by Seller in its inventory at the time the contract is terminated or within thirty (30) days after Customer discontinues use of the Sourced Item.

Return Pick-up: Pick-up will occur within five (5) days from request. Return time frame begins as of date of request for pick-up.

For market basket and catalog products, Fastenal must approve cancellation of any order prior to shipment. Any returns for shipping errors, damage or loss upon delivery must be reported within 10 days of the delivery date.

Credits: Full credit issued in same form as payment and referencing the original purchase order number. Fastenal agrees to these terms based on our return policy.

Report Requests: Standard reports will be generated at the CHESS and Location or Participating Entity level quarterly or as necessary to track compliance.

Fastenal agrees to these terms.

Delivery Accuracy: 98% calculated based on percent of entire order fulfilled accurately.

Fastenal agrees to these terms.

On-Time Delivery: 98% calculated based upon the percent of the entire order arriving at the customer's required time.

Fastenal agrees to these terms for 98% On-Time Delivery for Stock Items delivered next day for items that are in stock at the local servicing branch. In addition, Fastenal agrees to these terms for 98% On-Time Delivery rate for Non Stock items being delivered the next day after receipt of the product.

Invoice/Billing Accuracy: 99%

Fastenal agrees to these terms.

Customer Service Satisfaction: Average score of 3.75 or better on a 5 point scale.

Fastenal agrees to the terms of a Customer Service Satisfaction survey and will use all reasonable efforts to create a survey that matches the score and point scale described above. Periodically, Fastenal provides our customers with a Satisfaction Survey that delves into many different services that the customer receives from Fastenal. This survey can be provided to CHESS upon implementation and any changes necessary can be discussed for this specific contract.

Quote Turnaround: 24 hours

Fastenal agrees to these terms.

Response Time: Emergency Calls 1 hour; Non-Emergency Calls 4 business hours; Emergency Resolution Time Best efforts until issue is resolved

Fastenal agrees to these terms.

EXHIBIT A- RESPONSE FOR NATIONAL COOPERATIVE CONTRACT**1.0 Scope of National Cooperative Contract****1.1 Requirement**

University of California (UC) (hereinafter defined and referred to as "Principal Procurement Agency"), on behalf of itself and the National Intergovernmental Purchasing Alliance Company ("National IPA"), is requesting proposals for Maintenance Repair and Operations (MRO) Supplies and Related Services. The intent of this Request for Proposal is that any contract between Principal Procurement Agency and Supplier resulting from this Request for Proposal (hereinafter defined and referred to as the "Master Agreement") be made available to other public agencies nationally, including state and local governmental entities, public and private primary, secondary and higher education entities, non-profit entities, and agencies for the public benefit ("Public Agencies"), through National IPA's cooperative purchasing program. The Principal Procurement Agency has executed a Principal Procurement Agency Certificate with National IPA (an example of which is included as Exhibit D) and has agreed to pursue the Master Agreement. Use of the Master Agreement by any Public Agency is preceded by their registration with National IPA as a Participating Public Agency in National IPA's cooperative purchasing program. Registration with National IPA as a Participating Public Agency is accomplished by Public Agencies entering into a Master Intergovernmental Cooperative Purchasing Agreement, an example of which is attached as Exhibit C. The terms and pricing established in the resulting Master Agreement between the Supplier and the Principal Procurement Agency will be the same as that available to Participating Public Agencies through National IPA.

All transactions, purchase orders, invoices, payments etc., will occur directly between the Supplier and each Participating Public Agency individually, and neither National IPA, any Principal Procurement Agency nor any Participating Public Agency, including their respective agents, directors, employees or representatives, shall be liable to Supplier for any acts, liabilities, damages, etc., incurred by any other Participating Public Agency.

This Exhibit A defines the expectations for qualifying Suppliers based on National IPA's requirements to market the resulting Master Agreement nationally to Public Agencies. Each section in this Exhibit A refers to the capabilities, requirements, obligations, and prohibitions of competing Suppliers on a national level in order to serve Participating Public Agencies through National IPA.

These requirements are incorporated into and are considered an integral part of this RFP. National IPA reserves the right to determine whether or not to make the Master Agreement awarded by the Principal Procurement Agency available to Participating Public Agencies.

1.2 Marketing, Sales and Administrative Support

During the term of the Master Agreement National IPA intends to provide marketing, sales and administrative support for Supplier pursuant to this section 1.2 that directly promotes the Supplier's products and services to Participating Public Agencies through

multiple channels, each designed to promote specific products and services to Public Agencies on a national basis.

The National IPA marketing team will work in conjunction with Supplier to promote the Master Agreement to both existing Participating Public Agencies and prospective Public Agencies through:

- A. Marketing collateral (print, electronic, email, presentations)
- B. Website development and support
- C. Trade shows/conferences/meetings
- D. Advertising
- E. Social Media
- F. Sales Team Support

The National IPA sales teams will work in conjunction with Supplier to promote the Master Agreement to both existing Participating Public Agencies and prospective Public Agencies through:

- A. Individual sales calls
- B. Joint sales calls
- C. Communications/customer service
- D. Training sessions for Public Agency teams
- E. Training sessions for Supplier teams

The National IPA contracting teams will work in conjunction with Supplier to promote the Master Agreement to both existing Participating Public Agencies prospective Public Agencies through:

- A. Serving as the subject matter expert for questions regarding joint powers authority and state statutes and regulations for cooperative purchasing
- B. Training sessions for Public Agency teams
- C. Training sessions for Supplier teams
- D. Regular business reviews to monitor program success
- E. General contract administration

In the event of a single award, Suppliers are required to pay an administrative fee of 3% of the total greater of the Contract Sales under the Master Agreement and Guaranteed Contract Sales under this Request for Proposal. Supplier will be required to execute the National IPA Administration Agreement (refer to Exhibit B).

Capitalized terms not otherwise defined herein shall have the meanings given to them in the Master Agreement or in the National Intergovernmental Purchasing Alliance Company Administration Agreement between Supplier and National IPA (the "National IPA Administration Agreement")

1.3 Estimated Volume

The dollar volume purchased under the Master Agreement is estimated to be approximately \$500 million annually. While no minimum volume is guaranteed to Supplier, the estimated annual volume is projected based on the current annual volumes among the Principal Procurement Agency, other Participating Public Agencies that are anticipated to utilize the resulting Master Agreement to be made available to

them through National IPA, and volume growth into other Public Agencies through a coordinated marketing approach between Supplier and National IPA.

1.4 Award Basis

The basis of any contract award resulting from this RFP made by Principal Procurement Agency will be the basis of award on a national level through National IPA. If multiple suppliers are awarded by Principal Procurement Agency under the Master Agreement, those same suppliers will be required to extend the Master Agreement to Participating Public Agencies through National IPA. Utilization of the Master Agreement by Participating Public Agencies will be at the discretion of the individual Participating Public Agency. Certain terms of the Master Agreement specifically applicable to the Principal Procurement Agency are subject to modification for each Participating Public Agency as Supplier, such Participating Public Agency and National IPA shall agree. Participating Agencies may request to enter into a separate supplemental agreement to further define the level of service requirements over and above the minimum defined in the Master Agreement (i.e. invoice requirements, order requirements, specialized delivery, diversity requirements such as minority and woman owned businesses, historically underutilized business, governing law, etc.). Any supplemental agreement developed as a result of the Master Agreement is exclusively between the Participating Agency and the Supplier (Contract Sales are reported to National IPA).

1.5 Objectives of Cooperative Program

This RFP is intended to achieve the following objectives regarding availability through National IPA's cooperative program:

- A. Provide a comprehensive competitively solicited and awarded national agreement offering the Products covered by this solicitation to Participating Public Agencies;
- B. Establish the Master Agreement as the Supplier's primary go to market strategy to the Education Market and one of the Supplier's go to market cooperative strategies to Public Agencies nationwide;
- C. Achieve cost savings for Supplier and Public Agencies through a single solicitation process that will reduce the Supplier's need to respond to multiple solicitations and Public Agencies need to conduct their own solicitation process;
- D. Combine the aggregate purchasing volumes of Participating Public Agencies to achieve cost effective pricing.

2.0 REPRESENTATIONS AND COVENANTS

As a condition to Supplier entering into the Master Agreement, which would be available to all Public Agencies, Supplier must make certain representations, warranties and covenants to both the Principal Procurement Agency and National IPA designed to ensure the success of the Master Agreement for all Participating Public Agencies as well as the Supplier

2.1 Corporate Commitment

Supplier commits that (1) the Master Agreement has received all necessary corporate authorizations and support of the Supplier's executive management, (2) the Master Agreement is Supplier's primary "go to market" strategy for the Education Market and one of the Supplier's "go to market" cooperative strategies for Public Agencies, (3) the Master Agreement will be promoted to all Public Agencies, including any existing

customers, and Supplier will transition existing customers, upon their request, to the Master Agreement, and (4) that the Supplier has read and agrees to the terms and conditions of the Administration Agreement with National IPA and will execute such agreement concurrent with and as a condition of its execution of the Master Agreement with the Principal Procurement Agency. Supplier will identify an executive corporate sponsor and a separate national account manager within the RFP response that will be responsible for the overall management of the Master Agreement.

2.2 Pricing Commitment

~~Supplier commits the not to exceed pricing provided under the Master Agreement pricing is its lowest available (net to buyer) to Public Agencies nationwide and further commits that if a Participating Public Agency is eligible for lower pricing through a national, state, regional or local or cooperative contract, that the Supplier will match such lower pricing to that Participating Public Agency under the Master Agreement.~~

Fastenal is offering a pricing structure that represents a “ceiling price”. Participating Entities will not be charged more than the pricing negotiated but may be charged more favorable prices based upon market conditions, volume discounts, planned purchases that allow for Manufacturer specific Special Pricing Agreements (SPA) and other situational variations that regularly occur in a retail environment commonly known as deviations (liquidations, damaged goods, one time good will, seasonal items, local promotions, etc.).

Additionally, Fastenal’s price methodology with other State contracts and National Governmental Cooperatives is to negotiate the not to exceed or “ceiling price,” and these customers also share the same commercial sales practice. They are afforded the same opportunity for more favorable prices resulting from situational conditions and/or deviations, so it is not possible to make a best pricing representation.

2.3 Sales Commitment

Supplier commits to aggressively market the Master Agreement as its go to market strategy in this defined sector and that its sales force will be trained, engaged and committed to offering the Master Agreement to Public Agencies through National IPA nationwide. Supplier commits that all Master Agreement sales will be accurately and timely reported to National IPA in accordance with the National IPA Administration Agreement. Supplier also commits that its sales force will be compensated, including sales incentives, for sales to Public Agencies under the Master Agreement in a consistent or better manner compared to sales to Public Agencies if the Supplier were not awarded the Master Agreement.

3.0 SUPPLIER QUALIFICATIONS

Supplier must supply the following information in order for the Principal Procurement Agency to determine Supplier’s qualifications to extend the resulting Master Agreement to Participating Public Agencies through National IPA.

3.1 Company

A. Brief history and description of your company.

The Fastenal story began in November 1967 when Bob Kierlin opened the first Fastenal store, a small one-stop fastener shop in his hometown of Winona, MN. It was a humble beginning, but during those early years we forged our identity as a supplier that earns opportunities by exceeding customers' expectations for service – an approach later summed up with four words: *Growth Through Customer Service*. Guided by this motto, Fastenal has grown (almost entirely organically) from that single store in Winona to North America's largest fastener seller and one of the world's most efficient distributors of Maintenance, Repair and Operations Supplies and related services.

We've always believed that great service starts with being close to our customers. This is why we operate 2,000+ local branches in the United States, far more than any other industrial supplier. Backed by our corporate resources, each branch tailors its inventory and service to support local needs – stocking high-use and critical items minutes away, managing a lean flow of inventory to the point of use, and introducing solutions that drive productivity and profits. This business model presents a compelling value proposition for our customers: tailored local inventory and service for each location, backed by consistent contract pricing and corporate support to drive organizational goals.

B. Total number and location of sales persons employed by your company.

Please see the attached "Fastenal Locations Details." Fastenal has nearly 10,000 sales representatives in more than 2,000 branch locations across the United States.

C. Number and location of support centers (if applicable).

Please see the attached "Fastenal Locations Details." Fastenal operates more than 2,000 branch locations in all 50 states.

D. Annual sales for the three previous fiscal years.

2017: \$4,390,500,000

2016: \$3,962,036,000

2015: \$3,869,187,000

E. Submit your FEIN and Dunn & Bradstreet report.

FEIN: 41-0948415

D&B #: 04 265 3634

3.2 Distribution, Logistics

A. Describe how your company proposes to distribute the products/service nationwide.

Fastenal prides itself on its local presence, which provides us with a unique position in the market to make same-day deliveries to UC/CHESS/NIPA Participating Entities across the entire United States. Our network of 2,000+ branches allows us to get the products needed to the end user with remarkable efficiency. We further streamline the supply chain by utilizing our own fleet of over 300 tractor-trailers that get our product to the local servicing branch from one of our 17 regional distribution centers. This means we do not rely exclusively on 3rd party carriers in order to get the product to where you need it.

In 2016 alone, Fastenal-owned vehicles drove 143 million miles and delivered 689 million pounds of product to Fastenal branches. This product was then delivered by our fleet of over 7,500 pickup trucks to our customer locations to service 45,000+ bin stocks, 73,000+ vending devices and 600+ customer

onsite locations. Our Customer Service Project in 2016 greatly expanded the product offering in-branch as well, assisting in the diversification of product availability for increased same day delivery response.

- B. Identify all other companies that will be involved in processing, handling or shipping the products/service to the end user.

Fastenal Company will typically handle all processing, handling, and shipping in-house. Third party carriers can be utilized upon customer request.

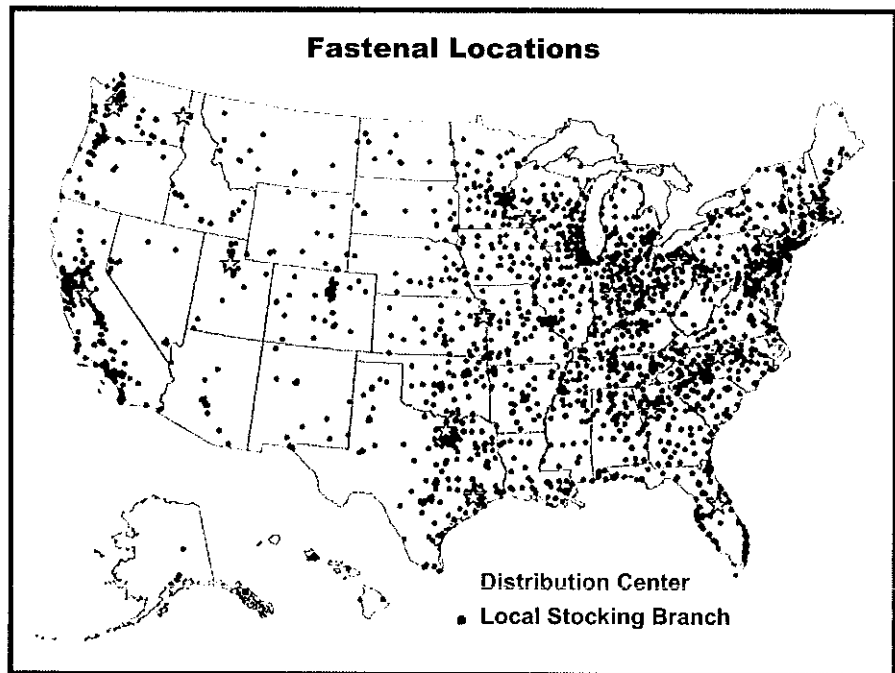
- C. Provide the number, size and location of your company's distribution facilities, warehouses and retail network as applicable.

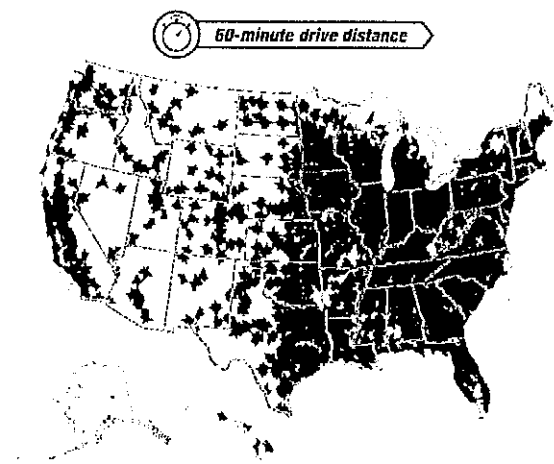
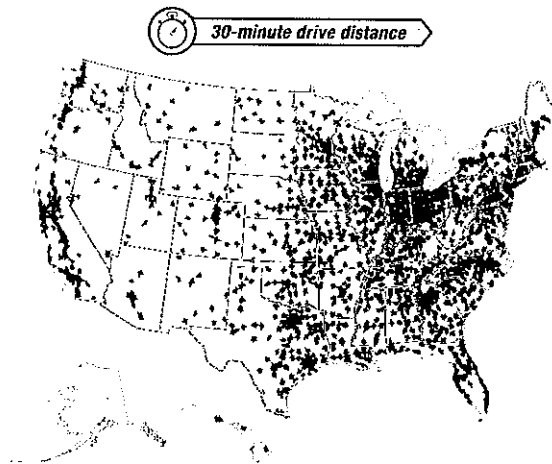
At Fastenal, we understand that delivery speed is a function of distance – and that the shortest supply chain wins. So while others have embraced a centralized direct-ship model (with a 'built-in' one-day lead time), we've never stopped working to decentralize, providing faster, better service as we move ever closer to our customers.

Fastenal's distribution footprint allows us to exceed UC/CHESS/NIPA's delivery schedule on many in-stock items by offering same-day service in 2,000+ local markets, something no other industrial supplier can do. The key to this

solution has been our ability to cost-effectively operate local branches in not only major cities but also small towns and rural areas across North America, positioning dedicated service teams and customized inventory minutes away from the customers we serve.

In fact, 'same-day' may be too broad of a term. The maps below show the areas our local branch teams can service within 30 minutes and 60 minutes. As you can see, if a UC/CHESS/NIPA Participating Entity has a need, we can generally be there within the hour.





Fastenal's branch-based service model enables us to:

- Stock product locally for immediate availability
- Tailor local branch inventory to match UC/CHESS/NIPA Participating Entities' needs
- Manage customers' inventory to lower their total cost of ownership
- Provide industry leading in-person, flexible, value added customer service

Our multiple distribution points not only provide service to UC/CHESS/NIPA Participating Entities, they also contribute to each of the local communities by paying local taxes, hiring local employees, experiencing the local business environment, and understanding the culture and MRO requirements unique to that area. Please see the attached "Fastenal Location Details" for a full list of Fastenal's distribution points as well details regarding the economic impact and personnel employed in each state.

We are where you are. With our exceptional distribution network consisting of a footprint of 2,000+ local Fastenal branches and 17 distribution centers, Fastenal has a proven track record of superior past performance in supporting UC/CHESS/NIPA participating entities.

Fastenal holds more than \$1 billion worth of inventory, immediately available to UC/CHESS/NIPA participating entities through our local branches. Each Fastenal branch serves as a local distribution point for a vast range of MRO and Facilities Maintenance supplies – backed by our global distribution and sourcing strength, yet free to tailor its inventory and service to meet the needs of local customers.



Branches are serviced by the nearest of 17 Fastenal distribution centers throughout the U.S. through our company-owned fleet:

- Fleet Vehicles: 7,580
- Semis: 325
- Straight Trucks: 150
- Sprinters: 139

Our U.S.-based distribution centers are located in Akron, OH; Atlanta, GA; Denton, TX; Edwardsville, KS; High Point, NC; Houston, TX; Indianapolis, IN; Jessup, PA; Lakewood, WA; Leominster, MA; Modesto, CA; Orlando, FL;

WE ARE WHERE YOU ARE.

Pearl City, HI; Salt Lake City, UT; Spokane Valley, WA; and Winona, MN.

- D. State any return and restocking policy and fees, if applicable, associated with returns.

For market basket and catalog products, Fastenal must approve cancellation of any order prior to shipment. Any returns for shipping errors, damage or loss upon delivery must be reported within 10 days of the delivery date. Except as otherwise agreed, Products will not be accepted for return after 30 days from the date of delivery to the Purchaser. Any cancellation or returns accepted after 30 days may be subject to a restocking fee and other charges, for which the Purchaser shall be responsible. All returns should be made to a Fastenal branch or as otherwise designated by Fastenal, and must be in resalable condition and accompanied with an Invoice.

Sourced Items ordered and delivered to the Customer may be non-returnable and non-refundable. Sourced Items that have been ordered by the Customer and are non-cancelable by the manufacturer, Customer must accept and pay for the delivered quantities, excluding non-conforming items. If Customer requests to cancel a Sourced Item order prior to shipment or delivery, Seller will exercise reasonable commercial efforts to discontinue the production of the items by the manufacturer. However, Customer will be responsible for any restocking fee or costs imposed by the manufacturer related to the cancellation of the Sourced Item. In the event the Customer requests Seller to stock and maintain an inventory of certain quantities of Sourced Item for Customer, Customer agrees to purchase all remaining Sourced Items maintained by Seller in its inventory at the time the contract is terminated or within thirty (30) days after Customer discontinues use of the Sourced Item.

- E. Describe the full line of products and services offered by your company.

Fastenal's available product lines include: abrasives; adhesives, sealants & tape; cutting tools & metalworking; electrical; electronics & batteries; fasteners; fleet & automotive; hardware; HVAC & refrigeration; hydraulics; janitorial & cleaning; lighting; lubricants, coolants & fluids; machinery; material handling & storage; motors; office & breakroom supplies; outdoor products & equipment; packaging and shipping products; paint & painting supplies; plumbing; pneumatics; power transmission; pumps; raw materials; safety; security; test & measurement; tools & equipment; welding.

At Fastenal, we don't just provide quality products; we offer a spectrum of services to support our product lines. This includes a range of inventory management options (bin stock, vending, onsite, e-commerce); industrial services (custom chain sling fabrication & inspection; custom logo program; cut-to-length metal, chain & cable; hose fabrication; tool & hoist repair & certification; weld-to-length bandsaws); product services (product sourcing, custom packaging/kitting); manufacturing services (precision machining, hot forging, cold forming, stud bolting); customer training; and more.

3.3 Marketing and Sales

- A. Provide a detailed ninety-day plan beginning from award date of the Master Agreement describing the strategy to immediately implement the Master Agreement as your company's primary go to market strategy to the Education Market and one of the Supplier's go to market cooperative strategies for Public Agencies to your teams nationwide, to include, but not limited to:
- i. Executive leadership endorsement and sponsorship of the award as the public sector go-to-market strategy to the Education Market within first 10 days

- ii. Training and education of your national sales force with participation from the executive leadership of your company, along with the National IPA team within first 90 days

Fastenal's implementation plan will roll out in three phases: (1) announcement of the UC/CHESS/NIPA award; (2) execution of the Participating Addendums with current and potential Higher Education institutions; and (3) implementation of the UC/CHESS/NIPA Agreement with California universities and potential members throughout the United States.

Fastenal's implementation team is committed to promoting Fastenal's products, services, solutions, and preeminent customer service to all UC/CHESS/NIPA agencies and institutions of higher education in California and across the nation. Our team will execute a strategic marketing plan that will be rolled out in conjunction with the UC/CHESS/NIPA implementation/ training program.

This plan will focus on promoting both organizations and will ensure that our sales force and current and potential government customers understand the power of Fastenal and UC/CHESS/NIPA Agreement working together. We will utilize our considerable internal resources to achieve success, including our in-house Marketing and Graphic Design teams, print shop, and vinyl shop.

Our go-to-market strategy is to educate our sales and support personnel, provide tools to grow our local sales representatives' business through the UC/CHESS/NIPA Agreement, and promote the UC/CHESS/NIPA Agreement to our customers at every available opportunity. This implementation plan includes three phases:

Days
1-10

Announcement
of the UC/CHESS/
NIPA Award

PHASE 1 ACTIVITIES

- Make immediate company announcement on our intranet site and release Fast News video to all Fastenal employees.
- Circulate press release announcement through AP, trade publications, and post on social media and Fastenal.com.
- Release video message from our President/CEO Dan Florness to all Fastenal employees endorsing the new UC/CHESS/NIPA Agreement.
- Hold conference calls with Fastenal sales leadership to discuss the details of the UC/CHESS/NIPA award and implementation plan.
- Publish a UC/CHESS/NIPA article in our Fastenal Quarterly newsletter which is distributed to all 21,000+ Fastenal employees.
- Create the internal UC/CHESS/NIPA landing page on our internal intranet site where Fastenal sales representatives will be directed to access: Master Service Agreement information, UC/CHESS/NIPA support contacts, Links to UC/CHESS/NIPA support pages, Summary of contracts and services offered, Fastenal School of Business training, and a downloadable training document to help prepare for sales calls.
- Create the Fastenal.com landing page dedicated to UC/CHESS/NIPA contract information.

Days
11-30

Execution of the
UC/CHESS/NIPA
Participating
Addendums

PHASE 2 ACTIVITIES

- Meet with higher education contract administration personnel to understand the unique needs of each university, key initiatives, scope of the contract and cooperative use rules.
- Customize the UC/CHESS/NIPA contract to meet the universities' needs through market baskets, vending, onsite, vendor managed inventory, delivery, administrative fees, incentives, and marketing requirements.
- Work with each university system to obtain a listing of all entities who can utilize UC/CHESS/NIPA Agreement and obtain cooperative use rules and regulations.
- Execute a Participating Addendum within each university.
- Hold the UC/CHESS/NIPA implementation meeting with key universities. Implementation meetings with the customer can be set up as an in-person meeting, E-Learn Center, webinar, conference calls, and/or audio/video. Implementation meetings will consist of two stages:
 - Stage 1 Initial Preparation & Strategy Session
 - Custom needs analysis
 - Evaluate resources needed
 - Establish implementation strategy to meet University's unique needs
 - Develop project timeline (implementation team)
 - Develop event details
 - Create and distribute co-branded customized flyer and/or email for event
 - Collaborate with implementation team on items needed for workshop success
 - Stage 2 - Action Steps
 - Confirm internal and external workshop attendees
 - Create goals for each UC/CHESS/NIPA Participating Entity
 - Begin workshops at specified customer sites
 - Perform UC/CHESS/NIPA customer site analysis
 - Educate UC/CHESS/NIPA Participating Entities on various methods available to acquire products within the contract.
 - Learn how to register for an account on www.fastenal.com and other E-Commerce platforms
 - Learn about Fastenal's government-specific services and solutions, including but not limited to: Vending, Onsite, Sustainable Products & Solutions, Supplier Diversity, Emergency Preparedness, Cost Savings, and more
 - Set up monthly, quarterly or semi-annual business reviews to ensure key objectives and cost saving measures are being met with each participating entity
 - Monitor cost savings goals, continuous improvement initiatives, training, service implementation and outreach initiatives to ensure successful implementation of the customer needs and requirements

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Days
31-90

Implementation
of the UC/CHESS/
NIPA Agreements
with Higher
Education
Institutions

PHASE 3 ACTIVITIES

- Launch email and telemarketing campaign to all Fastenal employees detailing the UC/CHESS/NIPA Agreement and action items for the coming weeks to support the agreement.
- Create co-branded marketing materials which will be available for Fastenal sales representatives on the UC/CHESS/NIPA intranet landing page. These marketing materials include:
 - UC/CHESS/NIPA Agreement executive summary
 - Product-specific flyers for: Facilities Maintenance, Lighting, and Industrial Supplies & Tools
 - Sustainable products & solutions
 - Supplier Diversity products & solutions
 - FAST Solutions resources (vending, onsite, bin stock and eBusiness solutions)
 - Emergency preparedness plan
- Complete UC/CHESS/NIPA training with each local branch to ensure each branch understands the scope of the UC/CHESS/NIPA contract.
- Distribute co-branded UC/CHESS/NIPA literature to Higher Education agencies via our local Fastenal sales employees.

The implementation team will include: Regional & State Government Sales representatives, District Managers, General Managers, local Outside Sales Representatives, and others as required. Each local Fastenal branch will work with its Regional & State Government Sales representative to initiate UC/CHESS/NIPA Implementation Workshops for current and potential government customers.

Key Implementation & Marketing Support Contacts

Kevin Fitzgerald – VP of Government Sales
 Erik McKenna – Director of Government Sales – West
 Bill Franssen – Director of Government Sales – East
 Richard Warren – Director of Government Sales – Central
 Zach Wise – Government Sales Manager
 Jeff Hicks – VP of FAST Solutions
 Brooke Mlsna – VP of Marketing
 Donnalee Papenfuss – VP of Contract Development & Support

- B. Provide a detailed ninety-day plan beginning from award date of the Master Agreement describing the strategy to market the Master Agreement to current Participating Public Agencies, existing Public Agency customers of Supplier, as well as to prospective Public Agencies nationwide immediately upon award, to include, but not limited to:
 - i. Creation and distribution of a co-branded press release to trade publications

- ii. Announcement, contract details and contact information published on the Supplier company website within first 90 days
- iii. Design, publication and distribution of co-branded marketing materials within first 90 days
- iv. Commitment to attendance and participation with National IPA at national (i.e. NIGP Annual Forum, NPI Conference, etc.), regional (i.e. Regional NIGP Chapter Meetings, etc.) and supplier-specific trade shows, conferences and meetings throughout the term of the Master Agreement
- v. Commitment to attend, exhibit and participate at the NIGP Annual Forum in an area reserved by National IPA for partner suppliers. Booth space will be purchased and staffed by your company. In addition, you commit to provide reasonable assistance to the overall promotion and marketing efforts for the NIGP Annual Forum, as directed by National IPA.
- vi. Design and publication of national and regional advertising in trade publications throughout the term of the Master Agreement
- vii. Ongoing marketing and promotion of the Master Agreement throughout its term (case studies, collateral pieces, presentations, promotions, etc.)
- viii. Dedicated National IPA internet web-based homepage on Supplier website with:
 - National IPA standard logo;
 - Copy of original Request for Proposal;
 - Copy of contract and amendments between Principal Procurement Agency and Supplier;
 - Summary of Products and pricing;
 - Marketing Materials
 - Electronic link to National IPA's website including the online registration page;
 - A dedicated toll free number and email address for National IPA

Fastenal's marketing team is committed to promoting Fastenal's products, services, solutions, and preeminent customer service to all UC/CHESS/NIPA Participating Entities and institutions of higher education in California and across the nation. Our team will execute a strategic marketing plan that will be rolled out in conjunction with the UC/CHESS/NIPA implementation/ training program.

This plan will focus on promoting both organizations and will ensure that our sales force and current and potential government customers understand the power of Fastenal and UC/CHESS/NIPA Agreement working together. We will utilize our considerable internal resources to achieve success, including our in-house Marketing and Graphic Design teams, print shop, and vinyl shop.

Our go-to-market strategy is to educate our sales and support personnel, provide tools to grow our local sales representatives' business through the UC/CHESS/NIPA Agreement, and promote the UC/CHESS/NIPA Agreement to our customers at every available opportunity. This marketing plan includes:

- Make immediate company announcement on our intranet site and release Fast News video to all Fastenal employees.
- Circulate a co-branded press release announcement through AP, trade publications, and post on social media and Fastenal.com.

- Release video message from our President/CEO, Dan Florness, to all Fastenal employees endorsing the new UC/CHESS/NIPA Agreement.
- Hold conference calls with Fastenal sales leadership to discuss the details of the UC/CHESS/NIPA award and implementation plan.
- Publish a CHESS-National IPA article in our Fastenal Quarterly newsletter which is distributed to all 21,000+ Fastenal employees.
- Create the internal UC/CHESS/NIPA landing page on our internal intranet site where Fastenal sales representatives will be directed to access: Master Service Agreement information, UC/CHESS/NIPA support contacts, links to UC/CHESS/NIPA support pages, summary of contracts and services offered, Fastenal School of Business training, and a downloadable training document to help prepare for sales calls.
- Create the Fastenal.com landing page dedicated to UC/CHESS/NIPA contract information which will include
 - National IPA and CHESS logo
 - Links to the National IPA and CHESS websites
 - Summary of the contract and the services offered
 - Due diligence documents such as a copy of the solicitation, marketing materials, amendments and pricing
- Launch email and telemarketing campaign to all Fastenal employees, current and potential customers detailing the UC/CHESS/NIPA Agreement.
- Create co-branded marketing materials which will be available for Fastenal sales representatives on the UC/CHESS/NIPA intranet landing page. These marketing materials include:
 - UC/CHESS/NIPA Agreement executive summary
 - Product-specific flyers for: Facilities Maintenance, Lighting, and Industrial Supplies & Tools
 - Sustainable products & solutions
 - Supplier Diversity products & solutions
 - FAST Solutions resources (vending, onsite, bin stock and eBusiness solutions)
 - Emergency preparedness plan
- Complete UC/CHESS/NIPA training with each local branch to ensure each branch understands the scope of the UC/CHESS/NIPA Agreement.
- Distribute co-branded UC/CHESS/NIPA literature to Higher Education agencies in each via our local Fastenal sales employees and direct mail campaign.
- Publish advertisements in national or regional government trade publications.

Print Marketing

Our in-house Marketing, Graphic Design, and Print and Vinyl Shop teams will assist our Government Sales team and local branches in developing customized UC/CHESS/NIPA literature for our current and potential customers. Our teams work under quick turnaround times and are able to produce printed literature at a substantially lower cost than outside print vendors. We also publish barcodes on all of our printed literature, which allows us to track each piece's distribution and sales impact down to the individual customer level. Our print marketing materials include flyers, linecards, brochures, catalogs, direct mail, advertisements, and more.

Online Marketing

Fastenal.com

Fastenal has focused tremendous effort and resources toward improving our site functionality,

performance, and product availability. The growing awareness of our website, both internally and externally, has created many opportunities for us to market our products, services, and solutions through targeted approaches via referral sources, searches on our website, etc. Upon award of the UC/CHESS/NIPA Agreement, our Web Marketing team will create and monitor the UC/CHESS/NIPA landing page and develop targeted campaigns to continue to drive traffic to this page. Web promotions can also be developed at the discretion of UC/CHESS/NIPA and the Government Sales team.

Email Marketing

Fastenal's email marketing program has a proven track record of reaching active email subscribers. We will support the UC/CHESS/NIPA Agreement by developing co-branded, customized email campaigns. One thing that makes our program unique is that customers receive personalized emails from their Fastenal sales representative, improving campaign effectiveness while helping to grow customer relationships. Our email marketing program also offers detailed reporting for our Government Sales and local sales teams, which will be crucial to measuring the success of the email marketing program promoting the UC/CHESS/NIPA Agreement to current and potential customers.

Tradeshows/Events

Fastenal is committed to attending government tradeshows when applicable. Tradeshows we have attended and will continue to participate in are:

- NAEP
- NIGP
- National IPA Strategic Partner Summit
- National IPA Regional Cooperative Summits
- NASPO Exchange
- CAPPO
- APPA
- Various Participating State shows, as opportunities arise
- Various Green/Sustainable and Supplier Diversity shows

We also host our own annual tradeshow events, which provide an excellent venue to showcase our government capabilities to thousands of employees, suppliers and customers. Upon award of the UC/CHESS/NIPA Agreement, Fastenal will commit to promoting and providing training for the UC/CHESS/NIPA Agreement at the Fastenal Customer Show in Nashville, TN.

- C. Describe how your company will transition any existing Public Agency customers' accounts to the Master Agreement available nationally through National IPA. Include a list of current cooperative contracts (regional and national) your company holds and describe how the Master Agreement will be positioned among the other cooperative agreements.

Currently, Fastenal holds the Region 4 National IPA cooperative contract and a NASPO ValuePoint contract. Fastenal is very selective with the national cooperatives we choose to partner with, thus reducing the amount of conflicting targets and sales strategies among our national cooperatives.

Fastenal will present the UC/CHESS/NIPA Agreement to all eligible Participating Entities, regardless of their current contract status. The UC/CHESS/NIPA Agreement will be Fastenal's primary go to market strategy for the Education Market and one of our go to market cooperative strategies for other Public Agencies. Fastenal will partner with the National IPA sales team to gain new business and target existing

customers who would benefit from the UC/CHESS/NIPA Agreement. New or existing Fastenal customers will need to declare their intent to participate in the UC/CHESS/NIPA Agreement by submitting a Participation Form or Participating Addendum. Participation Forms will be available on fastenal.com and require no minimum spend for eligible members. A signed Participating Addendum will require a \$150,000 yearly spend commitment from the Participating Entity and will be required to receive the incentives offered in this agreement. Please see the attached "Draft UC MRO Participating Addendum."

- D. Acknowledge that your company agrees to provide its company/corporate logo(s) to National IPA and agrees to provide permission for reproduction of such logo in marketing communications and promotions. Acknowledge that use of National IPA logo will require permission for reproduction, as well.

Fastenal agrees with and acknowledges the logo requirements in Section D.

- E. Supplier is responsible for proactive direct sales of Supplier's goods and services to Public Agencies nationwide and the timely follow up to leads established by National IPA. All sales materials are to use the National IPA logo. At a minimum, the Supplier's sales initiatives should communicate:
- i. Master Agreement was competitively solicited and publicly awarded by a Principal Procurement Agency
 - ii. ~~Best government pricing~~
 - iii. ii. No cost to participate
 - iv. ~~iii.~~ Non-exclusive contract

Fastenal will aggressively promote the UC/CHESS/NIPA Agreement to all eligible Participating Entities as outlined in our marketing and implementation plans above. Fastenal will demonstrate to eligible Participating Entities that this agreement was competitively solicited and publically awarded, is free to participate and it is a non-exclusive contract.

Fastenal is offering a pricing structure that represents a "ceiling price." Participating Entities will not be charged more than the pricing negotiated but may be charged more favorable prices based upon market conditions, volume discounts, planned purchases that allow for Manufacturer specific Special Pricing Agreements (SPA) and other situational variations that regularly occur in a retail environment commonly known as deviations (liquidations, damaged goods, one time good will, seasonal items, local promotions, etc.).

Additionally, Fastenal's price methodology with other State contracts and National Governmental Cooperatives is to negotiate the not to exceed or "ceiling price," and these customers also share the same commercial sales practice. They are afforded the same opportunity for more favorable prices resulting from situational conditions and/or deviations, so it is not possible to make a best pricing representation.

- F. Supplier is responsible for the training of its national sales force on the Master Agreement. At a minimum, sales training should include:
- i. Key features of Master Agreement
 - ii. Working knowledge of the solicitation process
 - iii. Awareness of the range of Public Agencies that can utilize the Master Agreement through National IPA
 - iv. Knowledge of benefits of the use of cooperative contracts

Fastenal's Government Sales Manager will be responsible for arranging and administering the training of the UC/CHESS/NIPA Agreement to the national sales force as explained in the implementation and marketing plans above, which will include:

- i. Key features of Master Agreement
- ii. Working knowledge of the solicitation process
- iii. Awareness of the range of Public Agencies that can utilize the Master Agreement through National IPA
- iv. Knowledge of benefits of the use of cooperative contracts

Fastenal will also partner with the National IPA training team to coordinate training opportunities and objectives for the life of this agreement.

G. Provide contact information for the person(s), who will be responsible for:

- i. Marketing
Zach Wise
Government Sales Manager
P: (507) 313-7206
zwise@fastenal.com
- ii. Sales
Zach Wise
Government Sales Manager
P: (507) 313-7206
zwise@fastenal.com
- iii. Sales Support
Zach Wise
Government Sales Manager
P: (507) 313-7206
zwise@fastenal.com
- iv. Financial Reporting
Monica Nelton
Sales Development Manager
P: (507) 313-7633
F: (507) 453-7145
mnelton@fastenal.com
- v. Contracts
Zach Wise
Government Sales Manager
P: (507) 313-7206
zwise@fastenal.com

H. Describe in detail how your company's national sales force is structured, including contact information for the highest-level executive in charge of the sales team.

Local Branches:

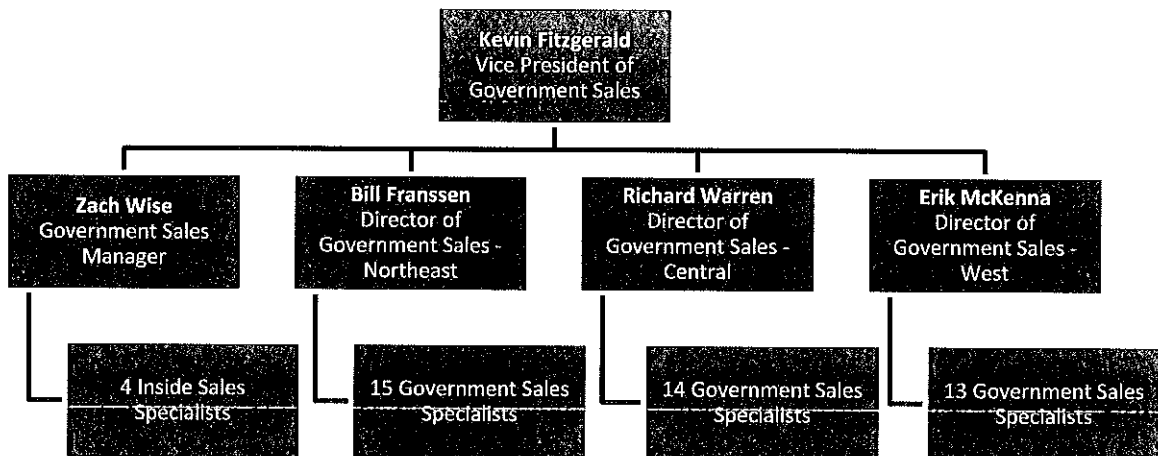
UC/CHESS/NIPA Participating Entities are serviced by a local Fastenal branch team that is dedicated to their satisfaction. With nearly 10,000 sales personnel nationwide, Fastenal's level of support and accountability is unparalleled among industrial supply distributors. Fastenal customers rely on their direct relationship with local personnel who can solve problems, provide on-site/on-call service, and

support their needs. This is what sets Fastenal apart in the eyes of our customers – knowing that their dedicated Outside Sales Representative will be stopping by to assist with:

- product requisition
- billing/lead time questions
- answering sourcing questions
- providing local insight into supply chain solutions
- demonstrations, promotions, training, product applications, new item introductions
- warranty issues
- recycling programs

No matter where a member is located – from a remote rural area to a major metropolis – they benefit from a local relationship backed by corporate support and a national distribution network.

Government Sales Department:



Fastenal's Government Sales department is composed of high-level professional sales people dedicated to the success of the UC/CHESS/NIPA Agreement. This includes Mr. Kevin Fitzgerald, VP of Government Sales; Mr. Erik McKenna, Director of Government Sales – West; Mr. Bill Franssen, Director of Government Sales – Northeast; Mr. Richard Warren, Director of Government Sales – Central; and Mr. Zach Wise, Government Sales Manager.

Reporting to the Government Sales Management team is a national team of professional, experienced Government Sales Specialists. Each Participating Entity will be supported by Fastenal Government Sales Specialists whose focus is strictly State agencies, higher education, and political subdivisions.

In addition to the team above, Fastenal is committed to implementing a dedicated Education team strategically positioned around the country to work with the National IPA team to drive the success of this contract.

All of our specialists work directly with agencies and Fastenal branches to:

- support contract best practice, compliance, and training (including customer and employee training)
- develop custom market baskets and additional discounts within agencies
- support FAST Solutions implementation
- respond to disasters
- resolve issues

- perform quarterly business reviews (QBR) and ensure overall customer satisfaction.

Contact Information

Kevin Fitzgerald

VP of Government Sales

P: (507) 453-8565

F: (507) 494-0732

kfitzger@fastenal.com

- I. Explain in detail how the sales teams will work with the National IPA team to implement, grow and service the national program.

Fastenal has enjoyed a close working relationship with the National IPA Regional Managers and has a history of success in selecting and growing sales targets by introducing Fastenal and the National IPA contract. Fastenal and National IPA will also continue to work together to train Fastenal sales people on the features of this contract and how to drive success.

Fastenal's Government Sales team will coordinate with National IPA's sales team on selecting targets and implementing the contract to meet our customers' service needs. Fastenal sales leadership will host monthly sales meetings with National IPA leadership to measure progress, define action items, and ensure the continuous growth of the contract.

In addition, Fastenal is committed to implementing a dedicated Education team strategically positioned around the country to work with the National IPA team to drive the success of this contract.

The National IPA team will also have access to our sales teams that are dedicated to driving solutions for our customers. These teams include, but are not limited to:

- Safety Sales Specialists
- Supply Chain Consultants
- Solutions (Vending) Sales Specialists
- Inside Sales Team

- J. Explain in detail how your organization will manage the overall national program throughout the term of the Master Agreement, including ongoing coordination of marketing and sales efforts, timely new Participating Public Agency account set-up, etc.

Fastenal will continue to have Zach Wise, Government Sales Manager, as the single point of contact throughout the term of the agreement. Zach will be responsible for maximizing sales effort, coordinating marketing plans, and working with National IPA and Fastenal Sales strategies. In addition, our Government sales coordination team has a proven track record over the years of adding Participating Entities to the agreement in a timely manner.

- K. State the amount of your company's Public Agency sales for the previous fiscal year. Provide a list of your top 10 Public Agency customers, the total purchases for each for the previous fiscal year along with a key contact for each.

Fastenal Company does not provide customer-specific information as it is confidential and proprietary.

- L. Describe your company's information systems capabilities and limitations regarding order management through receipt of payment, including description of multiple platforms that may be used for any of these functions.

One of Fastenal's key differentiators in the industrial supply distribution marketplace is the number of options we offer for order placement.

Below is a look at the various ways UC/CHESS/NIPA Participating Entities can order from Fastenal:

WALK-IN / WALK-OUT AT THE LOCAL FASTENAL BRANCH

UC/CHESS/NIPA Participating Entities can order items by walking into the local branch, calling the branch, or faxing or emailing their order. Local branches are open during normal business hours of 7:30 a.m. to 5:00 p.m. local time, Monday through Friday. Branches can be opened after hours for emergency service. Local Fastenal branch information is available 24/7 via www.fastenal.com under the Branch Locator as well as in the local phone books in more than 2,000 markets.



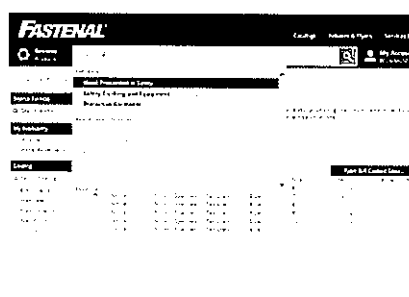
CUSTOMER SITE VISITS

With nearly 10,000 local sales representatives, Fastenal makes more than three million customer site visits per year. The goal of these visits is to provide superior customer service and drive cost savings to each of Fastenal's customers by providing a local person to help in the ordering process.



FASTENAL.COM

UC/CHESS/NIPA Participating Entities who prefer to place their orders online have the option to place orders through Fastenal's state-of-the-art website. Entities will be able to log in with their branch account number to view the UC/CHESS/NIPA online catalog. Fastenal primarily fulfills online orders at the local branch, maintaining the continuity of the local relationship as well as the order history for local inventory stocking models and reporting.



FAST SOLUTIONS – INVENTORY MANAGEMENT

Local Fastenal branches can stock customized dedicated inventory for UC/CHESS/NIPA Participating Entities and keep just the right amount flowing to their stocking locations, minimizing waste, downtime, and total costs. Through these programs, local Fastenal personnel take on the "heavy

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lifting" of inventory monitoring, ordering, and replenishment. FAST Solutions are tailored to meet the needs of each individual site.

BIN STOCK: Fastenal currently has 40,000+ bin stock solutions implemented at customer facilities. Entities utilize this solution to organize and add efficiency to the ordering process managed by the member or Fastenal. We organize & label new or existing bins and collaborate to establish initial min/max levels and service schedule. Suggested replenishment orders are submitted, reviewed and approved via Fastenal.com.



VENDING: Fastenal currently has 73,000+ industrial vending machines installed at customer sites. Entities position these devices at the point of use allowing more efficient access to inventory all while maintaining security and ensuring allocation rules are followed. When stock runs low, the machine sends an automated notification to the servicing branch and the Fastenal representative initiates the restock process.



ONSITE: Fastenal currently has 600+ onsite locations. Participating Entities who implement an onsite program can streamline all of these procurement needs:

- Point-of-use access via onsite representative to source, procure, and expedite product needs
- Various eBusiness solutions
- Integrated procurement systems
- Product standardization & substitutions
- Capital improvement projects
- Custom manufacturing
- Industrial services – tool repair, regrind, lifting and rigging, hose assembly
- Preventative maintenance project kitting



ECOMMERCE INTEGRATION PLATFORMS: Whether we connect through a B2B connection, a portal, or our FastConnect punch-out platform your business results are the same: paperless transactions, lower administration costs, and clear usage and spending visibility.



M. Provide the Contract Sales (as defined in Section 10 of the National Intergovernmental Purchasing Alliance Company Administration Agreement) that your company as a single award will guarantee use reasonable commercial efforts to

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ensure each year under the Master Agreement for the initial three years of the Master Agreement ("~~Guaranteed Contract Sales Goals~~").

\$200,000,000.00 in year one
\$350,000,000.00 in year two
\$500,000,000.00 in year three

~~To the extent Supplier guarantees minimum Contract Sales, the~~ administration fee shall be calculated based on ~~the greater of the actual Contract Sales and the~~ ~~Guaranteed Contract Sales.~~

These goals will only be achievable if both Fastenal and National IPA commit to promoting this agreement as a partnership with Fastenal as the sole MRO provider. Fastenal and National IPA share equal responsibility in identifying new business opportunities and ensuring the full implementation of this contract in order to achieve the sales goals.

Fastenal acknowledges that the UC/CHESS/NIPA Agreement will be the company's primary contract vehicle for Education agencies with procurement authority. We also recognize the significance and credibility that the University of California System lends as the lead agency in garnering commitment from Education agencies to utilize the agreement. Therefore, rather than agree to a penalty for a contract guarantee shortfall, Fastenal is offering Participating Entities an incentive to participate in the agreement in the form of a cumulative volume discount. Please see the attached "Incentives" document for additional details.

- N. Even though it is anticipated that many Public Agencies will be able to utilize the Master Agreement without further formal solicitation, there may be circumstances where Public Agencies will issue their own solicitations. The following options are available when responding to a solicitation for Products covered under the Master Agreement.
- i. Respond with Master Agreement pricing (Contract Sales reported to National IPA).
If the customer solicitation will accept pricing from the National IPA Master Agreement, Fastenal will respond with pricing through our Cover Letter process which we have established internally as a way to respond to bids and RFPs that fall in the commodities we hold. These contract sales will be reported to National IPA.
 - ii. If competitive conditions require pricing lower than the standard Master Agreement not-to-exceed pricing, Supplier may respond with lower pricing through the Master Agreement. If Supplier is awarded the contract, the sales are reported as Contract Sales to National IPA under the Master Agreement.
Fastenal agrees to offer products that are lower than the standard Master Agreement not-to-exceed pricing. These items are considered to be part of the customized market basket available to participating entities that guarantee a minimum spend with Fastenal. All sales will be reported as contract sales to National IPA under the Master Agreement.

- iii. Respond with pricing higher than Master Agreement only in the unlikely event that the Public Agency refuses to utilize Master Agreement (Contract Sales are not reported to National IPA). When a public agency is unable to use our Master Agreement, Fastenal reserves the right to respond with a competitive offer with pricing subject to market conditions and volume. These contract sales will not be reported to National IPA.
- iv. If alternative or multiple proposals are permitted, respond with pricing higher than Master Agreement, and include Master Agreement as the alternate or additional proposal. If multiple proposals are required by the agency through the solicitation process, Fastenal reserves the right to offer both the National IPA Master Agreement and a competitive offer with pricing subject to market conditions and volume. These contract sales will only be reported to National IPA if the customer accepts the Master Agreement.

Detail your strategies under these options when responding to a solicitation.

Exceptions to the PROPOSAL Solicitation, RFP-MRO-UCSystemWide-Jan312018

Exhibit 4 – CHES Requirements

4. ~~EMPLOYEE BACKGROUND CHECK~~

- 4.1 ~~A background check is required for all employees providing any services to CHES. Any occurrence found during background check is to be provided to Participating Agency for approval, prior to placement.~~

Explanation:

Fastenal Company does have a Drug and Alcohol Testing program but we do not typically do background checks as it is not a common requirement within our industry.

Exhibit A – Response for National Cooperative Contract

1.2 Marketing, Sales and Administrative Support

Paragraph 5

~~In the event of a single award, Suppliers-suppliers are required to pay an administrative fee of 3% of the greater of the total Contract Sales under the Master under the Master Agreement and Guaranteed Contract Sales, under this Request for Proposal. Supplier will be required to execute the National IPA Administration Agreement (refer to Exhibit B).~~

1.5 Objectives of Cooperative Program

- B. Establish the Master Agreement as the Supplier's primary go to market strategy to the Education Market and one of the Supplier's go to market cooperative strategies to public Agencies nationwide;

2.1 Corporate Commitment

Supplier commits that (1) the Master Agreement has received all necessary corporate authorizations and support of the Supplier's executive management, (2) the Master Agreement is Supplier's primary "go to market" strategy for the Education Market and one of the Supplier's "go to market" cooperative strategies for Public Agencies, (3) the Master Agreement will be promoted to all Public Agencies, including any existing customers, and Supplier will transition existing customers, upon their request, to the Master Agreement, and (4) that the Supplier has read and agrees to the terms and conditions of the Administration Agreement with National IPA and will execute such agreement concurrent with and as a condition of its execution of the Master Agreement with the Principal Procurement Agency. Supplier will identify an executive corporate sponsor and a separate national account manager within the RFP response that will be responsible for the overall management of the Master Agreement.

2.2 Pricing Commitment

~~Supplier commits the not to exceed pricing provided under the Master Agreement pricing is its lowest available (net to buyer) to Public Agencies nationwide and further commits that if a Participating Public Agency is eligible for lower pricing through a national, state, regional or local or cooperative contract, that the Supplier will match such lower pricing to that Participating Public Agency under the Master Agreement.~~

Explanation:

Fastenal is offering a pricing structure that represents a "ceiling price." Participating Entities will not be charged more than the pricing negotiated but may be charged more favorable prices based upon market conditions, volume discounts, planned purchases that allow for Manufacturer specific Special Pricing Agreements (SPA) and other situational variations that regularly occur in a retail environment commonly known as deviations (liquidations, damaged goods, one time good will, seasonal items, local promotions, etc.).

Additionally, Fastenal's price methodology with other State contracts and National Governmental Cooperatives is to negotiate the not to exceed or "ceiling price," and these customers also share the same commercial sales practice. They are afforded the same opportunity for more favorable prices resulting from situational conditions and/or deviations, so it is not possible to make a best pricing representation.

3.3 Marketing and Sales

A. Provide a detailed ninety-day plan beginning from award date of the Master Agreement describing the strategy to immediately implement the Master Agreement as your company's primary go to market strategy to the Education Market and one of the Supplier's go to market cooperative strategies for Public Agencies to your teams nationwide, to include, but not limited to:

- i. Executive leadership endorsement and sponsorship of the award as the public sector go-to-market strategy to the Education Market within first 10 days
- ii. Training and education of your national sales force with participation from the executive leadership of your company, along with the National IPA team within first 90 days

E. Supplier is responsible for proactive direct sales of Supplier's goods and services to Public Agencies nationwide and the timely follow up to leads established by National IPA. All sales materials are to use the National IPA logo. At a minimum, the Supplier's sales initiatives should communicate:

- i. Master Agreement was competitively solicited and publicly awarded by a Principal Procurement Agency
- ii. ~~Best government pricing~~
- iii. ~~No cost to participate~~
- iv. ~~Non-exclusive contract~~

M. Provide the Contract Sales (as defined in Section 10 of the National Intergovernmental Purchasing Alliance Company Administration Agreement) that your company as a single award will use reasonable commercial efforts to ensure guarantee each year under the Master Agreement for the initial three years of the Master Agreement ("Guaranteed Contract Sales Goals").

\$ _____.00 in year one

\$ _____.00 in year two

\$ _____.00 in year three

~~To the extent Supplier guarantees minimum Contract Sales, the administration fee shall be calculated based on the greater of the actual Contract Sales and the Guaranteed Contract Sales.~~

Explanation:

These goals will only be achievable if both Fastenal and National IPA commit to promoting this agreement as a partnership, with Fastenal as the sole MRO provider. Fastenal and National IPA share equal responsibility in identifying new business opportunities and ensuring the full implementation of this contract in order to achieve the sales goals.

Fastenal acknowledges that the UC/CHESS/NIPA Agreement will be the company's primary contract vehicle for Education agencies with procurement authority. We also recognize the significance and credibility that the University of California System lends as the lead agency in garnering commitment from Education agencies to utilize the agreement. Therefore, rather than agree to a penalty for a contract guarantee shortfall, Fastenal is offering Participating Entities an incentive to participate in the agreement in the form of a cumulative volume discount. Please see the attached "Incentives" document for additional details.

Clarifications & Assumptions to the PROPOSAL Solicitation, RFP-MRO-UCSystemWide-Jan312018

2.0 Scope of Work

2.7 CATALOG ADJUSTMENTS

2.7.2 Other Catalog Updates. Seller may provide other updates to the catalog quarterly or as mutually agreed. These updates may include (without limitation) changes to content, the addition of new products, removal of discontinued items, updates to unit of measure, and special promotional offers.

Fastenal is continuously improving our product offering which includes changes to content, the addition of new products, removal of discontinued items, updates to unit of measure, and special promotional offers.

Appendix – Data Security and Privacy

Fastenal Company believes that there are Articles included in this Appendix which do not apply to the scope of our services. We would welcome further discussion regarding Data Security and Privacy to ensure our company is in compliance with UC's requirements.

Company Name:

Fastenal Company

1.0

Base Discount:

25%

(% Minimum discount to be applied on all categories not defined below.

2.0 Please provide the percentange off list pricing for any of the categories you want to propose in the table below. The proposed discount percentages must not exceed 2 digits (i.e. 10.37% is acceptable while 10.37862% is not)

<u>CATEGORY</u>	<u>*DISCOUNT(%)</u>
1 Adhesives, Sealants and Tape	25%
2 Appliances	25%
3 Air Filters	35%
4 Batteries	30%
5 Electrical	30%
6 Fasteners	57%
7 Hand Tools	25%
8 HVAC and Refrigeration	30%
9 Lighting, Lamps, Ballast, Fixtures	30%
10 Material Handling Repairs	25%
11 Motors	30%
12 Outdoor Equipment	25%
13 Paint, Equipment and Supplies	25%
14 Plumbing	30%
15 Pneumatics Tools	25%
16 Power Tools and Accessories	25%
17 Safety	30%
18 Security	30%
19 Welding and Soldering	25%
20 Public Safety	30%
21 Office & Breakroom Supplies	25%
22 Abrasives	25%
23 Cutting Tools & Metalworking	25%
24 Fleet & Automotive	25%
25 Hardware	30%
26 Janitorial & Cleaning	30%
27 Lubricants, Coolants & Fluids	25%
28 Machinery	25%
29 Packaging & Shipping	25%
30 Power Transmission	30%
31 Pumps & Pump Accessories	30%
32 Raw Materials	25%
33 Test & Measurement	25%

Note:

*This Pricing discount structure (%) must comply with pricing proposed in ATTACHMENT A-1 PRICING ANALYSIS WORKBOOK.

Incentives

Fastenal is proposing a robust offering for UC/CHESS/NIPA Participating Entities so they have the ability to not only bring value to their supply chain, but encourage participation with activities which will provide even greater savings through program compliance. The greatest challenge to any contract is execution and participation. The incentive structure provided through Fastenal will act as a tool for procurement officials to assist with driving compliance to the operations within their organization that can reduce the operational expense involved with the supply chain.

The various rebates, customer core lists, and incentives offered by Fastenal are designed to encourage the adoption of supply chain processes which, when implemented in partnership with Fastenal, provide for maximum value to the members. Each member's needs are unique, so Fastenal will work with each member to assist them in identifying how the growth incentives will impact their business. Through the partnership established, Fastenal will develop strategies to assist with encouraging program compliance required for maximization of the value available. Incentives are structured around custom market baskets, creating efficiencies with technology, implementing industry leading supply chain programs such as vending and onsite, strengthening the relationship between manufacture-distributor-member, supporting environmentally safe products, and other programs focused on bringing value to the supply chain.

If selected as the MRO Primary Distributor for this agreement, Fastenal will offer the incentives detailed below to any UC/CHESS/NIPA Participating Entities utilizing the agreement who will meet a minimum spend expectation with Fastenal of \$150,000 per year in product purchases.

MRO PRIMARY DISTRIBUTOR SINGLE AWARD INCENTIVE PROGRAM	
Administration Fee	1% paid on annual contract spend
Sales Growth Incentive	5% paid on annual contract spend in excess of previous year's spend with Fastenal
E-commerce Incentive	2% paid on annual purchases through e-commerce in excess of previous year's purchases through e-commerce
Green/Sustainability Incentive	1% paid on annual purchases of Green/Sustainability product in excess of previous year's purchases of Green/Sustainability product
Fastenal Brands Incentive	3% paid on annual purchases of Fastenal Brands in excess of previous year's purchases of Fastenal Brand products
Fastenal Solutions Incentive	3% paid on all product purchased through Fastenal in the first 12 months after signing and implementing a Fastenal Onsite Solution
Cumulative Volume Category Discount	1% additional category discount when total contract spend exceeds \$200 million
	2% additional category discount when total contract spend exceeds \$350 million
	3% additional category discount when total contract spend exceeds \$500 million
Customized Market Basket	Participating Entity can customize a market basket of 500 items in addition to the UC/CHESS/NIPA market basket, which aligns with the Participating Entity's unique volume products

Last Mile

Fastenal will offer the incentives detailed below to any UC/CHESS/NIPA Participating Entities utilizing the agreement who will meet a minimum spend expectation with Fastenal of \$150,000 per year in product purchases. Fastenal being selected Primary MRO Distributor is not required in order for Participating Entities to utilize this option.

**Last Mile Delivery
Model Incentive****3% paid on all on all product sales only for Participating Entities
opting to utilize Last Mile Delivery Model**

Fastenal will offer a 3% Last Mile Delivery Model incentive to UC/CHESS/NIPA Participating Entities in the form of an annual rebate check directly paid to the Participating Entity (payment will not be made to each location/department within each Participating Entity). This incentive cannot be coupled with any other incentives Fastenal has offered in this proposal (i.e. growth incentives, E-Commerce, Green, etc.). Please see additional information in the Value Add Section (Question 8) for more information regarding Last Mile.

Additional Information

Eligible annual activity includes all product spend (gross product spend less product returns) and excludes freight (if charged) and sales taxes (if charged). The benchmark for year 1 will be determined by the eligible activity (irrespective of contract vehicle or if participating entity purchased from Fastenal without a contract) for the previous contract year. Purchasing entity will receive an activity report to support all calculations. Fastenal reserves the right to hold Growth Incentive Program payments until open invoices for the subject contract year are paid. Growth Incentive Program payments shall not automatically roll over in the event that Buyer continues to purchase product from Seller upon expiration of the Agreement. The Growth Incentive Program period terminates at the end of the Agreement term and may only be extended by a written agreement signed by both parties. In the event that the underlying purchase Agreement is prematurely terminated by the Buyer, for any reason, Growth Incentive Program credits accrued in the current contract year shall be forfeited by the Buyer. The Growth Incentives earned by the member will be paid annually within the first contract quarter following each consecutive contract year in the form of a single disbursement.

Administration Fee

Fastenal is offering a 1% administration fee that will be paid annually on all eligible annual sales under this contract direct to the Participating Entity.

Sales Growth Incentive

Fastenal is offering 5% incentive that will be paid annually on all eligible contract spend in excess of previous year's contract spend to be paid direct to the Participating Entity. A minimum of 5% annual growth is required for the Participating Entity to take advantage of this incentive. For example, a Participating Entity that has annual spend of \$1,000,000 in year one that had existing spend with Fastenal of \$200,000 in the previous year will get the 5% incentive on \$800,000. However, if the Participating Entity has annual spend of \$500,000 in year one that had existing spend with Fastenal of \$480,000 in the previous year, the Entity will not get the sales growth incentive because the growth was only 4.2% from the previous year.

E-commerce Incentive

Fastenal is offering a 2% incentive on annual purchases through e-commerce in excess of previous year's purchases through e-commerce. E-commerce can be defined as any e-commerce platform such as Fastenal.com or a 3rd party punch-out integration. A minimum of 5% annual growth through the e-commerce channel is required for the Participating Entity to take advantage of this incentive. In addition, the 2% e-commerce growth incentive will only apply to standard Fastenal products that are catalog items on Fastenal.com or through our punch-out (expanded, non-catalog, or sourced items that flow through this e-commerce channel will not apply to the incentive program).

For example, a Participating Entity that has annual spend on standard Fastenal catalog items of \$250,000 through e-commerce in year one that had existing spend with Fastenal of \$50,000 through e-commerce in the previous year will get the 2% incentive on \$200,000. However, if the Participating Entity has annual spend on standard Fastenal catalog items of \$250,000 through e-commerce in year one and \$50,000 of non-catalog/sourced item spend through e-commerce (a total of \$300,000) and had existing spend with Fastenal of \$50,000 through e-commerce in the previous year, the Participating Entity will receive the incentive for 2% on the \$200,000.

Green/Sustainability Incentive

1% paid on annual purchases of Green/Sustainability product in excess of previous year's purchases of Green/Sustainability product. Only product that has the Green/Sustainability designation from Fastenal applies. Any sourced item will need to be approved by Fastenal before being included in the annual spend.

Fastenal Brands Incentive

3% paid on annual purchases of Fastenal Brands in excess of previous year's purchases of Fastenal Brand products.

Fastenal Solutions Incentive

3% paid on all product purchased through Fastenal in the first 12 months after signing and implementing a Fastenal Onsite Solution. A formal signature on our Fastenal agreement for a Fastenal onsite program is required to be eligible for this incentive. In addition to signing an agreement, Fastenal would also request inventory space or warehouse space for commonly used items from the Participating Entity to be eligible for this incentive.

Cumulative Volume Category Discount

Fastenal is offering a cumulative volume category discount if total cumulative product spend as reported under the agreement exceeds the volume target established in a given contract year. The additional discount will apply to product category discounts offered under the agreement. The volume discount excludes any market basket priced items. Additional discounts resulting from meeting the cumulative ordering volumes will be effective no later than the 1st day of the 14th month (allowing a one-month evaluation period) of the contract for the second year of the contract and run for 12 consecutive months, at which time spend for the next year will be evaluated for minimum spend requirements to achieve the additional volume discount continuation. The maximum additional discount for the life of the contract is 3%. The Cumulative Ordering Volume Discount will be adjusted each contract year to coincide with the 1%, 2% or 3% discount achieved.

ILLUSTRATION for Cumulative Volume Discounts

CONTRACT YEAR SPEND of all Participating Entities	Annual Spend \$200+million	Annual Spend \$350+million	Annual Spend \$500+million
Additional Discount per Spend Level	1%	2%	3%

CONTRACT YEAR	7/1/2018 – 6/30/2019	7/1/2019 – 06/30/2020	7/1/2020 – 6/30/2021	7/1/2021 – 6/30/2022	7/1/2022 – 6/30/2023
Spend	\$110 Million	\$225 Million	\$195 Million	\$370 Million	\$510 Million
Contract Year Qualified	No	Yes	No	Yes	Yes
Add'l Discount %	0%	1%	0%	2%	3%
Add'l Discount Start Date & End Date	N/A	8/1/2020 – 7/31/2021	N/A	8/1/2021 – 7/31/2022	8/1/2022 – 6/30/2023
Example Category Discount (Fasteners)	57%	58%	57%	59%	60%

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Fastenal Automated Supply Technology

FAST SOLUTIONS AGREEMENT / LOCKER LEASE GOVERNMENT

Customer hereby grants Fastenal the exclusive right to install FASTENAL Vending Solutions (identified herein as FVS units or FVS equipment). The FVS Equipment may only be stocked with Fastenal supplied and distributed products. FASTENAL agrees to be responsible for all standard maintenance and repair of the FVS equipment (blatant or willful damage or destruction by Customer excluded, but liability not to exceed \$10,000 per unit) including refilling of vended products for the term of this Contract. FASTENAL will provide insurance to cover its liability for personal injury or property damage it causes in connection with the installation and operation of the FVS equipment.

- 1) **Ownership:** Fastenal shall maintain full and exclusive ownership of all FVS equipment. Fastenal retains the right to terminate and remove the FVS equipment from Customer site, at Fastenal's sole discretion and without liability with 30 days notice. Customer may terminate this Agreement if Fastenal does not timely service the FVS equipment, including the replenishment of products. Customer will provide Fastenal sixty days advance written notice and a reasonable opportunity to cure any service deficiencies, prior to termination.
- 2) **Connectivity:** The Customer shall timely provide all electrical and internet connections required for operation at no cost to FASTENAL. If a FASTENAL supplied Aircard is used to establish an internet connection for the FVS units, Customer will be subject to an annual fee of \$120 per control board, billable as FAST Solutions Program Fees, invoiced 90 days after FVS installation and on each subsequent twelve month installation anniversary date. Customer agrees that Fastenal will not be responsible or liable for any delays, interruptions, defaults or outages with the Aircard internet connection. The Aircard connection must be utilized only in connection with the FVS Equipment and FASTENAL will not be responsible or liable for any unauthorized use of the Aircard connection by Customer.
- 3) **Equipment:** For the FVS equipment specifically identified as Locker units, the parties understand that the Customer may utilize the check in and checkout features for goods not distributed by Fastenal. The parties will mutually agree to the type and quantity of such goods vended from the Locker units or Sensor Lockers. The Sensor Lockers are dispense only, check in/check out is not an option on these units. Due to the weight of the FAST 10000 and Sensor Locker units, the installation location of these units must be accessible with a forklift or pallet jack. FASTENAL's FVS equipment is not NFPA rated and Customer waives any claims against FASTENAL pertaining to CUSTOMER's decision to stock hazardous materials in the FVS equipment.
- 4) **Assignment:** Customer may not assign, remove or attempt to sell or transfer any FVS equipment to another party or property, without Fastenal's written permission.
- 5) **Title to Products, Risk of Loss and Taxes:** Customer will retain title and ownership of product once product is purchased from Fastenal and placed in machine for dispensing.
- 6) **Product Pricing, Payment and Software Fees:**

Product Pricing: Prices are subject to Contract # _____ (please indicate what Govt. contract customer is utilizing) with _____ (please indicate what entity holds this contract). If unknown or not utilizing a contract, Customer can fill in "N/A". Prices for dispensed items may be negotiated to best identify high usage parts that are best opportunities or situated for dispensing. Prices may vary based on specific customer requirements such as kitting, special labeling, or packaging if applicable.

Payment: FASTENAL will invoice Customer upon delivery for products when stocked in the FVS unit. Payment for products sold thru FVS equipment will be made by Customer within Net 30 days after invoice. If Customer issues FASTENAL a Blanket Purchase Agreement or Blanket Purchase Order that is equal to or greater than the amount on page two "Total Good Faith Expected Spend Increase", the Customer will qualify for the FVS units at no cost. The parties agree that Customer will work in good faith to increase its overall purchases of products from FASTENAL at the location of the FVS units in accordance to the expected spend associated with the FVS units.

Software Fees: If after one year of installation the "Total Good Faith Expected Spend Increase" is not met, FASTENAL reserves the right to charge the Customer an Annual Software Fee of \$480 per control board. Applicable Software Fees will be invoiced annually on each Installation anniversary date. Customer will be subject to the terms and of the 'End-User License Agreement for Vendor Software' when using the FVS equipment.
- 7) **Limitation of Liability:** IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, DAMAGES FOR INJURIES TO PERSONS OR TO PROPERTY OR LOSS OF PROFITS OR LOSS OF FUTURE BUSINESS OR REPUTATION, WHETHER BASED ON TORT OR BREACH OF CONTRACT OR OTHER BASIS, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
- 8) **Lease Equipment:** For the FVS equipment specifically identified as Locker Lease units, the parties understand that the Customer may only utilize the check in and checkout features of the Locker unit for non-MRO goods not distributed by Fastenal.
- 9) **Locker Lease Fee:** The Lease fee will be invoiced upon installation and quarterly thereafter for all installed FVS equipment in accordance with the fee table below. If this Agreement is terminated during Year 1, FASTENAL will charge a fee equivalent to the remaining months of the Total Monthly Lease Fee at the time of termination of Year 1. If this Agreement is terminated during Years 2 or 3, FASTENAL will charge a fee equivalent to 3 months of the Total Monthly Lease Fee at the time of termination.

10) Order number of Standard Program units here. See Product Line card for available configurations.

<u>Machine Type</u>	<u># of Units</u>	<u>Good Faith Monthly Expected Increase per unit</u>
FAST 5000		\$2,000
FAST 3000		\$1,000
Stand Alone Controller		Does Not Apply
3 Door Locker		\$250
12 Door Locker		\$250
18 Door Locker		\$1,500
27 Door Locker		\$1,800
30 Door Locker		\$1,900
36 Door Locker		\$2,100

<u>Machine Type</u>	<u># of Units</u>	<u>Good Faith Monthly Expected Increase per unit</u>
2 Door Vertical Locker		\$1,500
2 Door Horizontal Locker		\$1,500
4 Door Locker		\$1,500
FAST 10000 Single Door Cabinet		\$2,500
FAST 10000 Door-Drawer Combo		\$2,500
FAST 10000 Drawer Unit		\$3,000
18 Door Sensor Locker		\$1,800
24 Door Sensor Locker		\$2,000
27 Door Sensor Locker		\$2,200

11) Order number of Lease Program units here.

<u>Machine Type</u>	<u># of Units</u>	<u>Monthly Software Fee per unit</u>	<u>Monthly Lease Fee per unit</u>
Stand Alone Controller		\$40	Does Not Apply
Lockers units	3 Door	Does Not Apply	\$50
	12 Door	Does Not Apply	\$45
	18 Door	Does Not Apply	\$150
	27 Door	Does Not Apply	\$200
	30 Door	Does Not Apply	\$210
	36 Door	Does Not Apply	\$240
Outdoor Locker (with Controller)		\$40	\$240
Outdoor Locker 12 door Add-on		Does Not Apply	\$160

Existing Customer Acct # _____ Required Vending Account: _____

Customer Name: _____

Physical Address of Machine: _____

City _____ State _____ Zip _____

Phone _____ FAX _____

Customer Contact Name _____

Customer Contact Email _____

Customer Contact Phone _____

Authorized Customer Signature _____ Title _____ Date _____

Fastenal District Manager Signature _____ Date _____

5 Letter Store Code _____

Terms and Conditions Governing an Onsite Supply Agreement Between CUSTOMER NAME and FASTENAL COMPANY

CONTRACT TERM. This Agreement, effective as of DATE, 2015 is made by and between CUSTOMER NAME ("Buyer"), with its principal place of business at CUSTOMER ADDRESS; and FASTENAL COMPANY ("Fastenal" or "Seller"), with its offices at 2001 Theurer Boulevard, Winona, MN 55987. Unless sooner terminated or canceled, this Agreement shall remain in effect for the period beginning on the effective date hereof and shall automatically renew for an additional term of one (1) or more years, unless written notice is provided to the other party no later than ninety (90) days before the expiration of the then current term that this Agreement will be terminated. Either party may terminate this Agreement upon thirty (30) days written notice for any reason, with or without cause.

SCOPE OF CONTRACT. This Agreement primarily covers Seller provided services related to the procurement, distribution and management of Products through Seller operated Onsite store locations. Buyer and Seller will mutually agree on locations that wish to engage through Seller Onsite store operations. Onsite locations are identified in **EXHIBIT #1** – List of Onsite store operations.

Buyer is under no obligation to purchase Goods under this Agreement. The pricing and discounts contained in **Exhibit #3** of the Onsite Supply Agreement are conditioned upon Buyer maintaining a minimum of \$50,000 in monthly spend at each Seller operated Onsite location identified in **EXHIBIT #1**. Buyer shall meet a monthly run rate of spend commensurate to achieving and maintaining the defined monthly spend per site within the first twelve months of this Agreement. Should Buyer not achieve the minimum monthly run rate within the first 6 months, Seller reserves the right to initiate any or all of the following remedies: Discontinue Seller's Onsite operations; unless Buyer agrees to pay all direct labor costs; Immediate termination of this Agreement. Seller also reserves the right to periodically review spend data to verify sufficient spend by Buyer at any time during the term of this Agreement.

DEFINITION OF TERMS FOR FASTENAL DISTRIBUTED PRODUCTS. As used herein, the following terms shall have the following meanings, respectively:

"Product(s)" shall mean all goods sold to Buyer under this Agreement which are not Buyer's Procured Products.

"Core Items" shall mean any Product on the **Core Item File**. The current list of Core Items may be identified through the message "Core Item" when shopping on www.fastenal.com with the Buyer's account number. Additionally, the message of "Core Item" will be displayed at the local store within Seller's Point-of-Sale system and on any punch-out e-catalogs required by Buyer. *Core Items should only represent the items purchased with high frequency where planned purchasing is attainable.*

"Catalog Item" shall mean any Product in the current revision of Seller's Big Blue catalog and any Product available on www.fastenal.com (that is not a Core Item) and has a published wholesale price

"Non-Catalog Item" shall mean any Product that is not a Core Item and/or is not a Catalog Item.

"Non-Standard Product" shall mean a part that is not a Catalog Item. Additionally a Non-Standard Product may be a Catalog Item that requires a secondary process with plating/coatings, or a Catalog Item which, at the request of Buyer, is stocked in larger quantities than would normally be stocked by Seller.

"Capital Goods Items" shall mean any products that are (i) a machine or tool used in the production of another item or (ii) typically considered an asset purchase instead of a consumable expense. Capital Goods Items are typically high dollar value items purchased infrequently that would not be considered an OEM part or a consumable item. The current list of Capital Goods Items may be

identified through the message "Capital Goods Items" when shopping on www.fastenal.com with the Buyer's account number. Additionally, the message of "Capital Goods Items" will be displayed at the local store within Seller's Point-of-Sale system and on any "punch-out" E-catalogs required by Buyer.

ONSITE SERVICES. For locations in **EXHIBIT #1**, Buyer shall provide Seller with sufficient mutually agreed upon space and reasonable access to an Onsite facility during regular scheduled work hours to serve as a Seller distribution center and to conduct material handling and administrative activities for Buyer at mutually agreeable times. Unless otherwise agreed in writing, Buyer will provide reasonable utility services (air condition, heat, electricity, telephones, data, and internet access) to the Onsite facility at Buyer's expense. Buyer and Seller will develop a mutually agreed upon Statement of Work (S.O.W.) outlining the Onsite Services to be performed and the proposed Cost Savings associated with the proposed Onsite service.

For Onsite serviced location(s) Seller will determine the number of Onsite personnel required to perform the services offered in the Onsite location(s). This team will be dedicated to:

Managing formal RFP/RFQ events

Performing various tasks & functions identified in **EXHIBIT # 2** - Statement of Work (S.O.W.)

Identify opportunities for cost savings

Evaluation of site level operational Current State/Future State opportunities

Ongoing Lean Six Sigma Process Mappings to identify the optimal mode of supply for every product category at every location where Seller manages materials through an Onsite store

Lead corporate and local business case reviews for new initiatives and continuous improvement

DATA AGGREGATION. As part of the performance of this Agreement, Seller will be gathering information from other entities in the industrial supply industry. While Seller will not use the purchase order level data for any purpose other than the fulfillment of Seller's obligations under this Agreement, it is acknowledged and understood by Buyer that Seller will use an aggregation of the acquired information to gain market intelligence for enterprise use.

SELLER COMPENSATION. In addition to payments received for Fastenal Distributed Products supplied by Seller, Buyer will also provide compensation as a fee-for-service for Seller provided Onsite Services at a rate of \$50.00/hour, per person. Such hours will be tracked weekly by Seller; and reported to Buyer monthly via Supplier spreadsheet.

IMPLEMENTATION FEES. Buyer is responsible for the following implementation fees as outlined in the Statement of Work agreement associated with the following sites: LIST CUSTOMER SITE(S) HERE.

Implementation Fee per location: Seller will (not) charge Buyer any implementation fees.

BUYERS ON-SITE LOCATION	IMPLEMENTATION FEE	ON-SITE BUILD / SETUP
LIST CUSTOMER SITE	LIST FEE \$\$\$	LIST OVERVIEW

CONTRACT PRICING - FOR FASTENAL DISTRIBUTED PRODUCTS.

Pricing of Core Items are net prices. Core Items pricing will be periodically reviewed throughout the term of the Agreement. Seller will provide adequate documentation to substantiate proposed price adjustments. Such documentation may include but is not limited to third-party market reports, documentation from Seller's Sellers and reputable commodity indexes. If the parties are unable to agree on pricing adjustments, then either party may terminate the Agreement with sixty (60) days prior written notice.

Buyer shall receive a discount off Seller's wholesale pricing for Catalog Items. Discounts shall be calculated using Seller's wholesale price effective on the date of purchase per **EXHIBIT #3**. Discounts shall not apply to Capital Goods Items. Capital Goods Items will be offered to Buyer at Seller's lowest sell price available on day of sale.

Pricing for Non-Catalog items shall be negotiated by the parties at the local level prior to the sale of said items.

Pricing under this Agreement establishes a maximum price. Pricing on individual purchases may be lower on a transactional basis. Transactional pricing below the negotiated pricing methodology of this Agreement does not constitute a contract-wide price reduction.

Pricing expressed in this Agreement is in USD and applies to domestic orders with deliveries within the continental United States of America. Any orders with deliveries outside the continental United States may be subject to alternative pricing or service fees such as additional product cost due to duties, tariffs, currency exchange, and logistical difficulties in connection with such deliveries based upon destination. The parties will reasonably attempt to identify such orders and establish acceptable pricing or service fees prior to delivery.

PAYMENT TERMS. Fastenal shall remit invoices to Buyer weekly; and payment is due within 30 days of the date of the invoice. Buyer shall remit payment of invoices to:

FASTENAL COMPANY
Attn: Accounts Receivable
P.O. BOX 1286
Winona, MN 55987

Fastenal reserves the right to charge 18% per annum (1.5% monthly) on any unpaid invoices over 30 days until such invoices are paid in full. Buyer agrees to pay Fastenal, to the extent permitted by applicable law, all costs and expenses, including reasonable attorney's fees, incurred by Fastenal in connection with any collection activities or actions to collect unpaid invoices under this Agreement

FREIGHT. All shipments will be FOB Buyer's Onsite facility. Any product requiring special freight arrangements must have prior plant authorization before charges are applied. Non-standard/Special or emergency orders may require special freight arrangements, which if approved by Buyer, will be payable by the Buyer.

TITLE. All Supplies held in inventory at Buyer's location shall remain the property of Fastenal until such time that the Supplies are withdrawn or otherwise used by Buyer, at which time Buyer shall be deemed to have purchased the Supplies. However, Buyer will be responsible for any damage, destruction or theft of any Supplies that Fastenal provides to or maintains within the Onsite store, except in the event such losses are directly caused by the negligence or intentional actions of Fastenal, its employees or agents. Buyer will assist and approve or, upon request, execute any documents confirming Fastenal's title to the Supplies, prior to transfer of such title to Buyer noted herein.

INVENTORY COMMITMENT. If Buyer discontinues use of any stocked Non-Standard Products or this Agreement is terminated, Buyer agrees to purchase all remaining quantities of Non-Standard Products maintained or ordered by Seller for Buyer within ten (10) days from the date of demand.

Under this Agreement, Seller will maintain up to a 3 month inventory of Non-standard Products for the Buyer

EQUIPMENT. All cages, fencing, temporary office structures, material handling equipment, operations equipment, cables, computer hardware or software, bins, cabinets, shelving, racking and similar material handling apparatus that Fastenal utilizes and maintains in Buyers Onsite facility will remain the property of Fastenal, unless directly purchased, or provided, by the Buyer. Upon termination of this Agreement, Buyer will provide Fastenal with reasonable access to Buyer's property and Fastenal shall remove all such property in a timely and efficient manner. However, Fastenal will not be responsible for restoration activities and cost of repairs or improvements to the premises, unless caused by the negligent or improper removal of equipment by Fastenal.

TERMS AND CONDITIONS OF PURCHASE. Purchases under this Agreement shall be governed by the Terms of Purchase found on the Legal Information page at www.fastenal.com. This Agreement and the Terms of Purchase shall control all Orders placed by Buyer and shall replace and supersede any previous terms and conditions entered into by the Parties.

ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties and there are no verbal or collateral understandings, agreements, representations other than as expressly set forth therein. This Agreement may only be modified by written agreement of the parties.

FASTENAL COMPANY

CUSTOMER NAME

Print Name:

Print Name:

Title:

Title:

Signature

Signature

Date

Date

EXHIBIT #1 - LIST OF ONSITE STORE OPERATIONS

LIST CUSTOMER SITE ADDRESS(ES) HERE FOR ONSITE

EXHIBIT #2 - STATEMENT OF WORK (S.O.W.)

Seller will provide the following:

- Provide Onsite staff at Buyer location the following hours: 7:00am – 5:30pm, Monday-Friday
- Dedicated inventory on consignment, Buyer will take possession of consigned inventory when product leaves the CAGE??
- Inventory management of non-Fastenal supplied inventory within the cage; as limited to management of inventory minimum/maximums and reorder points. A fee for service will be charged back to the Buyer for this service at a rate of \$50.00/hour, per person.
- Onsite vending machines
- LIST MORE HERE

Buyer will provide the following:

- Security code for gate access to Buyer facility
- Reasonable access and use of caged area DESCRIBE HERE; during normal hours of operation
- Appropriate utility services (air conditioning, heat, electricity, telephones, fax, data, and internet access)
- Install of secure cage, fence, cage door, and/or cage window to secure consigned inventory stocking area
- Appropriate racking, shelving, and bins within Onsite caged area to house Seller consigned inventory
- Use of Buyer material handling equipment (pallet jacks, carts, dollies, forklifts, etc.)
- Fastenal delivery truck access to Buyer's Receiving Dock area during normal hours of operation
- Make Fastenal the primary vendor for pre-determined OEM, MRO and Indirect Supplies
- Work diligently and quickly to identify and add more OEM & MRO-type Indirect Products to the Fastenal Onsite; including, but not limited to: Fasteners, Safety, PPE, Welding, Metal Working, Hand Tools, Power Tools, Fittings, Janitorial, Shipping Supplies, etc.
- LIST MORE HERE

EXHIBIT #3 - PRICING AND DISCOUNTS

<< Insert/Attach pricing file, discount file, and quote number here >>

FAST Solutions[®]

BIN STOCK

BIN STOCK AGREEMENT

This agreement made by and between Fastenal Company (herein "FASTENAL") and the Customer Name reference below (herein "Customer"). This agreement shall remain in effect for a period of three (3) years from the date signed below and will automatically renew each year unless terminated. Either party may terminate this Agreement with 60 days prior written notice for any reason.

1. Scope of Agreement:

- Customer must maintain a minimum monthly spend of \$500 USD in order for FASTENAL to monitor and stock the Bins.
- Customer will provide Fastenal with space and reasonable access to the facility to conduct material handling service for Customer at mutually agreeable times.
- Fastenal will provide product storage bins (herein "Bins"). The Bins will be maintained on the premises of the Customer specified below.
- Fastenal shall monitor and stock Bins with FASTENAL distributed products as needed per Customer's usage requirements, unless otherwise approved by FASTENAL.

2. Title & Risk of Loss:

- Title to the Bins shall transfer to Customer after the term of this Agreement.
- Customer shall bear and be responsible for the risk of theft, loss, damage or destruction of the Bins unless caused by the negligence or misconduct of Fastenal.
- If this Agreement is terminated before the three (3) year initial term expires, all Bins shall be purchased by Customer within ten (10) days at a pro-rated price. **Prorated price = (Total Bin Value/36 months) x Number of months left in the agreement**

3. Purchase Commitment:

As condition of utilizing the Bins, Customer agrees to increase overall purchases by the Monthly Spend Increase (MSI) referenced below in order to maintain use of the bins at no charge. If after one year the MSI is not met this Agreement shall terminate and Customer shall purchase the Bins per Section 2.

4. Limitation of Liability:

Neither party shall have any liability whatsoever for special, indirect, consequential, incidental or exemplary damages under any circumstances, whether based on tort or breach of contract claims or on any other basis, even if it has been advised of the possibility of such damages.

Acct # (with 5 letter code)	Customer Name			
GOVMT Contract # & entity:				
FASTENAL POC:				Total MSI for this Order
				\$ -
Part # and # of units must be filled in before a Bin Stock project can be created				
Part No.	# of units	Description (this will populate automatically)	MSI per unit	Total MSI

Refer to "Bin Stock Equipment Guide" tab or Bin Stock Catalog (9704604) for available parts

Customer Signature:

Printed Name:

Date:

Fastenal DM Signature:

Printed Name:

Date:

Send Completd Binstock Agreement Parts Template to binstockagreement@fastenal.com or 507-494-3842

PARTICIPATING ADDENDUM
MAINTENANCE REPAIR AND OPERATIONS (MRO) SUPPLIES AND RELATED SERVICES
Administered by the University of California (UC) on Behalf of the California Higher Education Strategic Sourcing (CHESS) and other government agencies and non-profits. (hereinafter "Lead Agency")

MASTER PRICE AGREEMENT

Fastenal Company

Contract Number:

(hereinafter "Contractor")

And

[insert name of participating entity]

(hereinafter "Buyer")

1. Scope: This addendum covers the National IPA MRO Contract lead by the University of California (UC) on behalf of the California Higher Education Strategic Sourcing (CHESS) and other government agencies and non-profits for use by Higher Education and other governmental agencies and non-profits.
2. The award to contractor in Contract ## is for the **MRO PRIMARY DISTRIBUTOR**
3. Participation: Fastenal is offering the incentives detailed below to any CHESS/National IPA members utilizing the agreement who will meet a minimum spend expectation with Fastenal of \$150,000 per year in product purchases.

MRO PRIMARY DISTRIBUTOR SINGLE AWARD INCENTIVE PROGRAM	
Administration Fee	1% paid on annual contract spend
Sales Growth Incentive	5% paid on annual contract spend in excess of previous year's spend with Fastenal
E-commerce Incentive	2% paid on annual purchases through e-commerce in excess of previous year's purchases through e-commerce
Green/Sustainability Incentive	1% paid on annual purchases of Green/Sustainability product in excess of previous year's purchases of Green/Sustainability product
Fastenal Brands Incentive	3% paid on annual purchases of Fastenal Brands in excess of previous year's purchases of Fastenal Brand products
Fastenal Solutions Incentive	3% paid on all product purchased through Fastenal in the first 12 months after signing and implementing a Fastenal Onsite Solution
Cumulative Volume Category Discount	1% additional category discount when total contract spend exceeds \$200 million
	2% additional category discount when total contract spend exceeds \$350 million
	3% additional category discount when total contract spend exceeds \$500 million
Customized Market Basket	Participating Entity can customize a market basket of 500 items in addition to the UC/CHESS/NIPA market basket, which aligns with the Participating Entity's unique volume products

Last Mile

Fastenal will offer the incentives detailed below to any UC/CHESS/NIPA Participating Entities utilizing the agreement who will meet a minimum spend expectation with Fastenal of \$150,000 per year in product purchases. Fastenal being selected Primary MRO Distributor is not required in order for Participating Entities to utilize this option.

PARTICIPATING ADDENDUM
MAINTENANCE REPAIR AND OPERATIONS (MRO) SUPPLIES AND RELATED SERVICES
Administered by the University of California (UC) on Behalf of the California Higher Education Strategic Sourcing
(CHESS) and other government agencies and non-profits. (hereinafter "Lead Agency")

MASTER PRICE AGREEMENT

Fastenal Company

Contract Number:

(hereinafter "Contractor")

And

[insert name of participating entity]

(hereinafter "Buyer")

Last Mile Delivery Model Incentive	3% paid on all on all product sales only for Participating Entities opting to utilize Last Mile Delivery Model
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Fastenal will offer a 3% Last Mile Delivery Model incentive to UC/CHESS/NIPA Participating Entities in the form of an annual rebate check directly paid to the Participating Entity (payment will not be made to each location/department within each Participating Entity). This incentive cannot be coupled with any other incentives Fastenal has offered in this proposal (i.e. growth incentives, E-Commerce, Green, etc.).

Eligible annual activity includes all product spend (gross product spend less product returns) and excludes freight (if charged) and sales taxes (if charged). The benchmark for year 1 will be determined by the eligible activity (irrespective of contract vehicle) for the previous contract year. Purchasing entity will receive an activity report to support all calculations. Fastenal reserves the right to hold Growth Incentive Program payments until open invoices for the subject contract year are paid. Growth Incentive Program payments shall not automatically roll over in the event that Buyer continues to purchase product from Seller upon expiration of the Agreement. The Growth Incentive Program period terminates at the end of the Agreement term and may only be extended by a written agreement signed by both parties. In the event that the underlying purchase Agreement is prematurely terminated by the Buyer, for any reason, Growth Incentive Program credits accrued in the current contract year shall be forfeited by the Buyer. The Growth Incentives earned by the member will be paid annually within the first contract quarter following each consecutive contract year in the form of a single disbursement.

4. Primary Contacts: The primary government contact individuals for this participating addendum are as follows (or their named successors):

Participating Entity

Name:

Address:

Telephone:

Fax:

E-mail:

Contractor

Name:

Address:

Telephone:

Fax:

E-mail:

PARTICIPATING ADDENDUM
MAINTENANCE REPAIR AND OPERATIONS (MRO) SUPPLIES AND RELATED SERVICES
Administered by the University of California (UC) on Behalf of the California Higher Education Strategic Sourcing
(CHESS) and other government agencies and non-profits. (hereinafter "Lead Agency")

MASTER PRICE AGREEMENT

Fastenal Company

Contract Number:

(hereinafter "Contractor")

And

[insert name of participating entity]

(hereinafter "Buyer")

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date of execution by both parties below.

Participating Entity:	Contractor:
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

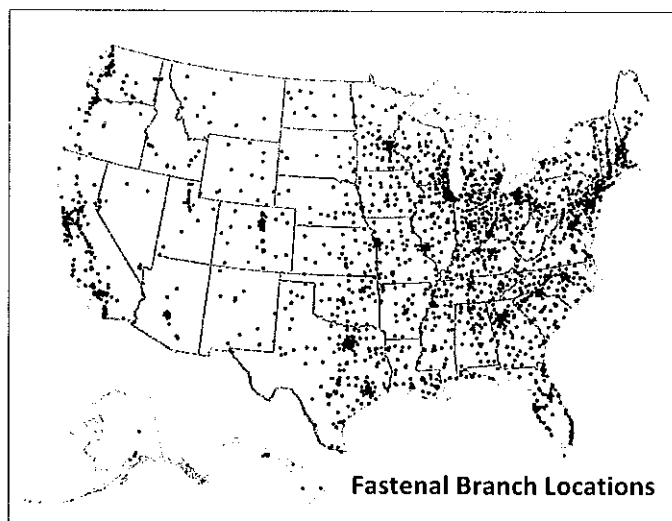
Additional Services

Same Day Service & Custom Inventory

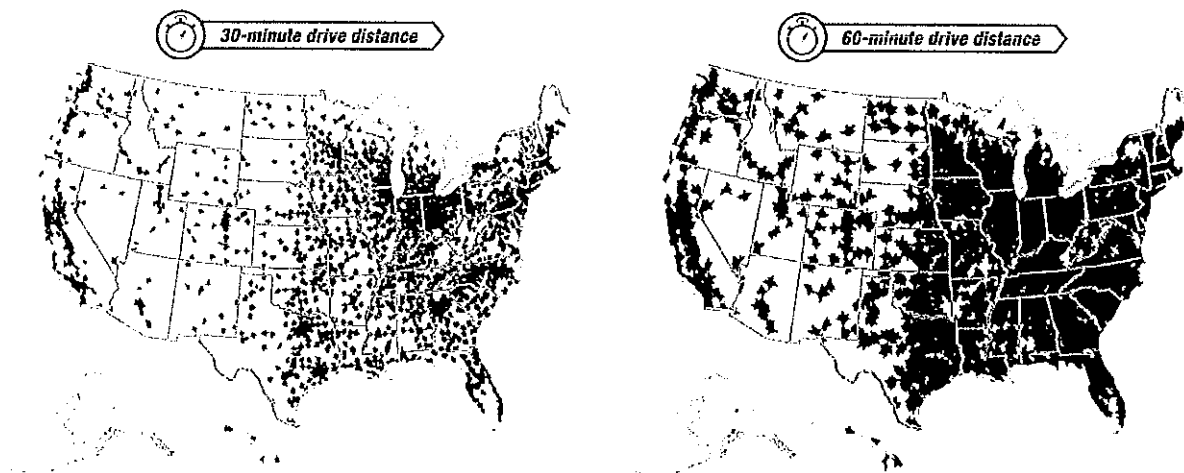
For most major national industrial suppliers, next-day delivery isn't just the current best practice – it's the best they can *possibly* do. Having built their distribution systems to direct-ship orders from remote distribution centers, the product is simply too far away from most areas of the country to be transported any faster. For these 'transactional' suppliers, progressing from two-day service to next-day service was a matter of incremental improvement; taking the next step would require a totally different approach.

At Fastenal, we understand that delivery speed is a function of distance – and that the shortest supply chain *wins*. So, while others have embraced a centralized direct-ship model (with a 'built-in' one-day lead time), we've never stopped working to de-centralize, providing faster, better service as we move ever closer to our customers.

The key has been our ability to cost-effectively operate local branches in not only major cities but also small towns and rural areas across North America, positioning dedicated service teams and customized inventory minutes away from the customers we serve. As a result, we're able to offer *same-day* service in more than 2,000 local U.S. markets.



In fact, 'same-day' may be too broad of a term. The maps below show the area our local branch teams can service within 30 minutes ... and 60 minutes. As you can see, if there's industrial activity in an area, we can generally be there within the hour.



WE ARE WHERE YOU ARE.

What does this mean for UC/CHESS/NIPA? When we think about lead time, we usually think of the unplanned purchasing environment – the ticking clock that begins when an outage or unforeseen need is discovered. To meet a broad range of spot-buy needs, each Fastenal branch offers a core inventory that includes thousands of the most commonly used SKUs. We also offer e-commerce tools that make it easy to view local branch inventory and procure same-day product solutions.

But the deeper value of our local stocking model is that it enables you to *avoid* these kinds of reactive, expensive transactions in the first place. As part of a national partnership, we would tailor your servicing branches' inventory to anticipate and support UC/CHESS/NIPA Participating Entities' local business needs, including high-use MRO supplies and critical spares – enabling you to significantly reduce inventory costs without risking outages.

The next step is to keep those planned needs flowing from the local branch to your facilities' points of use via best-in-class bin stock and vending solutions – taking the service timeframe from 'same day' to 'just in time.' Fastenal has been the dominant industry leader in VMI for decades, and the reason is clear: effective inventory management requires regular (potentially daily) site visits, hands-on labor to organize, monitor and put the inventory away, and close familiarity with decision-makers, end users, processes and changing needs. In short, it requires a *local presence*, which is why no other industrial supplier can match Fastenal's scope and level of service when it comes to inventory management.

FAST Solutions

Fastenal's menu of FAST Solutions can help UC/CHESS/NIPA Participating Entities capture time, eliminate waste, and free up resources. Please see below for details of the variety of programs Fastenal has to offer. Our attached FAST Solutions agreement(s) (vending, bin stock, onsite) will be executed and/or incorporated in the resulting Participating Addendum with the respective entity.

FAST Solutions — BIN STOCK —

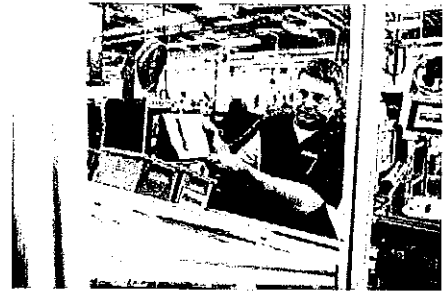
Fastenal's bin stock solutions are a perfect fit for any MRO items you cannot dispense out of a vending machine but are still needed on your shelves. Each solution is unique, but all share three common elements:

1. A labeled location and min/max inventory range for each part.
2. A nearby Fastenal branch to carry the inventory and make sure you always have just the right amount on hand.
3. Detailed usage reporting by location, clarifying 'how much of which parts should be stocked where.'

Manual Solutions:**Fastenal Managed Inventory (FMI)**

Save time and money by utilizing our local experts to manage your bin stock inventory.

- We organize & label new or existing bins, collaborate to establish initial min/max levels and service schedule.
- We visit regularly to monitor & replenish inventory.
- Suggested replenishment orders are submitted, reviewed and approved via Fastenal.com.
- Flexible delivery (we deliver to dock or put product away).

**FAST Scan**

If you prefer to handle the scanning and ordering internally, Fastenal will provide an iOS-based scanning solution for your personnel to quickly generate replenishment orders.

- We organize and label bins and shelving.
- We set up profiles for local users on Fastenal.com and provide scanning devices.
- Your local personnel determine inventory levels and controls.
- We provide flexible delivery, reporting, and suggestions for improvement.

Electronic Solutions:**FAST Scale**

Utilizes weight sensor technology to provide a real-time view of your exact quantity on hand (QOH) – a good fit for critical production parts. Users log onto Fastenal.com to view live inventory levels and adjust reorder triggers.

- We install the scale system, organize and label parts.
- An order is automatically generated when stock hits 'min' level.
- View and approve suggested orders via Fastenal.com.
- Flexible delivery (we deliver to dock or put product away).

**Auto Bins (coming soon)**

Offers a real-time view of your inventory 'health' ('above min,' 'below min' or 'out of stock' – not exact QOH) along with electronic signals prompting replenishment when stock runs low. There are two basic options:

- *Infrared Bins* – An order is triggered when stock falls below a specified 'water mark' in the bin.
- *2-Bin System* – An order is triggered by placing the empty bin next to an RFID chip built into the shelving.

FAST Solutions®

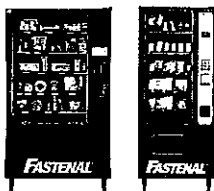
VENDING

With tens of thousands of machines currently implemented at customer sites, Fastenal is the dominant leader in industrial vending. ... Why? It's a combination of our innovative technology, our low-cost, no-risk program, and most important of all, our "machine *behind* the machine" – the thousands of local Fastenal personnel making sure each solution is perpetually filled, functioning, and fully optimized for maximum savings.

- Wide variety of machines to support virtually any product needs.
- Dynamic web reporting – view real-time usage data when, where and how you want to see it.

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- Machines provided free of charge based on a one-year renewable service agreement.
- Your servicing Fastenal branch teams monitor and replenish the machines – no paperwork or labor required.
- Dedicated vending specialists work hand-in-hand with our local branches to analyze usage patterns, suggest areas for improvement, and make sure the solution is driving the results you want to see.
- Fastenal's industrial vending solutions have the added benefit of reducing product consumption, typically by 25-35%.

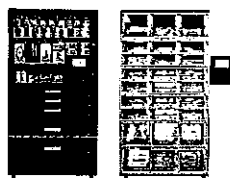
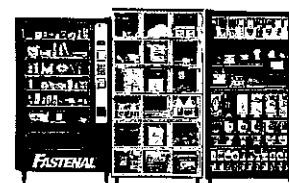


FAST 5000 & FAST 3000

With tens of thousands of units driving results at customer sites, this is the most widely-used industrial technology in the world – a simple, versatile solution to track and control items ranging from PPE to general MRO items. The FAST 3000 is simply a more compact version of the FAST 5000. Both can function as stand-alone solutions or used in conjunction with our standard lockers.

Standard Lockers

Our standard (semi-secure) lockers are used to: 1) track and control access to larger-sized consumable products (relying on the user to enter the quantity taken), and 2) automate check-out and return of tools and other assets. They can be used with a standalone controller or in conjunction with a FAST 5000 or FAST 3000 machine.



FAST 1000SL (Secure Locker) Series

This next-generation technology extends the benefits of vending to four very common (yet traditionally difficult to vend) product types: 1) boxes, 2) cylinders/cans, 3) 'floppy' items (Tyvek suits, belts, hoists, etc.), and 4) loose components (fasteners, fittings, cutting tools, etc.). The machines automatically sense and report the exact amount taken by each user, providing per-item traceability and a frictionless 'grab and go' experience.

Outdoor Lockers

With a tough steel exterior, ruggedized electronics and optional temperature control, these lockers are built to operate in harsh outdoor environments. Keep tools perpetually stocked, secure and accessible on the jobsite, and automatically track check-out/check-in of expensive tools.



FAST CT (Cutting Tool) Machines

Designed to dispense and track inserts and round tools, either individually or in pre-determined quantities. The compact design of the machines (combined with the low cost of our vending program) makes it practical to install multiple point-of-use machines throughout the shop (versus a single centralized unit) for increased productivity.

FAST Solutions[®]

ONSITE

The purest expression of our local service philosophy is our Onsite service model, positioning not only our solutions but also Fastenal personnel and Fastenal-owned inventory – essentially a dedicated branch – within the walls of your facilities. Just like vending and bin stocks, this is a natural extension of our distribution infrastructure and a model we've pioneered in our industry.



The Fastenal Onsite Advantage:

- Full program customization based on process mapping exercise.
- Dedicated onsite Fastenal team to handle all inventory management functions – the first time your employees touch the product is at the point of use
- Consigned onsite inventory within the Fastenal crib – we own it until it's dispensed to your end-user
- Customized inventory modeling to eliminate stock-outs.
- Immediate access to planned needs (within our crib) and a variety of spot-buy needs (via our local branch).
- Detailed, flexible reporting based on your business priorities.
- Deep collaboration, including participation in Kaizen events and other company initiatives. (As we like to say, it's like having a team of supply chain experts on your staff, but not on your payroll.)

How Will Your Business Benefit?

- ✓ **Save money**
 - Utilize Fastenal labor for purchasing, quality inspection, inventory management, etc.
 - Reduce transportation costs through better inventory planning and utilization of Fastenal's trucking system.
- ✓ **Reduce inventory/working capital**
 - Upon moving Onsite, we will sell down your current inventory and replace it with our own.
 - Moving forward, the inventory in the Fastenal crib is on our books until provided to the end user. This transformation creates a dollar-for-dollar reduction in your working capital.
- ✓ **Gain efficiency in your facility**
 - Simply put, *we are experts* – with the knowledge, solutions, and systems to run a truly world-class supply chain for your business.
 - Put our decades of experience to work for you in the areas of quality/source control, critical spares management, inventory planning, point-of-use supply flow, and other critical activities.

Integrated Solutions

In conjunction with our Onsite service model, Fastenal personnel can perform any and all business functions, including purchasing and managing your non-Fastenal product needs (with no mark-ups added). Each integrated supply solution is unique and will require a detailed RFP to define the scope

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and responsibilities. To begin the process, our team of Lean Six Sigma specialists is prepared to perform a process mapping event.

FAST Solutions™
E-BUSINESS

Our e-business solutions are designed to streamline business processes while leveraging our local presence to provide the fastest possible service. This includes something no other national supplier can offer on a national level: *same-day* service for thousands of locally stocked items.

Fastenal.com

Fastenal.com is a 24/7 window to research, source, procure, and manage a spectrum of MRO, OEM and Construction supplies. Leveraging our brick-and-mortar presence at 2,000+ U.S. locations, the site is designed to present the nearest – and therefore fastest – solutions to your product needs. That includes thousands of items available for same-day fulfillment at your servicing Fastenal branches.



Key Features & Functionality:

- **My Branch:** Need it today? Click on your My Branch tab to see if the item you're searching for is stocked on your local Fastenal branch shelves.
- **In-Stock Alternative Products:** View the item you originally searched for as well as 'in-stock alternatives' offering the same fit, form and function – potential solutions for a faster lead time or lower cost.
- **Advanced Permissions Settings:** Control non-compliant spending by setting employee purchase limits, establishing authorized users and approvers, and creating an automated approval workflow.
- **eQuotes:** Edit and approve branch quotes, including suggested bin stock (eVMI) replenishment orders, without having to enter or re-type data.
- **Reports:** Access usage, vending, and cost savings reports to bring visibility to your overall spend with Fastenal.
- **Strategic Supply Recommendations:** If desired, we can analyze your usage activity and present opportunities to standardize purchases, switch to more cost-effective alternatives, and supply repetitive orders via a more strategic delivery method, such as a vending or bin stock solution.

B2B Integration

B2B integration is either a direct connection between your internal ERP system and Fastenal, or a connection via a third-party procurement partner that supports electronic document exchange throughout the purchase-to-payment process. Reduce operational costs associated with the procurement process, eliminate double and manual data entry, and ensure adherence to supplier contracts and budgets.

Why Integrate With Fastenal?

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- *Experience & Flexibility* – Our in-house eBusiness department has nearly 20 years of experience developing and implementing custom integrated solutions for a broad range of customers. With capabilities ranging from different types of electronic documents and formats to fully customizable catalogs, we can quickly tailor a solution to support your system and unique business needs.
- *Local fulfillment at 2,000+ U.S. locations* – Our integration solutions are backed by local inventory and a familiar face for each of your locations. Our easy-to-use punchout catalog keeps your personnel connected with their servicing branches, with the ability to direct users to locally-stocked product options for same-day service. Features like eQuotes and Order Templates further streamline the process for ordering locally-managed inventory items.

Our integration solutions are built on open industry standards (**OCI, cXML, xCBL** and **Punchout**), and we offer integration via most leading e-business systems and portals, including:



FAST Crib

Monitor inventory, equipment, and even work orders – all within one platform. This web-based, barcode-driven solution supports total inventory control, including min/max-triggered replenishment and a full suite of reports providing visibility and accountability on an enterprise-wide level.

Our implementation team will oversee the entire setup process, from data gathering to labeling, and even training, so your local teams can learn how to use the system while it's being customized for them.



FAST Crib supports four key processes: inventory management, asset management, maintenance management and procurement. These core components can be custom-configured for use at any time:

- *Inventory & Asset Management:* The FAST Crib program can be customized to include anything your local personnel wish to control, issue, return, monitor, or procure. Items are loaded by part number to create barcodes which can be scanned and tracked to provide real-time inventory visibility. This works for all parts, not just items supplied by Fastenal.
- *Procurement Platform:* Manage all of your suppliers via a single portal utilized by all employees – great for managing spot buys, controlling rogue purchasing, and channeling spend to preferred suppliers. Comes pre-loaded with a 325,000-SKU Fastenal reference database.
- *Maintenance Management:* Streamline preventative maintenance with pre-formatted work orders tied to inventory with Bill of Material generation. Be proactive in your maintenance and understand the true cost to maintain assets and your facility.

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Industry Specialists

As a complement to our local branch sales force, Fastenal has trained and deployed hundreds of industry specialists to provide high-level support in key areas of our business, including:

Safety

To support our safety product offering, we've positioned 50+ trained Safety Specialists across the U.S. and Canada. These personnel carry multiple certifications, including Masters in Occupational Health and Safety, QSSP Certification, and OSHA 30-Hour Training. Their job is to identify hazards, document risk factors, garner worker feedback regarding PPE, and ultimately develop a business plan to reduce workplace incidents while maximizing productivity and profits.

Working with our key safety suppliers, Fastenal's Safety Specialists provide trainings and PPE equipment assessments for the following concepts:

- *Eye Protection* – product selection/rationalization, fit testing
- *Hearing Conservation* – fit testing
- *Face and Head Protection*
- *Respiratory Protection* – qualitative fit testing
- *Skin Care Needs Analysis* – prevention/reduction of occupational dermatitis, reduction in sick days
- *Hand Protection* – job-specific assessments, product testing
- *Fall Protection* – application assessment, harness/lanyard inspection, competent person training
- *Hoist and Sling Inspection and Certification*
- *Heat Stress Evaluation* – program development
- *Spill Containment and Flammable Storage*
- *Lock Out/Tag Out Program*
- *AED, BBP, First Aid Training*
- *ARC Flash Assessments*



Manufacturing/Metalworking

As part of our metalworking product expansion, we've stationed 40+ Metalworking Specialists across North America. These individuals have undergone three levels of training, culminating with intensive hands-on training at our key suppliers' facilities. They work directly with customers to help them select the best products for the job and run them the right way for maximum productivity and cost-effectiveness.

Consulting/Lean Solutions

Our 70+ employees who have completed Black Belt training and 110+ internally-trained 'Blue Belts' are available to participate in Lean events and support your Lean initiatives. Services include **DMAIC Process Mappings** – working with your personnel to map the movement of product through your current system and identify areas where costs can be reduced or eliminated.



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Based on the information gathered, a gap analysis is presented along with a business plan to achieve a specific cost savings goal.

Product Services

Custom Packaging/Kitting

Our 10 packaging facilities assemble 50,000 to 70,000 kits each day to meet our customers' needs. Our operation in Shanghai, China is located inside a free trade zone, enabling us to source product from the most qualified manufacturers in Asia and package it to meet your specifications. Depending on your needs, we can work with standard part numbers, non-standard parts, customer-specific parts, or a mix of all. Kitted solutions can include barcoding, lot number, company logo, assembly services (e.g., applying grease to an o-ring and placing it on a bolt), and multiple sub-kits within a master kit.

Product Sourcing

Fastenal's sourcing model is a value-added service that we offer to customers to source products. The local Fastenal branch manages the sourcing, procurement, delivery, and, if required, the inventory management of the sourced product as part of a Fastenal vendor managed inventory solution.

Reseller Subcontracting Program

Sourcing of non-core items is service that Fastenal offers to customers to procure items that are not available within Fastenal's distribution system. The local Fastenal branch manages the sourcing, procurement, delivery, and, if required, the inventory management of the sourced items as part of a Fastenal vendor managed inventory solution.

Fastenal's sourced items may be a direct line extension with an existing vendor or the item may be procured same day from local vendors. Additionally, for Participating Entities with Small Business goals, non-core items may be sourced through one of Fastenal's authorized resellers.

Under the Small Business Reseller program, the Small Business is the vendor of record and manages the sourcing, procurement, and invoicing of the item to the Participating Entity under Fastenal's contract. Depending upon the item, Fastenal may provide distribution, logistics and vendor managed inventory services.

Pricing for sourced items is based on current market conditions and is negotiated locally (either by Fastenal or the Small Business Reseller) on a per-order basis.

Cost Savings Opportunities

Vendor Consolidation. As an efficient single source for thousands of corporately approved supplier partners, Fastenal can help you leverage spending and streamline costs for a vast range of MRO supplies.

VMI / Vending. Your servicing branches will stock product locally and keep just the right amount flowing to your points of use, eliminating costs associated with stock-outs, rush orders and excess inventory. Our industrial vending solutions have the added benefit of reducing product consumption, typically by 25–35%.

Contract Pricing. We can offer leveraged, consistent pricing for each of your locations – globally, nationally or regionally.

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Reduced Freight Costs. Our company-owned transportation fleet (8,000+ vehicles in all) enables us to move product efficiently and economize freight expenditures for our strategic customers.

Product Standardization/Substitutions. Your Fastenal account representative can identify redundant requests and cost-saving conversion opportunities.

Brand Conversion. Made by best-in-class domestic and global manufacturers, our Fastenal brand product lines present opportunities to reduce cost without sacrificing quality.

E-Business Solutions. We offer a range of solutions to minimize paperwork, processing time, and administrative costs.

Dedicated Local Service. Each of your locations will be serviced by a dedicated local branch team that will tailor its inventory and service to support your business goals.

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Company Name: **FASTENAL**1.0 Base Discount: **25%** (%) Minimum discount to be applied on all categories not defined below.

2.0 Please provide the percentage off list pricing for any of the categories you want to propose in the table below. The proposed discount percentages must not exceed 2 digits (i.e. 10.37% is acceptable while 10.37862% is not)

<u>CATEGORY</u>	<u>*DISCOUNT(%)</u>
1 Adhesives, Sealants and Tape	25%
2 Appliances	25%
3 Air Filters	35%
4 Batteries	30%
5 Electrical	30%
6 Fasteners	57%
7 Hand Tools	25%
8 HVAC and Refrigeration	30%
9 Lighting, Lamps, Ballast, Fixtures	30%
10 Material Handling Repairs	25%
11 Motors	30%
12 Outdoor Equipment	25%
13 Paint, Equipment and Supplies	25%
14 Plumbing	30%
15 Pneumatics Tools	25%
16 Power Tools and Accessories	25%
17 Safety	30%
18 Security	30%
19 Welding and Soldering	25%
20 Public Safety	30%
21	
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Note:

*This Pricing discount structure (%) must comply with pricing proposed in ATTACHMENT A-1 PRICING ANALYSIS WORKBOOK.