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NN INC
Form 10-K/A
November 22, 2002

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A2
(Amendment No. 2 to Form 10-K)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 0-23486

NN, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

62-1096725
(I.R.S. Employer
Identification No.)

2000 Waters Edge Drive
Johnson City, Tennessee
(Address of principal executive offices)

37604
(Zip Code)

Registrant's telephone number, including area code: (423) 743-9151

Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$.01
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities and Exchange Act
of 1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days.

Yes No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. |X|

The number of shares of the registrant's common stock outstanding on March 25, 2002 was 15,340,806.

The aggregate market value of the voting stock held by non-affiliates of the registrant at March 25, 2002, based on the closing price on the NASDAQ National Market System on that date was approximately \$158,010,302.

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Amendment No. 2

The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its annual report on Form 10-K, as amended on Form 10-K/A on April 1, 2002, by restating such portions in their entirety as set forth in the pages attached hereto:

1. Part I, Item 1, Business,
2. Part IV, Item 14, Exhibits, Financial Statement Schedules and Reports on Form 8-K.

Part 1

Item 1. Business

Overview

NN, Inc. (the "Company") is an independent manufacturer and supplier of high quality, precision components to domestic and international anti-friction bearing manufacturers, other original equipment manufactures, the automotive industry, and other aftermarkets. The Company supplies high quality, precision steel balls and rollers, both directly and indirectly through its sales to bearing manufacturers, to automotive original equipment manufacturers ("OEMs") and the automotive aftermarket, to the gas and mining industries, and to producers of water, gas and oil well drilling bits and stainless steel valves and pumps. Precision steel balls and rollers are critical moving parts of anti-friction bearings, which in turn, are integral components of machines with moving parts. In addition to balls and rollers, the Company provides full-service design and manufacture of plastic injection molded components to the bearing, automotive, electronic, leisure and consumer markets with an emphasis on value-added products that take advantage of its capabilities in product development, tool design and tight tolerance molding processes. With the acquisition of The Delta Rubber Co. ("Delta") on February 16, 2001 the Company now also provides precision bearing seals and other precision molded rubber products to the bearing, automotive, industrial, agricultural, and aerospace markets.

The Company was organized in October 1980 by a group of senior managers of the ball and roller division of Hoover Precision Products, Inc. (formerly Hoover Universal, Inc.), led by Richard Ennen, the Company's former Chairman. The Company was founded in order to meet the bearings industry's need for a

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dependable source of high quality, precision balls and rollers. During 2001, the Company sold its products to over 500 customers located in over 24 different countries. Its primary customers include AB SKF ("SKF"), FAG Kugelfischer Georg Shafer AG ("FAG"), SNR Roulements, and the Torrington Company.

On July 4, 1999, the Company acquired substantially all of the assets of Earsley Capital Corporation, formerly known as Industrial Molding Corporation ("IMC"). The Company currently operates the business under the name Industrial Molding Corporation. Formed in 1947, IMC provides full-service design and manufacture of plastic injection molded components to the bearing, automotive, electronic, leisure and consumer markets with an emphasis on value-added products that take advantage of its capabilities in product development, tool design and tight tolerance molding processes. IMC operates two manufacturing facilities in Lubbock, Texas.

On July 31, 2000, the Company formed a majority owned stand-alone company in Europe, NN Euroball ApS ("Euroball"), for the manufacture and sale of chrome steel balls used for ball bearings and other products. The Company owns 54% of Euroball. AB SKF and FAG Kugelfischer Georg Shafer AG, the parent companies of SKF and FAG respectively each own 23%. As part of the transaction, Euroball acquired the ball factories located in Pinerolo, Italy (previously owned by SKF), Eltmann, Germany (previously owned by FAG), and Kilkenny, Ireland (previously owned by the Company).

On August 31, 2000, the Company acquired a 51% ownership interest in NN Mexico, LLC ("NN Mexico"), a Delaware limited liability company. NN Mexico holds a 100% ownership interest in NN Arte, a manufacturer of plastic components located in Guadalajara, Mexico.

On February 16, 2001, the Company acquired of all of the outstanding stock of The Delta Rubber Company ("Delta"), a Connecticut corporation, for \$22.5 million in cash. Delta provides high quality engineered bearing seals and

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other precision-molded rubber products to bearing and other original equipment manufacturers. Delta operates two facilities in Danielson, Connecticut.

On September 11, 2001, the Company announced the closing of its Walterboro, South Carolina ball manufacturing facility effective December 2001. The closing was made as part of the Company's strategy to redistribute its global production in order to better utilize capacity and serve the needs of its worldwide customers. The precision ball production of the Walterboro facility has been fully absorbed by the Company's remaining U.S. ball and roller manufacturing facilities located in Erwin and Mountain City, Tennessee. The Company recorded before tax charges associated with the closing of \$1.9 million. This amount includes a \$1.1 million before-tax charge for the recording of impairment on the Company's manufacturing facility located in Walterboro, South Carolina and \$0.8 million related to employee severance costs. These amounts are reflected as restructuring and impairment costs in the accompanying Consolidated Statements of Income. The building along with certain machinery and equipment are held for sale as of December 31, 2001. These assets have an aggregate net book value of \$4.3 million. The financial results of this operation have been reflected in the Balls and Rollers Segment. See Note 10 of the Notes to Consolidated Financial Statements for additional financial information.

Effective December 21, 2001, the Company sold its minority interest in Jiangsu General Ball & Roller Company, LTD, a Chinese ball and roller manufacturer located in Rugao City, Jiangsu Province, China. To effect the transaction, the Company sold its 50% ownership in NN General, LLC, which owns a 60% interest in the Jiangsu joint venture to its partner, General Bearing Corporation for cash of \$0.6 million and notes of \$3.3 million. The notes are

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due on December 21, 2006 with annual installments of \$0.2 million. The notes bear interest at average LIBOR (1.88% at December 31, 2001) plus 1.5%. In 2001, the Company recorded a non-cash after-tax loss on sale of the investment in this joint venture of \$144,000.

For managerial and financial analysis purposes, management views the Company's operations in three segments. The domestic ball and roller operations of Erwin, Tennessee and Mountain City, Tennessee ("Domestic Ball and Roller Segment"), the Euroball facilities of Kilkenny, Ireland, Eltmann, Germany and Pinerolo, Italy ("Euroball Segment") and the "Plastics Segment" which consists of IMC, Delta Rubber and NN Arte.

Products

At its ball and roller facilities in Erwin, Tennessee and Mountain City, Tennessee, the Company produces and sells high quality, precision steel balls in sizes ranging in diameter from 3/16 of an inch to 2 1/2 inches and rollers in a limited variety of sizes. At its Euroball facilities, the Company produces and sells high quality steel balls in sizes ranging from 1/8 of an inch to 12 1/2 inches in diameter. The Company produces and sells balls in a variety of grades ranging from grade 3 to grade 1000 and rollers in a variety of grades ranging from grade 50 to grade 1000. The grade number for a ball or a roller indicates the degree of spherical or cylindrical precision of the ball or roller; for example, grade 3 balls are manufactured to within three millionths of an inch of roundness and grade 50 rollers are manufactured to within fifty millionths of an inch of roundness. At its Domestic Ball and Roller Segment, sales of steel balls accounted for approximately 92%, 92% and 89% of the segment's net sales in 1999, 2000 and 2001, respectively. Sales of rollers accounted for the balance of the segment's sales in these years.

Precision Steel Balls. The Company manufactures high quality, precision balls in three different types of steel: 52100 steel, 440C stainless steel and S2 rock bit steel. Each of the different types of steel has unique characteristics that make it suitable for particular applications.

During 2001, approximately 98% of the balls produced by the Company's domestic ball and roller operations were made from 52100 steel ("52100 Steel"). 100% of the balls produced by the Company's Euroball joint venture were made from 52100 Steel. See also "Business--Raw Materials." The 52100 Steel balls have a high degree of hardness and provide excellent resistance to wear and deformation. The 52100 Steel balls are used primarily by manufacturers of anti-friction ball bearings where precise spherical and tolerance accuracy are required. The Company produces and sells 52100 Steel balls in eleven grades ranging from grade 1000 to grade 3 (highest precision), and in sizes ranging in diameter from 1/8 of an inch to 12 1/2 inches. The primary grades of the 52100 Steel balls are grade 16, grade 10, and grade 5 and grade 3.

Precision Steel Rollers. The Company manufactures rollers at its Erwin, Tennessee facility in three types of steel: 52100 Steel, 440C stainless steel and S2 rock bit steel. Rollers are the primary components of anti-friction bearings, which are subjected to heavy load conditions. The Company's roller products are used primarily for applications similar to those of its ball product lines, plus hydraulic pumps and motors.

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Bearing Seals. Delta manufactures and sells a wide range of precision bearing seals. Delta utilizes a variety of compression, transfer and injection molding processes and adhesion technologies to create rubber to metal bonded bearing seals. The seals are used in applications for automotive, industrial, agricultural, mining and aerospace markets. In 2001, 45% of Delta's sales were to the automotive industry.

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Precision Plastic Components. IMC manufactures and sells a wide range of plastic molded products through its two facilities in Lubbock, Texas. IMC's products can be classified into three primary market segments - bearing retainers, automotive under the hood components and other precision components which include automotive components, electronic instrument cases and precision electronic connectors and lenses as well as a variety of other specialized parts.

Bearing Retainers. IMC manufactures and sells high precision plastic retainers for ball and roller bearings used in a wide variety of applications, including industrial automotive products. During 2001, sales of bearing retainers accounted for approximately 38% of IMC's sales.

Automotive Components. IMC manufacturers and sells high precision plastic automotive under the hood parts. These parts utilize high performance engineered polymers that draw upon IMC's ability to mold highly technical dimension parts. These components include hydraulic cylinders, clutch systems, seat belts, gears and transmission components. During 2001, sales of automotive parts accounted for approximately 33% of IMC's sales.

Other. IMC also manufactures and sells a variety of high precision molded parts including plastic instrument cases, precision end connectors and lenses for fiber optics as well as other specialized parts. During 2001, sales for these items accounted for 29% of IMC's sales.

NN Arte manufactures and sells a variety of precision and molded components including gearing, gearing assemblies and automotive components to office automation manufacturers and the automotive industry.

Research and Development. The amounts spent on research and development activities by the Company during each of the last three fiscal years are not material.

Sales and Marketing

The Company markets balls and rollers in the United States and abroad primarily through seven salaried sales employees. Additional internal sales employees handle customer orders and provide sales support.

The Plastics Segment markets its products through commissioned sales representatives or directly through salaried marketing and sales employees. Additional internal customer service employees handle customer orders and provide sales and design support. Additionally, certain engineers and manufacturing employees provide sales and design support due to the technical nature of the products.

The following table presents a breakdown of the Company's net sales for fiscal years 1999 through 2001:

(In Thousands)	2001	2000	1999
	-----	-----	-----
Domestic Ball and Roller Segment	\$52,692	\$67,637	\$67,736
	29.3%	51.2%	79.4%
Euroball Segment	86,719	33,988	--
	48.1%	25.7%	--
Plastics Segment	40,740	30,504	17,558

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	22.6%	23.1%	20.6%
	-----	-----	-----
Total	\$ 180,151	\$ 132,129	\$85,294
	=====	=====	=====
	100%	100%	100%
	=====	=====	=====

The Company's marketing strategy relative to the Domestic Ball and Roller Segment is to increase its share of the domestic and international market for bearing components by offering a wide variety of high quality, precision balls and rollers to existing and prospective customers on a timely basis and in a cost-effective manner. In marketing its products, the Company has focused its efforts on bearing manufacturers with their

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own ball and/or roller manufacturing capabilities. The Company's sales staff traditionally emphasizes the potential quality advantages and cost savings associated with the outsourcing of such bearing manufacturers' needs by purchasing precision components from the Company instead of manufacturing such components internally.

The Plastics Segment's marketing strategy is to increase its share of the market by offering custom manufactured, high quality, precision parts in a cost-effective manner. This strategy focuses on relationships with key customers that require technically difficult parts, which enable the Plastics Segment to take advantage of its strengths in product development, tool design and tight tolerance molding processes. The Plastics Segment has historically focused on the North American market. However, management believes certain synergies exist between its various segments that will allow the Company to further penetrate the North American market as well as broaden its European and Asian presence by working with the Company's global customer base.

The Company's arrangements with its domestic customers typically provide that payments are due within 30 days following the date of shipment of goods. With respect to foreign customers, payments generally are due within 90 to 120 days following the date of shipment in order to allow for additional freight time and customs clearance. For customers that participate in the Company's inventory management program, sales are recorded when the customer uses the product. See "Business -- Customers" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

Customers

During 2001, the Company's ten largest customers accounted for approximately 73% of its consolidated net sales. Sales to various U.S. and foreign divisions of SKF, which is one of the largest bearing manufacturers in the world, accounted for approximately 35% of net sales in 2001 and sales to FAG accounted for approximately 19% of net sales in 2001. None of the Company's other customers accounted for more than 5% of its net sales in 2001.

During 2001, the Domestic Ball and Roller Segment sold its products to more than 500 customers located in more than 20 different countries. Approximately 50% of ball and roller net sales in 2001 were to customers outside the United States. Sales to the Domestic Ball & Roller Segment's top ten customers accounted for approximately 74% of the segments' net sales in 2001. Sales to SKF and FAG accounted for approximately 35% and 14% of the segment's

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net sales in 2001 respectively. Sales to SKF and FAG are made pursuant to the terms of the sales agreements which expire in 2006.

During 2001, the Euroball Segment sold its products to more than 40 customers located in 28 different countries. Approximately 87% of its net sales in 2001 were to customers within Europe. Sales to the segment's top ten customers accounted for approximately 94% of the segment's net sales in 2001. Sales to SKF and FAG accounted for approximately 49% and 27% of the segment's net sales in 2001, respectively. Sales to SKF and FAG are made pursuant to the terms of sales agreements which expire in 2006.

During 2001, the Plastics Segment sold its products to more than 100 customers located in more than 10 different countries. Approximately 8% of plastic net sales were to customers outside the United States. Sales to the segment's top ten customers accounted for approximately 74% of the segments' net sales in 2001. See Note 4 of the Notes to Consolidated Financial statements for additional financial information.

See Note 10 of the Notes to Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Results of Operations" for additional segment financial information. In both the foreign and domestic markets, the Company principally sells its products directly to manufacturers and not to distributors.

The Company ordinarily ships its products directly to customers within 60 days, and in some cases, during the same calendar month, of the date on which a sales order is placed. Accordingly, the Company generally has an insignificant amount of open (backlog) orders from customers at month end. Certain of the Company's customers have entered into contracts with the Company pursuant to which they have agreed to purchase all of their requirements of specified balls and rollers and plastic molded products from the Company, but under which they are not obligated to purchase any specific amounts. While firm orders generally are received only monthly, the Company normally is aware of reasonably anticipated future orders well in advance of the placement of a firm order. Certain agreements are in effect with some of the Company's largest customers, which provide for targeted, annual cost adjustments that may be offset by material cost fluctuations. The Company has installed a computerized, bar coded inventory management system with most of its major ball and roller customers pursuant to which the Company, through a direct computer link, automatically monitors the customer's ball and roller inventories. This system permits the Company to determine on a day-to-day basis the amount of balls and/or rollers

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remaining in a customer's inventory. When such inventories fall below certain levels, the Company automatically ships additional goods. The Company follows industry practice in handling its inventory, which is a first in, first out policy.

Employees

As of December 31, 2001, the Company had 1,316 full-time employees of whom 1,173 were engaged in production/maintenance. Of these 1,316 employees, 235 were employed at the Domestic Ball and Roller Segment facilities, 677 at the Euroball Segment, 399 at the Plastics Segment and 5 are considered Corporate. Only the employees in the Eltmann, Germany and Pinerolo, Italy plants are unionized and we have never experienced any involuntary work stoppages. The Company believes that relations with its employees are good.

Competition

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The precision ball and roller industry is intensely competitive, and many of the Company's competitors have greater financial resources than the Company. The Company's primary domestic competitor is Hoover Precision Products, Inc., a division of Tsubakimoto Precision Products Co. Ltd. The Company's primary foreign competitors are Amatsuji Steel Ball Manufacturing Company, Ltd. and Tsubakimoto Precision Products Co. Ltd.

The Company believes that competition within the precision ball and roller market is based principally on quality, price and the ability to consistently meet customer delivery requirements. Management believes that the Company's competitive strengths are its precision manufacturing capabilities, its reputation for consistent quality and reliability, and the productivity of its workforce.

The markets for IMC's and NN Arte's products are intensely competitive. Since the industry is currently very fragmented, IMC and NN Arte must compete with numerous companies in each of their marketing segments. Many of these companies have substantially greater financial resources than the Company and many currently offer competing products nationally and internationally. IMC's primary competitor in the bearing retainer segment is Nakanishi Manufacturing Corporation. Domestically, Nypro, Inc. and Key Plastics are the main competitors in the automotive segment. NN Arte primarily competes with various suppliers in Mexico.

The Company believes that competition within the plastic injection molding industry is based principally on quality, price, design capabilities and speed of responsiveness and delivery. Management believes that IMC's competitive strengths are product development, tool design and fabrication and tight tolerance molding processes, as well as its reputation in the marketplace as a quality producer of technically difficult products.

The markets for Delta's products are also intensely competitive. The bearing seal market is comprised of approximately six major competitors that range from small privately held companies to Fortune 500 global enterprises. Bearing seal manufacturers compete on the design, service, quality and price. Delta's primary competitors in the United States bearing seal market are Freindenburg-NOK, Chicago Rawhide Industries and Trostel, LTD.

Raw Materials

The primary raw material used by the Company in its Domestic Ball and Roller Segment and Euroball Segment is 52100 Steel. During 2001, approximately 98% and 100% of the steel used by these two segments, respectively, was 52100 Steel. The Company's other steel requirements include type 440C stainless steel and type S2 rock bit steel. The Domestic Ball and Roller Segment purchases substantially all of its 52100 Steel requirements from foreign mills because of the lack of domestic producers of such steel at the quality level required by the Company. The principal suppliers of 52100 Steel to the Domestic Ball and Roller Segment are Daido Steel (America) Inc., Shinso American Corporation, Lucchini USA Inc. and Ohio Star Forge Co. The Euroball Segment purchases all of its 52100 Steel requirements from European mills. The principal supplier of 52100 Steel to the Euroball Segment is Ascometal France. The other steel requirements of the Company also are purchased principally from foreign steel manufacturers. There are a limited number of suppliers of the 52100 Steel that the Company uses in its Domestic Ball and Roller and Euroball Segments. The Company believes that if any of its current suppliers were unable to supply 52100 Steel to the Company, it would be able to obtain its 52100 Steel requirements from alternate sources. The Company cannot provide assurances that it would not face higher costs or production interruptions as a result of obtaining 52100 Steel from alternate sources.

The Company allocates its steel purchases among suppliers on the basis of price and quality. Generally, the Domestic Ball & Roller Segment does not enter into written supply agreements with its suppliers or commit itself to

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maintain minimum monthly purchases of steel, except for the consignment arrangements among Ascometal and Euroball (see Note 14). The Company's pricing arrangements with its suppliers typically are subject to adjustment once every six months. The price of 52100 Steel decreased approximately 0.9% in 2000 and 0.9% in 2001 in the Domestic Ball and Roller Segment. In the Euroball Segment, the Company experienced price increases for 52100 Steel of approximately 2.5% in 2000 and 1.9% in 2001.

Because 52100 Steel is principally produced by foreign manufacturers, the Company's operating results would be negatively affected in the event that the U.S. or European governments imposes any significant quotas, tariffs or other duties or restrictions on the import of such steel or if the United States dollar decreases in value relative to foreign currencies. On March 6, 2002, the U.S. government adopted legislation that imposed certain tariffs on the import of certain foreign produced steel into the United States. The Company continues to evaluate the impacts of this legislation, but believes, at this time any impact to the Company's operations or financial conditions will be immaterial.

The primary raw materials used by IMC and NN Arte are engineered resins. Injection grade nylon is utilized in bearing retainers, gears, automotive and other industrial products. The Company purchases substantially all of its resin requirements from domestic manufacturers and suppliers. The majority of these suppliers are international companies with resin manufacturing facilities located throughout the world. The Company experienced price increases for engineered resins of approximately 1.6% in 2000 and 4.3% in 2001.

Delta uses certified vendors to provide a customer mix of proprietary rubber compounds. Delta also procures metal stampings from several domestic suppliers. The Company experienced price increases for Delta's raw materials of approximately 2.5% in 2000 and 2.5% in 2001.

The Company bases purchase decisions on price, quality and service. Generally, the Company does not enter into written supply contracts with its suppliers or commit itself to maintain minimum monthly purchases of resins. The pricing arrangements with its suppliers typically can be adjusted at anytime.

Patents, Trademarks and Licenses

The Company does not own any U.S. or foreign patents, trademarks or licenses that are material to its business. The Company does rely on certain data and processes, including trade secrets and know-how, and the success of its business depends, to some extent, on such information remaining confidential. Each executive officer of the Company is subject to a non-competition and confidentiality agreement that seeks to protect this information.

Seasonal Nature of Business

Historically, due to a substantial portion of sales to foreign customers, seasonality has been a factor for the Company in that some foreign

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customers typically cease their production activities during the month of August.

Environmental Compliance

The Company's operations and products are subject to extensive federal, state and local regulatory requirements both domestically and abroad relating to pollution control and protection of the environment. The Company maintains a compliance program to assist in preventing and, if necessary, correcting environmental problems. Based on information compiled to date, management believes that the Company's current operations are in substantial compliance with applicable environmental laws and regulations, the violation of which would have a material adverse effect on the Company. There can be no assurance, however, that currently unknown matters, new laws and regulations, or stricter interpretations of existing laws and regulations will not materially affect the Company's business or operations in the future. More specifically, although management believes that the Company disposes of its wastes in material compliance with applicable environmental laws and regulations, there can be no assurance that the Company will not incur significant liabilities in the future in connection with the clean-up of waste disposal sites.

In the past, the Company has incurred certain expenses in complying with applicable environmental laws associated with the removal of four underground storage tanks containing kerosene and waste oil, the remediation of soil and groundwater contamination resulting from a leak in one of the tanks, and the closing of a sludge disposal area at one of its ball and roller facilities. The remediation project is now complete, but the Company has certain ongoing monitoring responsibilities. The amounts expended by the Company in connection with this remediation project have not been material,

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and based upon information currently available to the Company, management does not believe that the future costs associated with the project will have a material adverse effect on the Company's results of operations or financial condition.

Executive Officers of the Registrant

The executive officers of the Company consist of the following persons:

Name ----	Age ---	Position -----
Roderick R. Baty	48	Chairman of the Board, Chief Executive Officer, President and Director
Frank T. Gentry, III	46	Vice President - Manufacturing
Robert R. Sams	44	Vice President - Market Services
David L. Dyckman	37	Vice President - Corporate Development and Chief Financial Officer
William C. Kelly, Jr.	43	Treasurer, Secretary and Chief Accounting Officer

Biographical Information. Set forth below is certain additional information with respect to each executive officer of the Company.

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Roderick R. Baty was elected Chairman of the Board in September 2001 and continues to serve as Chief Executive Officer and President. He has served as President and Chief Executive Officer since July 1997. He joined the Company in July 1995 as Vice President and Chief Financial Officer and was elected to the Board of Directors in 1995. Prior to joining the Company, Mr. Baty served as President and Chief Operating Officer of Hoover Precision Products from 1990 until January 1995, and as Vice President and General Manager of Hoover Precision Products from 1985 to 1990.

Frank T. Gentry, III, was originally appointed Vice President - Manufacturing in August 1995. Mr. Gentry is responsible for the global operations of the Ball and Roller and Euroball Segments. Mr. Gentry's responsibilities include purchasing, inventory control and transportation. Mr. Gentry joined the Company in 1981 and held various production control positions within the Company from 1981 to August 1995.

Robert R. Sams joined the Company in 1996 as Plant Manager of the Mountain City, Tennessee facility. In 1997, Mr. Sams served as Managing Director of the Kilkenny facility and in 1999 was elected to the position of Vice President - Market Services. Prior to joining the Company, Mr. Sams held various positions with Hoover Precision Products from 1980 to 1994 and most recently as Vice President of Production for Blum, Inc. from 1994 to 1996.

David L. Dyckman was appointed Vice President of Corporate Development and Chief Financial Officer in April 1998. Prior to joining the Company, Mr. Dyckman served from January 1997 until April 1998 as Vice President--Marketing and International Sales for the Veeder-Root Division of the Danaher Corporation. From 1987 until 1997, Mr. Dyckman held various positions with Emerson Electric Company including General Manager and Vice President of the Gearing Division of Emerson's Power Transmission subsidiary.

William C. Kelly, Jr. joined the Company in 1993 as Assistant Treasurer and Manager of Investor Relations. In July 1994, Mr. Kelly was elected to serve as the Company's Chief Accounting Officer, and in February 1995, was elected Treasurer and Assistant Secretary. In March 1999 he was elected Secretary of the Company. Prior to joining the Company, Mr. Kelly served from 1988 to 1993 as a Staff Accountant and as a Senior Auditor with the accounting firm of PricewaterhouseCoopers LLP.

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Part IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)1. Financial Statements

The following financial statements of the Company were included in Part II, Item 8 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, as amended on Form 10-K/A.

Report of Independent Auditors for the years ended December 31, 2001 and December 31, 2000

Report of Independent Auditors for the years ended December 31, 1999

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Consolidated Balance Sheets at December 31, 2001 and 2000

Consolidated Statements of Income and Comprehensive Income for the Three Years ended December 31, 2001

Consolidated Statements of Changes in Stockholders' Equity for the Three Years Ended December 31, 2001

Consolidated Statements of Cash Flows for the Three Years Ended December 31, 2001

Notes to Consolidated Financial Statements

(a)3. Exhibits Required by Item 601 of Regulation S-K

3.1 Certificate of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1--File No. 33-74694).

3.2 Bylaws of the Company, as amended (incorporated by reference to Exhibit 3.2 to the Company's registration Statement on Form S-1 - File No. 33-74694).

4.1 Form of Common Stock certificate (incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form S-1 - File No. 33-74694).

10.1* NN Ball & Roller, Inc. Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1 - File No. 33-74694).

10.3* \$1.2 million Life Insurance Policy purchased by Mr. Ennen, the premiums of which are paid for by the Company (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1-File No. 33-74694).

10.5 Form of Confidentiality and Non-Compete Agreements for Executive Officers of the Company (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-1 - File No. 33-74694).

10.6 Stockholder Agreement dated February 22, 1994, among certain stockholders of the Company (incorporated by reference to Exhibit 10.18 to the Company's Registration Statement on Form S-1 - File No. 33-74694).

10.7 Form of Indemnification Agreement for officers and directors of the Company (incorporated by reference to Exhibit 10.19 to the Company's Registration Statement on Form S-1 - File No. 33-74694).

10.8 Lease, dated as of September 5, 1995, between the Company and the State of Tennessee Department of Economic and Community Development and the County of Johnson County, Tennessee (incorporated by

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- 10.9 Lease, dated as of March 22, 1996, between the Company and the State of Tennessee Department of Economic and Community Development and the County of Johnson County, Tennessee (incorporated by reference to Exhibit 10.10 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995).
- 10.10* Stock Option Agreement, dated as of July 3, 1995, between the Company and Roderick R. Baty (incorporated by reference to Exhibit 10.11 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995).
- 10.11 Loan Agreement, dated as of July 25, 1997, between the Company and First American National Bank (incorporated by reference to Exhibit 10.13 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997).
- 10.12* Employment Agreement, dated August 1, 1997, between the Company and Roderick R. Baty (incorporated by reference to Exhibit 10.14 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1997).
- 10.13* Employment Agreement, dated May 7, 1998, between the Company and Frank T. Gentry.
- 10.14* Form of Stock Option Agreement, dated December 7, 1998, between the Company and the non-employee directors of the Company (incorporated by reference to Exhibit 10.15 of the Company's Quarterly Report on Form 10-K for the fiscal year ended December 31, 1999).
- 10.15* Elective Deferred Compensation Plan, dated February 26, 1999 (incorporated by reference to Exhibit 10.16 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999).
- 10.16* Amendment No. 1 dated January 21, 2002, to Employment Agreement between the Company and Frank T. Gentry (incorporated by reference to Exhibit 10.16 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
- 10.17* Change of Control and Noncompetition Agreement, dated January 21, 2002, between the Company and Frank T. Gentry (incorporated by reference to Exhibit 10.17 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
- 10.18* Amendment No. 1 dated January 21, 2002, to Employment Agreement between the Company and Roderick R. Baty (incorporated by reference to Exhibit 10.18 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
- 10.19* Change of Control and Noncompetition Agreement, dated January 21, 2002, between the Company and Roderick R. Baty (incorporated by reference to Exhibit 10.19 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
- 10.20* Employment Agreement dated January 21, 2002, between the Company and Robert R. Sams (incorporated by reference to Exhibit 10.20 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).
- 10.21* Change of Control and Noncompetition Agreement, dated January 21, 2002, between the Company and Robert R. Sams (incorporated by

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reference to Exhibit 10.21 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).

10.22* Employment Agreement dated January 21, 2002, between the Company and William C. Kelly (incorporated by reference to Exhibit 10.22 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).

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10.23* Change of Control and Noncompetition Agreement, dated January 21, 2002, between the Company and William C. Kelly (incorporated by reference to Exhibit 10.23 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).

10.24* Employment Agreement dated January 21, 2002, between the Company and David L. Dyckman (incorporated by reference to Exhibit 10.24 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).

10.25* Change of Control and Noncompetition Agreement, dated January 21, 2002, between the Company and David L. Dyckman (incorporated by reference to Exhibit 10.25 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).

10.26 NN Euroball, ApS Shareholder Agreement dated April 6, 2000 among NN, Inc., AB SKF and FAG Kugelfischer Georg Schafer AG (incorporated by reference to Exhibit 10.26 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).

99.1 Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K

The Company filed a Form 8-K on July 25, 2001 announcing its second quarter earnings and its new long term financing arrangement.

The Company filed a Form 8-K on September 5, 2001 announcing its Board of Directors has named Roderick (Rock) R. Baty as the Chairman of the Board of Directors.

The Company filed a Form 8-K on September 11, 2001 announcing its decision to close its plant located in Walterboro, South Carolina.

The Company filed a Form 8-K on November 14, 2001 announcing that, due to the voluntary bankruptcy of one of its customers, the Company will need to record a third quarter 2001 reserve for approximately \$400,000 pre-tax.

(c) Exhibits See Index to Exhibits (attached hereto). The Company will provide without charge to any person, upon the written request of such person, a copy of any of the Exhibits to this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

By: /S/ RODERICK R. BATY

Roderick R. Baty
*Chairman, President and
Chief Executive Officer*

Dated: November 22, 2002

CERTIFICATIONS

I, Roderick R. Baty, certify that:

1. I have reviewed this annual report on Form 10-K/A of NN, Inc.; and
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report.

[Item 3 is omitted because financial statements are neither contained nor amended in this Report and Items 4, 5 and 6 omitted pursuant to the transition provisions of Release No. 34-46427.]

Date: November 22, 2002

/s/ Roderick R. Baty

Roderick R. Baty
Chairman, President and Chief Executive Officer

I, David L. Dyckman, certify that:

1. I have reviewed this annual report on Form 10-K /A of NN, Inc.; and
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report.

[Item 3 is omitted because financial statements are neither contained nor amended in this Report and Items 4, 5 and 6 omitted pursuant to the transition provisions of Release No. 34-46427.]

Date: November 22, 2002

/s/ David L. Dyckman

David L. Dyckman
Chief Financial Officer

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Index to Exhibits

99.1 Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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