

FASTCO (Shanghai) **Trading Co., Ltd.**

The Benefits of Global Procurement, Without the Risks



- Turn-key importing – from the factory to your facility
- Direct access to a broad base of approved offshore manufacturers
- Wide range of OEM parts and industrial & construction products
- Stringent quality control backed by two Asia-based ISO-17025/ A2LA accredited labs



MECHANICAL TESTING 1046.03



“Quality is Everything...”



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The Right Balance of Quality, Service, and Price

The task of overseas procurement can be daunting, with complex payment terms, currency exchange volatility, foreign regulations, quality problems, and countless other risks. If you're looking to drive down cost through global procurement, there are three basic options available:

- Handle it internally
- Work with a brokerage firm
- Partner with a trading company

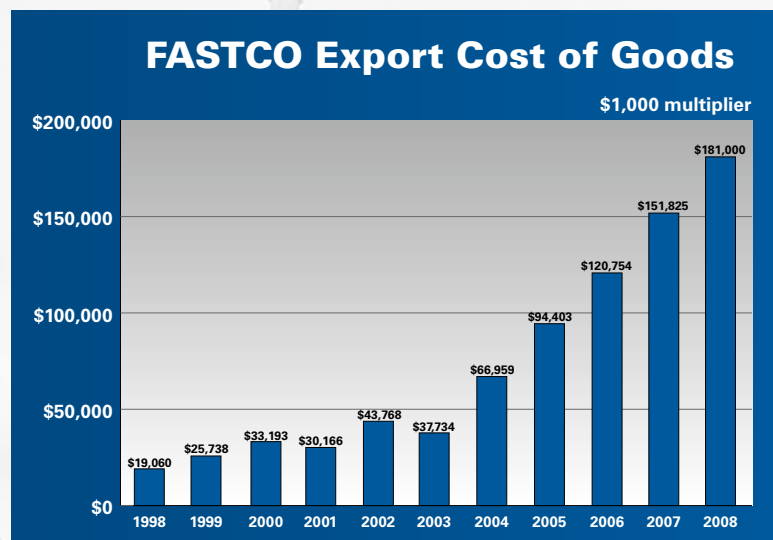
The first option is often cost-prohibitive. The second offers little by way of service or quality assurance. That's why many companies are choosing the third way – partnering with a trading company that takes full responsibility for quality, delivery, and competitive pricing.

More Than 20 Years of Global Sourcing Experience

Fastenal has been sourcing product from international markets since 1989, working closely with approved global manufacturers to establish high-quality exclusive brands, add new product lines, and source special per-print components to meet our customers' needs.

In 2003, we took our global procurement operations to a new level with the launch of Fastenal Asia Sourcing & Trading Company (FASTCO) in Shanghai, China. Guided by a motto of "Quality is Everything," FASTCO provides internationally manufactured commodities for the oil and gas, construction, wind energy, automotive, OEM and MRO industries, managing product flow, fulfillment, and inventory levels for 80,000+ Fastenal SKUs. The combination of Fastenal's North American supplier base and FASTCO's network of approved international manufacturers makes Fastenal an efficient single source for a vast range of procurement needs – with unmatched buying power.

Whether you're a small, medium, or large volume customer, FASTCO can assist your local Fastenal store with the procurement of product on your behalf. Here at FASTCO, global trading is our strength, and we invite you to learn more about how we can help you meet your cost and quality goals.



The FASTCO Advantage

Over the past 40+ years, Fastenal has grown from a small-town fastener store into the world's 9th largest industrial distributor. In an increasingly global marketplace, FASTCO is a logical extension of Fastenal's long-standing philosophy of *"Growth Through Customer Service."* Here's a look at what you can expect from FASTCO:

Experience you can trust

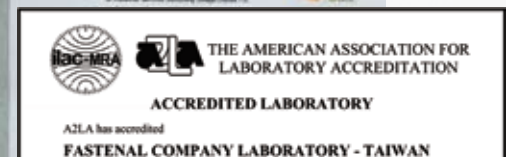
- Backed by Fastenal's financial strength – \$2B+ in revenue, zero debt
- 20+ years of international procurement experience – FASTCO manages replenishment of 80,000+ Fastenal SKUs
- Consistent shipment of over 5,900 containers annually

A simple, personal process

- Your local Fastenal store is your point of contact
- No language barriers – all of our procurement specialists speak English
- Once the RFQ is placed, our buyers source, qualify, quote and procure on your behalf while updating your store representative of all details
- Turn-key logistics:
 - C.I.F. (cargo, insurance, freight)
 - All costs are landed and include preparation of documents for customs clearance
 - Fastenal takes title of goods at origin and owns the inventory until it's delivered

Stringent quality control

- ISO 9001:2008 certified
- Broad base of quality-certified suppliers – routine on-site audits conducted by FASTCO
- Two ISO-17025 / A2LA accredited labs (Shanghai and Taiwan)
 - Testing of pre-production and pre-shipment batch samples
 - Engineering dept. reviews customer drawings
- Manufacturers can reverse-engineer many components



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ISO 17025 A2LA Laboratories

FASTCO performs on-site quality management system (QMS) audits of all suppliers prior to doing business with them. We also operate two A2LA laboratories – one in Taiwan and one in Shanghai. These state-of-the-art labs are equipped to perform the following testing to ensure product quality:

- | | | |
|-----------------------|-------------------------------|----------------------------|
| ☑ Core hardness | ☑ Proof load | ☑ Axial tensile |
| ☑ Wedge tensile | ☑ Full size tensile and yield | ☑ Hydrogen embrittlement – |
| ☑ Tensile strength | ☑ Torque tension | Stress |
| ☑ Rotational capacity | ☑ Drive test | ☑ Prevailing torque |
| ☑ Case depth | ☑ Decarburization | ☑ Ductility |
| ☑ Salt spray | ☑ Surface hardness | ☑ Plating thickness (zinc) |
| ☑ Dimensional | ☑ Fastenal product standard | ☑ Drill test |

Laboratory Functions:

- Testing of pre-production and pre-shipment batch samples to ensure industry and customer conformities
- Assisting those suppliers whose rejection rates are above the supplier average to improve end-user satisfaction and strengthen supplier relationships

Supplier Quality Engineering (SQE)

Fastenal is committed to continuous improvement both internally and externally, which is why we invested in our SQE division. This group works closely with FASTCO's purchasing departments, engineers and, most importantly, our suppliers to proactively improve the quality of the components we procure. SQE's responsibilities include:

- Continually working with suppliers to improve performance and implement process controls and quality plans
- Analyzing supplier capabilities; developing and maintaining supplier quality metrics
- Performing supplier QMS audits and driving QMS improvement
- Working with project teams to define project deliverables and planning
- Developing new work processes, tools and functional capabilities while maintaining and improving existing quality system processes
- Providing basic technical training for employees



Quality is Everything

Mill Purchasing

FASTCO's Mill Purchasing division is your direct international procurement source for special per-print items. Working with Mill Purchasing, your local Fastenal store handles the entire overseas procurement process on your behalf – bringing world-class global manufacturers to your front door.

- 15 buyers – each responsible for sourcing, qualifying, quoting and procuring product per customers' unique requirements
- All buyers are fluent in both English and Chinese
- Your Fastenal store manager deals with a dedicated buyer, minimizing risk of miscommunication
- All items can be provided as part of a vendor-managed inventory (VMI) program through your local Fastenal store



Purchasing Focus:

Semi-Standard Fasteners
Stamped Components
CNC Machined Components
Custom Per Print Components
Medium Size Castings
Injection Molded Components

Other Capabilities:

Bearings
Castings
S/S Balls
Assembled Parts
Drawer Slides
Abrasives



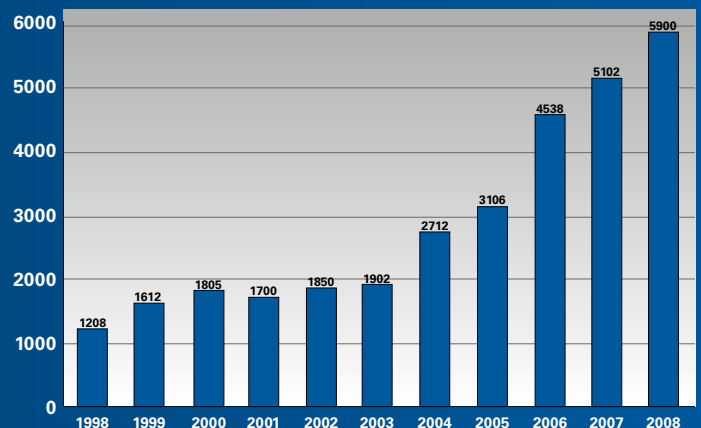
Need a special component that falls outside this scope? Just contact your local Fastenal representative; we can generally coordinate a response within 5-7 days.

Logistics

FASTCO Logistics has a clear-cut mission: make sure our suppliers meet their deadlines and that international guidelines for shipping and customs brokerage are strictly followed. To that end, we prepare and present all required documents to ensure our containers meet international import/export laws to clear customs. This includes:

- **Commercial Invoice**
- **Certificate of Origin**
- **Packing List**
- **Bill of Lading**

Number of Containers Shipped



All quotes are issued in landed cost format, meaning the price provided to you is inclusive of all logistics and freight costs. What you see is what you'll pay, with no hidden costs or surprises.

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Sourcing

In our efforts to optimize quality and value for Fastenal customers, FASTCO's Sourcing division continually identifies high-quality sources in emerging markets such as India, South America, Eastern Europe, and numerous locations within and around Southeast Asia.

Our 23 sourcing specialists continuously work to:

- Identify new suppliers, pre-qualify factories, and assist the auditing team in the qualification process
- Coordinate intensive testing for new products
- Spearhead the development of 13 Fastenal Exclusive Brands, which span the majority of Fastenal's product categories

Fastenal Exclusive Brands

Blackstone™ – Power Tools, Air and Hand Tools, Welding and Abrasives

Body Guard™ – Safety

Aspect™ – Office Products and Furniture

Clean Choice™ – Janitorial

DynaFlo™ – Hydraulics, Pneumatics and Power Transmission

Equiprite™ – Material Handling, Storage and Packaging

FMT™ – Metalworking and Cutting Tools

FNL® – Fasteners

Northway™ – Fleet and Automotive Supplies

Power Phase™ – Electrical

ProFitter™ – Plumbing, HVAC and Pumps

Rock River™ – Power Tools and Accessories, Construction Supplies

Tritan™ – Tooling Components and Precision Measuring

All are built by best-in-class manufacturers to international standards. Yet because of our close working relationships with our OEM partners, we're able to offer the product at a very competitive price. It's part of our mission to provide Fastenal customers with new opportunities to reduce costs without compromising quality.



Growth Through Customer Service

Export / Direct Import Services (DIS)

FASTCO's Export division works with our DIS team in the U.S. to drive additional cost savings by selling product direct to the end user while coordinating delivery of full or partial container loads direct to their dock. These services, which require minimal participation on behalf of the store, are limited to qualified business opportunities whereby traditional "VMI" or materials management solutions are not required by the customer.

Driving additional cost savings for customers who:

- Consume frequently and in large quantities
- Don't require VMI services
- Have the ability to receive and store full or partial container loads

Expanded product focus includes:

- Castings (Small, Medium and Large)
- Assembled Components
- Forgings
- Semi-Finished Goods
- Finished Goods
- Retail Products





FASTCO will continue to aggressively invest in our people, technology and supplier relationships in order to continually exceed the expectations of Fastenal and its customers.

If you have any questions, or if you're interested in pursuing a global procurement initiative with FASTCO, contact your local Fastenal representative. This is your "point person" for FASTCO service opportunities.

On behalf of FASTCO and Fastenal, we look forward to helping you reduce cost, minimize risk, and achieve your strategic business goals.

