UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **September 30, 2002**

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	**62-1096725**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

2000 Waters Edge Drive
Building C, Suite 12
Johnson City, Tennessee 37604
(Address of principal executive offices, including zip code)

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

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 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 X No ____

As of November, 14, 2002 there were 15,367,773 of the registrant's common stock, par value $0.01 per share, outstanding.

NN, Inc.
INDEX

PART I. FINANCIAL INFORMATION

NN, Inc.
Consolidated Statements of Income and Comprehensive Income
(Unaudited)

Thousands of Dollars, Except Per Share Data	Three Months Ended September 30, 2002	Three Months Ended September 30, 2001	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001
Net sales	$47,451	$42,576	$143,836	$140,153
Cost of goods sold	35,631	32,797	107,302	106,116
Gross profit	11,820	9,779	36,534	34,037
Selling, general and administrative	4,076	4,239	13,311	12,324
Depreciation and amortization	2,881	3,474	8,443	10,170
Restructuring costs	--	750	78	750
Income from operations	4,863	1,316	14,702	10,793
Interest expense, net	597	920	1,876	3,214
Equity in (earnings) loss of unconsolidated affiliates	--	13	--	(13)
Net gain on involuntary conversion	--	(1,359)	--	(3,901)
Other (income) expense	(20)	15	(516)	(461)
Income before provision for income taxes	4,286	1,727	13,342	11,954
Provision for income taxes	1,612	806	4,957	4,879
Minority interest of consolidated subsidiaries	555	177	2,010	1,279
Income before cumulative effect of change in accounting principle	2,119	744	6,375	5,796
Cumulative effect of change in accounting principle, net of income tax benefit of $112 and related minority interest impact of $84	--	--	--	98
Net income	2,119	744	6,375	5,698
Other comprehensive income (loss):				
Foreign currency translation	(66)	306	1,267	(2,875)
Comprehensive income	$2,053	$1,050	$7,642	$2,823
Basic income per common share:				
Income before cumulative effect of change in accounting principle	$0.14	$0.05	$0.42	$0.38
Cumulative effect of change in accounting principle	--	--	--	(0.01)
Net income	$0.14	$0.05	$0.42	$0.37
Weighted average shares outstanding	15,368	15,286	15,344	15,253
Diluted income per common share:				
Income before cumulative effect of change in accounting principle	$0.14	$0.05	$0.40	$0.37
Cumulative effect of change in accounting principle	--	--	--	(0.01)
Net income	$0.14	$0.05	$0.40	$0.37
Weighted average shares outstanding	15,648	15,584	15,755	15,505
Dividends declared per share	$0.08	$0.08	$0.24	$0.24

See accompanying notes.

NN, Inc.
Condensed Consolidated Balance Sheets

Thousands of Dollars	September 30, 2002 (Unaudited)	December 31, 2001
Assets		
Current assets:		
Cash and cash equivalents	$4,607	$3,024
Accounts receivable, net	30,705	24,832
Inventories, net	22,618	23,418
Other current assets	4,276	4,343
Total current assets	62,206	55,617
Property, plant and equipment, net	84,483	82,770
Assets held for sale	3,599	4,348
Goodwill, net	41,192	40,282
Other assets	5,013	5,118
Total assets	$196,493	$188,135
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$17,872	$14,552
Bank overdraft	881	1,141
Accrued salaries & wages	5,688	3,813
Income taxes payable	4,261	2,377
Payable to affiliates	633	1,277
Short-term portion of long-term notes	7,000	7,000
Other current liabilities	9,799	7,576
Total current liabilities	46,134	37,736
Minority interest in consolidated subsidiaries	36,421	30,932
Non-current deferred tax liability	6,643	6,499
Long-term debt	36,660	47,661
Accrued pension	3,331	2,390
Other	976	878
Total liabilities	130,165	126,096
Total stockholders' equity	66,328	62,039
Total liabilities and stockholders' equity	$196,493	$188,135

See accompanying notes.

NN, Inc.
Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

In Thousands	Common Stock Number of Shares	Common Stock Par value	Additional paid in capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, January 1, 2001	15,247	$153	$30,414	$36,364	$(1,685)	$65,246
Shares issued	50	1	242	--	--	243
Net income	--	--	--	5,698	--	5,698
Dividends paid	--	--	--	(3,662)	--	(3,662)
Other comprehensive loss	--	--	--	--	(2,875)	(2,875)
Balance, September 30, 2001	15,297	$154	$30,656	$38,400	$(4,560)	$64,650
Balance, January 1, 2002	15,317	$ 154	$ 30,841	$ 36,139	$ (5,095)	$ 62,039
Shares issued	51	--	332	--	--	332
Net income	--	--	--	6,375	--	6,375
Dividends paid	--	--	--	(3,685)	--	(3,685)
Other comprehensive income	--	--	--	--	1,267	1,267
Balance, September 30, 2002	15,368	$154	$31,173	$38,829	$(3,828)	$66,328

See accompanying notes.

NN, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

Thousands of Dollars	Nine Months Ended September 30, 2002	2001
Operating Activities:		
Net income	$6,375	$5,698
Adjustments to reconcile net income:		
Depreciation and amortization	8,443	10,170
Cumulative effect of change in accounting principle	--	98
Gain on disposals of property, plant and equipment	(12)	--
Equity in earnings of unconsolidated affiliate	--	(13)
Interest income on receivable from unconsolidated affiliate	--	(104)
Minority interest in consolidated subsidiary	2,010	1,279
Restructuring costs	78	750
Changes in operating assets and liabilities:		
Accounts receivable	(5,117)	1,317
Inventories	1,738	1,005
Other current assets	425	(1,611)
Other assets	(6)	(1,330)
Accounts payable	1,515	(4,278)
Income taxes payable	1,883	2,888
Other liabilities	4,063	2,856
Net cash provided by operating activities	21,395	18,725
Investing Activities:		
Acquisition of Delta Rubber Company, net of cash acquired	--	(23,674)
Acquisition of property, plant, and equipment	(4,626)	(4,961)
Proceeds from disposals of property, plant and equipment	43	--
Net cash used by investing activities	(4,583)	(28,635)
Financing Activities:		
Net proceeds under revolving credit facility	--	71,429
Increase (decrease) in bank overdraft	(260)	454
Repayment of long-term debt	(11,971)	(56,762)
Repayment of short-term debt	--	(2,000)
Proceeds from issuance of stock	332	243
Dividends paid	(3,686)	(3,662)
Net cash provided (used) by financing activities	(15,585)	9,702
Effect of exchange rate changes	356	(360)
Net Change in Cash and Cash Equivalents	1,583	(568)
Cash and Cash Equivalents at Beginning of Period	3,024	8,273
Cash and Cash Equivalents at End of Period	$4,607	$7,705

See accompanying notes.

NN, Inc.
Notes To Consolidated Financial Statements
(unaudited)

Note 1. Interim Financial Statements

The accompanying consolidated financial statements of NN, Inc. (the "Company") have not been audited by independent accountants, except that the balance sheet at December 31, 2001 is derived from the Company's audited financial statements. In the opinion of the Company's management, the financial statements reflect all adjustments necessary to present fairly the results of operations for the three and nine month periods ended September 30, 2002 and 2001, the Company's financial position at September 30, 2002 and December 31, 2001, and the cash flows for the nine month periods ended September 30, 2002 and 2001. These adjustments are of a normal recurring nature and are, in the opinion of management, necessary for fair presentation of the financial position and operating results for the interim periods.

Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q.

The results for the first three quarters of 2002 are not necessarily indicative of future results.

Certain 2001 amounts have been reclassified to conform with the 2002 presentation.

Note 2. Derivative Financial Instruments

The Company has an interest rate swap accounted for in accordance with Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities", effective January 1, 2001. The Company adopted SFAS No. 133 on January 1, 2001, which establishes accounting and reporting standards for derivative instruments and for hedging activities. The Standard requires the recognition of all derivative instruments on the balance sheet at fair value. The Standard allows for hedge accounting if certain requirements are met including documentation of the hedging relationship at inception and upon adoption of the Standard.

In connection with a variable Euribor rate debt financing in July 2000, the Company's 54% owned subsidiary, NN Euroball ApS, entered into an interest rate swap with a notional amount of Euro 12.5 million for the purpose of fixing the interest rate on a portion of its debt financing. The interest rate swap provides for the Company to receive variable Euribor interest payments and pay 5.51% fixed interest. The interest rate swap agreement expires in July 2006 and the notional amount amortizes in relation to initially established principal payments on the underlying debt over the life of the swap.

As of September 30, 2002, the fair value of the swap is a loss of approximately $448,000, which is recorded in other non-current liabilities. The change in fair value during the nine month periods ended September 30, 2002 and 2001 was a loss of approximately $42,000 and a loss of approximately $113,000, respectively, which have been included as a component of other (income) expense.

Note 3. Inventories

Inventories are stated at the lower of cost or market. Cost is being determined using the first-in, first-out method.

Inventories are comprised of the following (in thousands):

	September 30, 2002 (Unaudited)	Dec. 31, 2001
Raw materials	$5,096	$5,494
Work in process	4,684	5,016
Finished goods	13,042	13,065
Less inventory reserves	(204)	(157)
	$22,618	$23,418

Inventories on consignment at customer locations as of September 30, 2002 and December 31, 2001 were $2,643 and $2,908, respectively.

Note 4. Net Income Per Share

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	Thousands of Dollars, Except Share and Per Share Data			
Net income	$2,119	$744	$6,375	$5,698
Adjustments to net income	--	--	--	--
Net income	$2,119	$744	$6,375	$5,698
Weighted average basic shares	15,367,773	15,285,606	15,344,116	15,252,869
Effect of dilutive stock options	279,865	298,870	411,297	252,545
Weighted average dilutive shares	15,647,638	15,584,476	15,755,413	15,505,414
Basic net income per share	$0.14	$0.05	$0.42	$0.37
Diluted net income per share	$0.14	$0.05	$0.40	$0.37

Excluded from the shares outstanding for each of the nine month periods ended September 30, 2002 and 2001 were 0 and 10,750 antidilutive options, respectively, which had exercise prices ranging from $9.75 to $11.50 as of September 30, 2001.

Note 5. Segment Information

During 2002 and 2001, the Company's reportable segments are based on differences in product lines and geographic locations and are divided among Domestic Ball and Roller, European operations ("Euroball") and Plastics. The Domestic Ball and Roller segment is comprised of two manufacturing facilities in the eastern United States. The Euroball segment was acquired in July 2000 and is comprised of manufacturing facilities located in Kilkenny, Ireland, Eltmann, Germany and Pinerolo, Italy. All of the facilities in the Domestic Ball and Roller and Euroball segments are engaged in the production of precision balls and rollers used primarily in the bearing industry. The Plastics segment is comprised of the Industrial Molding Corporation ("IMC") business, located in Lubbock, Texas, which was acquired in July 1999, NN Arte ("Arte") formed in August of 2000, located in Guadalajara, Mexico and The Delta Rubber Company ("Delta") business, located in Danielson, Connecticut, which was acquired in February 2001. IMC and Arte are engaged in the production of plastic injection molded products for the bearing, automotive, instrumentation, fiber optic and certain consumer markets. Delta is engaged principally in the production of engineered bearing seals used principally in automotive, industrial, agricultural, mining and aerospace applications.

The accounting policies of each segment are the same as those described in the summary of significant accounting policies in the Company's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2001 and those policies as discussed in Note 8. The Company evaluates segment performance based on profit or loss from operations before income taxes and minority interest not including nonrecurring gains and losses. The Company accounts for inter-segment sales and transfers at current market prices; however, the Company did not have any material inter-segment transactions during the three or nine month periods ended September 30, 2002 and 2001.

	Three Months Ended September 30, 2002			2001		
	Thousands of Dollars					
	Domestic Ball & Roller	Euroball	Plastics	Domestic Ball & Roller	Euroball	Plastics
Net sales	$13,253	$21,734	$12,464	$11,884	$19,541	$11,151
Segment pretax profit (loss)	1,613	1,996	677	1,714	1,056	(1,043)
Segment assets	64,211	75,254	57,028	61,162	82,200	58,243

	Nine Months Ended September 30, 2002			2001		
	Thousands of Dollars					
	Domestic Ball & Roller	Euroball	Plastics	Domestic Ball & Roller	Euroball	Plastics
Net sales	$40,177	$66,639	$37,020	$41,897	$67,398	$30,858
Segment pretax profit (loss)	4,046	7,055	2,241	7,699	5,975	(1,720)
Segment assets	64,211	75,254	57,028	61,162	82,200	58,243

Note 6. Acquisitions and Joint Ventures

On February 16, 2001, the Company completed the acquisition of all of the outstanding stock of Delta for $22.5 million in cash. Delta manufactures and sells high quality engineered bearing seals to original equipment manufacturers and operates a manufacturing facility in Danielson, Connecticut. The Company has accounted for this acquisition using the purchase method of accounting.

Note 7. Restructuring Charges

In September of 2001, the Company announced that it would close its Walterboro, South Carolina ball manufacturing facility as part of its ongoing strategy to locate manufacturing capacity in closer proximity to customers. The closure was substantially completed by December 31, 2001. Current plans are to sell the land, building and machinery. The plant closing resulted in the termination of approximately 80 full time hourly and salaried employees in 2001.

Prior to December 31, 2001, production capacity and certain machinery and equipment were transferred from the Walterboro facility to the Company's two domestic ball facilities in Erwin, Tennessee and Mountain City, Tennessee. The Company has recorded restructuring costs of $62,000, $0 and $0 for additional severance payments during the three month periods ended March 31, 2002, June 30, 2002 and September 30, 2002, respectively. Additionally, prior to December 31, 2001, the Company decided to sell the Walterboro land, building and certain machinery and incurred an impairment charge of approximately $1.1 million during 2001 to write down the land and building to its net realizable value of approximately $1.7 million, which was based upon fair market appraisals less costs to sell. The amounts the Company will ultimately realize upon disposition of these assets could differ materially from the amounts assumed in arriving at the 2001 impairment loss. The remaining equipment recorded at a historical net book value of $1.9 million is also held for sale. The Company anticipates selling the land, building and machinery within the next twelve months.

The Company has charged expenses for moving machinery, equipment and inventory to other production facilities and other costs to close the facility, which will benefit future operations in the period they are incurred.

Thousands of Dollars	Accrual Balance at 12/31/01	Charges	Paid in 2002	Accrual Balance at 9/30/02
Severance and other employee costs	$513	$78	$591	$0
Total	$513	$78	$591	$0

Note 8. New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141, "Business Combinations" (Statement No. 141), and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (Statement No. 142). Statement No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Statement No. 141 also specifies criteria that intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill. Statement No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but rather, periodically tested for impairment. The effective date of Statement No. 142 is January 1, 2002. As of the date of adoption, the Company had unamortized goodwill of approximately $40.3 million, which is subject to the provisions of Statement No. 142.

As a result of adopting these standards in the first quarter of 2002, the Company no longer amortizes goodwill. The Company estimates that amortization expense for goodwill would have been approximately $0.5 million (or $0.3 million net of tax and minority interest) for the three month period ended September 30, 2002 and $1.4 million (or $0.8 million net of tax and minority interest) for the nine month period ended September 30, 2002.

As a result of adopting these new standards, the Company's accounting policies for goodwill and other intangibles changed on January 1, 2002, as described below:

Goodwill: The Company recognizes the excess of the purchase price of an acquired entity over the fair value of the net identifiable assets as goodwill. Goodwill is tested for impairment on an annual basis and between annual tests in certain circumstances. Impairment losses are recognized whenever the implied fair value of goodwill is less than its carrying value. Prior to January 1, 2002, goodwill was amortized over a twenty-year period using the straight-line method. Beginning January 1, 2002, goodwill is no longer amortized.

Other Acquired Intangibles: The Company recognizes an acquired intangible asset apart from goodwill whenever the asset arises from contractual or other legal rights, or whenever it is capable of being divided or separated from the acquired entity or sold, transferred, licensed, rented, or exchanged, whether individually or in combination with a related contract, asset or liability. An intangible asset other than goodwill is amortized over its estimated useful life unless that life is determined to be indefinite. The Company will review the lives of intangible assets each reporting period and, if necessary, recognize impairment losses if the carrying amount of an intangible asset subject to amortization is not recoverable from expected future cash flows and its carrying amount exceeds its fair value.

The Company completed the transitional goodwill impairment reviews required by the new standards during the first six months of 2002. In performing the impairment reviews, the Company estimated the fair values of the reportable segments using a method that incorporates valuations derived from EBITDA multiples based upon market multiples and recent capital market transactions and also incorporates valuations determined by each segments discounted future cash flows. As of January 1, 2002, the transition date, there was no impairment to goodwill as the fair values exceeded the carrying values of the segments. As of September 30, 2002, the carrying amounts of goodwill by segment are as follows: $26.1 million for the Plastics segment and $15.1 million for the Euroball segment. Since the transition date, January 1, 2002, the increase in goodwill of $0.9 million is principally due to foreign currency translation adjustments at the Euroball segment.

The table below describes the impact of the amortization of goodwill for the three and nine month periods ended September 30, 2002 and 2001:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2002	2001	2002	2001
	Thousands of Dollars except per-share data			
Reported net income	$2,119	$744	$6,375	$5,698
Add back: Goodwill amortization, net of tax and minority interest	--	273	--	765
Pro-forma net income	$2,119	$1,017	$6,375	$6,463
Basic earnings per share:				
Reported net income	$0.14	$0.05	$0.42	$0.37
Goodwill amortization	--	0.02	--	0.05
Pro-forma net income	$0.14	$0.07	$0.42	$0.42
Diluted earnings per share:				
Reported net income	$0.14	$0.05	$0.40	$0.37
Goodwill amortization	--	0.02	--	0.05
Pro-forma net income	$0.14	$0.07	$0.40	$0.42

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143, "Accounting For Asset Retirement Obligations." This Statement requires capitalizing any retirement costs as part of the total cost of the related long-lived asset and subsequently allocating the total expense to future periods using a systematic and rational method. Adoption of this Statement is required for fiscal years beginning after June 15, 2002. The Company is evaluating the impact of adoption of Statement No. 143.

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting For The Impairment or Disposal of Long-lived Assets." This Statement supercedes Statement No. 121 but retains many of its fundamental provisions. Additionally, this Statement expands the scope of discontinued operations to include more disposal transactions. The provisions of this Statement are effective for financial statements issued for fiscal years beginning after December 15, 2001. The Company has adopted Statement No. 144 effective January 1, 2002. Management believes that as of September 30, 2002, no asset impairment exists under the provisions of Statement No. 144.

In April 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrrections". SFAS No. 4 had required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. SFAS No. 145 rescinds SFAS No. 4 and the related required classification gains and losses from extinguishment of debt as extraordinary items. Additionally, SFAS No. 145 amends SFAS No. 13 to require that certain lease modifications that have economic effects similar to sale-leaseback transactions be accounted for in the same manner as sale-leaseback transactions. SFAS No. 145 is applicable for the Company at the beginning of fiscal year 2003, with the provisions related to SFAS No. 13 for transactions occurring after May 15, 2002. The Company is evaluating the impact of adoption of Statement No. 145.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS No. 146 requires costs associated with exit or disposal activities to be recognized when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The Company is evaluating the impact of adoption of Statement No. 146.

Note 9. Long-Term Debt

On July 20, 2001, the Company entered into a syndicated loan agreement with AmSouth Bank ("AmSouth"), as the administrative agent for the lenders, for a senior non-secured revolving credit facility of up to $25 million, expiring on July 25, 2003 and a senior non-secured term loan facility for $35 million. On July 12, 2002, the Company amended this credit facility to convert the term loan portion into a reducing revolving credit line providing initial availability equivalent to the balance of the term loan prior to the amendment. Amounts available for borrowing under this facility will be reduced by $7.0 million per annum and the facility will expire on July 1, 2006. Additionally, on July 31, 2002, the Company amended the credit facility again to extend the $25 million senior non-secured revolving credit facility to July 25, 2004. Amounts outstanding under the revolving facility and the term loan facility bear interest at a floating rate equal to LIBOR (1.71% at September 30, 2002) plus an applicable margin of 0.75% to 2.00% based upon calculated financial ratios. The loan agreement contains customary financial and non-financial covenants. Such covenants specify that the Company must maintain a minimum fixed charge coverage ratio, a minimum funded indebtedness to EBITDA ratio and a maximum funded indebtedness to capitalization ratio and limits the amount of capital expenditures we may make in any fiscal year. The loan agreement also contains customary restrictions on, among other things, additional indebtedness, liens on our assets, sales or transfers of assets, investments, restricted payments (including payment of dividends and stock repurchases), issuance of equity securities, and mergers, acquisitions and other fundamental changes in our business. The Company was in compliance with all such covenants as of September 30, 2002.

In connection with the Euroball transaction, NN Euroball ApS, entered into a Facility Agreement with HypoVereinsbank Luxembourg S.A. as agent for Bayerische Hypo-und Vereinsbank AG of Munich, Germany to provide up to Euro 36.0 million in term loans and Euro 5.0 million in revolving credit loans. The Company borrowed Euro 30.5 million ($28.8 million, computed at exchange rate on July 31, 2000, the date of the formation of Euroball) under the term loan facility and Euro 1.0 million ($0.9 million, computed at exchange rate on July 31, 2000, the date of the formation of Euroball) under the revolving credit facility. Amounts outstanding under the Facility Agreement are secured by the stock of Euroball ApS, inventory and accounts receivable and bear interest at EURIBOR (3.20% at September 30, 2002) plus an applicable margin between 1.125% and 2.25% based upon financial ratios. The shareholders of NN Euroball ApS, including the Company, have provided guarantees for the Facility Agreement. The loan agreement contains various restrictive covenants that specify, among other things, restrictions on the incurrence of indebtedness and the maintenance of certain financial ratios. These facilities also include certain negative pledges. Amounts outstanding under the Facility Agreement are secured by the stock of Euroball ApS, inventory and accounts receivable. NN Euroball ApS was in compliance with all such covenants as of September 30, 2002.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Three Months Ended September 30, 2002 Compared to the Three Months Ended September 30, 2001

Net Sales. Net sales increased by approximately $4.9 million, or 11.5%, from $42.6 million for the third quarter of 2001 to $47.5 million for the third quarter of 2002. By segment, sales increased $1.4 million or 11.5% from $11.9 million for the third quarter of 2001 to $13.3 million for the same period in 2002 for the Domestic Ball and Roller segment. The Euroball segment sales increased $2.2 million or 11.2% from $19.5 million for the third quarter of 2001 to $21.7 million for the same period in 2002. The Plastics segment sales increased $1.3 million or 11.8% from $11.2 million for the third quarter of 2001 to $12.5 million for the same period in 2002. The Euroball segment's sales increase of $2.2 million was principally due to favorable currency impacts.

Gross Profit. Gross profit increased approximately $2.0 million or 20.9%, from $9.8 million for the third quarter of 2001 to $11.8 million for the third quarter of 2002. Sales volume increases in the Euroball and Domestic Ball & Roller segments, in addition to cost reduction efforts, netted a $0.9 million increase. Additionally, sales volume increases and cost improvements from IMC and NN Arté contributed $0.4 million and $0.3 million, respectively. As a percentage of net sales, gross profit increased from 23.0% in the third quarter of 2001 to 24.9% for the same period in 2002.

Selling, General and Administrative. Selling, general and administrative expenses decreased by approximately $0.1 million or 3.8% from $4.2 million in the third quarter of 2001 to $4.1 million in the third quarter of 2002. The reversal of non-cash compensation charges associated with the variable portion of certain employee stock options offset by increases related to currency impacts contributed $0.2. As a percentage of net sales, selling, general and administrative expenses decreased from 10.0% for the third quarter of 2001 to 8.6% for the same period in 2002.

Depreciation and Amortization. Depreciation and amortization expense decreased by approximately $0.6 million or 17.1% from $3.5 million for the third quarter of 2001 to $2.9 million for the same period in 2002. The adoption of Statement No. 142 eliminated the amortization of goodwill and contributed $0.5 million of the decrease. Additionally, the assets held for sale as a result of the closing of the Walterboro, South Carolina ball facility contributed $0.3 million of the decrease. Offsetting these decreases were currency impacts in the Euroball Segment accounting for a $0.2 million increase. As a percentage of net sales, depreciation and amortization expense decreased from 8.2% in the third quarter of 2001 to 6.1% in the third quarter of 2002.

Interest Expense. Interest expense, decreased by approximately $0.3 million from $0.9 million in the third quarter of 2001 to $0.6 million during the same period in 2002. This was due to decreased interest rates on the Company's credit facilities as well as decreased amounts outstanding on the debt. Total debt decreased from $64.2 million at September 30, 2001 to $43.7 million at September 30, 2002. As a percentage of net sales, interest expense decreased from 2.2% in the third quarter of 2001 to 1.3% for the same period in 2002.

Equity in Earnings of Unconsolidated Affiliates. Equity in earnings of unconsolidated affiliates increased from a loss of $13,000 in the third quarter of 2001 to $0 during the same period of 2002. The change is due to the Company's sale of its minority interest in Jiangsu General Ball & Roller Company, Ltd. effective December 21, 2001.

Restructuring Costs. Restructuring costs decreased by $0.7 million from $0.7 million in the third quarter of 2001 to $0 in the third quarter of 2002. The $0.7 million charge recorded during the third quarter of 2001 represented the accrual of severance costs for the approximately 80 people terminated as a result of the closing of the Company's Walterboro, South Carolina ball facility in December of 2001. As a percentage, restructuring costs were 1.8% of net sales in the third quarter of 2001.

Net Gain on Involuntary Conversion. Net gain on involuntary conversion decreased $1.4 million from $1.4 million for the third quarter of 2001 to $0 for the third quarter of 2002. The Company realized a net gain on involuntary conversion of $1.4 million in the third quarter of 2001. The gain is due to insurance proceeds received over the net book value of assets destroyed in the March 12, 2000 fire at the Erwin, Tennessee facility.

Minority Interest of Consolidated Subsidiaries. Minority interest of consolidated subsidiaries increased by $0.4 million from $0.2 million for the third quarter of 2001 to $0.6 million for the third quarter of 2002. This increase is due to increased earnings at the Company's Euroball joint venture. The Company is required to consolidate this joint venture due to its majority ownership and ability to exercise control. The Company owns 54% of the shares of Euroball. Minority interest of consolidated subsidiary represents the combined interest of the minority partners of Euroball at 46%.

Net Income. Net income increased by $1.4 million or 184.8%, from $0.7 million for the third quarter of 2001 to $2.1 million for the same period in 2002. As a percentage of net sales, net income increased from 1.7% in the third quarter of 2001 to 4.5% for the third quarter of 2002.

Nine Months Ended September 30, 2002 Compared to the Nine Months Ended September 30, 2001

Net Sales. Net sales increased by approximately $3.7 million, or 2.6%, from $140.2 million for the first nine months of 2001 to $143.8 million for the first nine months of 2002. By segment, sales decreased $1.7 million or 4.1% from $41.9 million for the first nine months of 2001 to $40.2 million for the same period in 2002 for the Domestic Ball and Roller segment. The Euroball segment sales decreased $0.8 million or 1.1% from $67.4 million for the first nine months of 2001 to $66.6 million for the same period in 2002. These decreases were due mainly to decreased demand for the Company's products as a result of the economic environment. Offsetting these decreases, the Plastics segment's sales increased $6.2 million or 20.0% from $30.8 million for the first nine months of 2001 to $37.0 million for the same period in 2002 versus the first nine months of 2001 resulting from the acquisition of Delta (incremental $4.4 million) as well as sales increases at NN Arté (incremental $1.0 million) and at IMC (incremental $0.8 million).

Gross Profit. Gross profit increased approximately $2.5 million or 7.3%, from $34.0 million for the first nine months of 2001 to $36.5 million for the first nine months of 2002. This increase in gross profit as a percentage of sales was due primarily to cost savings associated with the closing of the South Carolina ball manufacturing facility as well as other cost reduction and containment programs initiated during 2001. During the first nine months of 2002, sales volume decreases and insurance increases in the Domestic Ball and Roller segment were partially offset by cost savings associated with the closing of the South Carolina ball manufacturing facility netting a $0.4 million decrease in gross profit. During the same period, sales volume decreases in the Euroball segment were offset by cost reductions, netting a $0.4 million increase in gross profit. Within the Plastics segment were sales volume increases and cost improvements from IMC and NN Arté netting $1.2 million and $0.5 million, respectively, while the inclusion of a full nine months of Delta results in 2002 versus approximately 7.5 months in 2001 contributed $0.7 million of increases in 2002. As a percentage of net sales, gross profit increased from 24.3% in the first nine months of 2001 to 25.4% for the same period in 2002.

Selling, General and Administrative. Selling, general and administrative expenses increased by approximately $1.0 million or 8.0% from $12.3 million in the first nine months of 2001 to $13.3 million in the first nine months of 2002. The acquisition of Delta contributed $0.3 million of the increase. Advisory service expenses principally associated with the previously announced desire of certain original founders of the Company to liquidate their holdings in the Company's stock contributed $0.3 million of the increase. Strategic planning and information technology initiatives at Euroball in addition to currency impacts contributed $0.5 million of the increase. As a percentage of net sales, selling, general and administrative expenses increased from 8.8% for the first nine months of 2001 to 9.3% for the same period in 2002.

Depreciation and Amortization. Depreciation and amortization expense decreased by approximately $1.7 million or 17.0% from $10.2 million for the first nine months of 2001 to $8.4 million for the same period in 2002. The adoption of Statement No. 142 eliminated the amortization of goodwill and contributed $1.4 million of the decrease. Additionally, the assets held for sale as a result of the closing of the Walterboro, South Carolina ball facility, which are no longer depreciated, contributed $0.9 million of the decrease. This was offset in part by a full nine months of Delta in 2002 as compared to 7.5 months in 2001 due to the February 2001 acquisition, which resulted in a $0.1 million increase. As a percentage of net sales, depreciation and amortization expense decreased from 7.3% in the first nine months of 2001 to 5.9% for the same period in 2002.

Restructuring costs. Restructuring costs decreased by $0.7 million from $0.8 million during the first nine months of 2001 to $0.1 million for the same period in 2002. The Company recorded a restructuring charge of $0.8 million and $0.1 million in the first nine months of 2001 and 2002, respectively. The restructuring costs principally pertain to the Company's decision and announcement to close the Walterboro, South Carolina ball facility in 2001. The $0.7 million charge recorded in 2001 and the $0.1 million charge recorded in 2002 primarily represent the accrual for severance costs related to the closing of this facility. As a percentage, restructuring costs represent 0.5% and 0.1% of net sales in the first nine months of 2001 and 2002, respectively.

Interest Expense. Interest expense decreased by approximately $1.3 million from $3.2 million in the first nine months of 2001 to $1.9 million during the same period in 2002. This was due to decreased interest rates on the Company's credit facilities as well as decreased amounts outstanding on the debt. Total debt decreased from $64.2 million at September 30, 2001 to $43.7 million at September 30, 2002. As a percentage of net sales, interest expense decreased from 2.3% in the first nine months of 2001 to 1.3% for the same period in 2002.

Equity in Earnings of Unconsolidated Affiliates. Equity in earnings of unconsolidated affiliates decreased from earnings of $13,000 in the first nine months of 2001 to $0 during the same period of 2002. The decrease is due to the Company's sale of its minority interest in Jiangsu General Ball & Roller Company, Ltd. effective December 21, 2001.

Net Gain on Involuntary Conversion. Net gain on involuntary conversion decreased $3.9 million from $3.9 million for the first nine months of 2001 to $0 for the first nine months of 2002. The Company realized a net gain on involuntary conversion of $2.5 million and $1.4 million in the second and third quarters of 2001, respectively. The gain was due to insurance proceeds over the net book value of assets destroyed in the March 12, 2000 fire at the Erwin, Tennessee facility.

Minority Interest of Consolidated Subsidiaries. Minority interest of consolidated subsidiaries increased $0.7 million from $1.3 million for the first nine months of 2001 to $2.0 million for the first nine months of 2002. This increase is due to increased earnings at the Company's Euroball joint venture. The Company is required to consolidate this joint venture due to its majority ownership and ability to exercise control. The Company owns 54% of the shares of Euroball. Minority interest of consolidated subsidiary represents the combined interest of the minority partners of Euroball at 46%.

Net Income. Net income increased by $0.7 million or 11.9%, from $5.7 million for the first nine months of 2001 to $6.4 million for the same period in 2002. As a percentage of net sales, net income increased from 4.1% in the first nine months of 2001 to 4.4% for the same period in 2002.

Liquidity and Capital Resources

On July 20, 2001 the Company entered into a $25 million syndicated senior non-secured revolving credit facility and a senior non-secured term loan for $35 million Amounts outstanding under the revolving facility and the reducing revolving credit line facility bear interest at a floating rate equal to LIBOR (1.71% at September 30, 2002) plus an applicable margin of 0.75% to 2.00% based upon calculated financial ratios. The loan agreement contains customary financial and non-financial covenants. Such covenants specify that the Company must maintain a minimum fixed charge coverage ratio, a minimum funded indebtedness to EBITDA ratio and a maximum funded indebtedness to capitalization ratio and limits the amount of capital expenditures we may make in any fiscal year. The loan agreement also contains customary restrictions on, among other things, additional indebtedness, liens on our assets, sales or transfers of assets, investments, restricted payments (including payment of dividends and stock repurchases), issuance of equity securities, and mergers, acquisitions and other fundamental changes in our business. The Company was in compliance with all such covenants as of September 30, 2002. On July 12, 2002, the Company amended its credit facility to convert the term loan portion into a reducing revolving credit line providing initial availability equivalent to the balance of the term loan prior to the amendment. Amounts available for borrowing under this facility will be reduced by $7.0 million per annum and the facility will expire on July 1, 2006. Additionally, on July 31, 2002, the Company amended the credit facility again to extend the $25 million senior non-secured revolving credit facility from July 25, 2003 to July 25, 2004.

In July 2000, NN Euroball ApS, and its subsidiaries entered into a senior secured revolving credit facility of Euro 5.0 million, expiring on July 15, 2006 and a senior secured term loan of Euro 36.0 million, expiring on July 15, 2006. On July 31, 2000, upon closing of the joint venture, NN Euroball ApS borrowed a total of Euro 31.5 million against these facilities for acquisition financing. Additional working capital and capital expenditure financing are provided for under the facility. Amounts outstanding under the facilities accrue interest at a floating rate equal to EURIBOR (3.20% at September 30, 2002) plus an applicable margin of 1.125% to 2.25% based upon calculated financial ratios. The loan agreement contains various restrictive covenants that specify, among other things, restrictions on the incurrence of indebtedness and the maintenance of certain financial ratios. These facilities also include certain negative pledges. Amounts outstanding under the Facility Agreement are secured by the stock of Euroball ApS, inventory and accounts receivable. Euroball was in compliance with all such covenants as of September 30, 2002.

The Company’s arrangements with its domestic customers typically provide that payments are due within 30 days following the date of the Company’s shipment of goods, while arrangements with foreign customers generally provide that payments are due within 90 to 120 days following the date of shipment. The Company’s net sales and receivables can be influenced by seasonality due to the Company’s relative percentage of European business coupled with many foreign customers ceasing or significantly slowing production during the month of August.

The Company bills and receives payment from some of its foreign customers in Euro or other currencies. To date, the Company has not been materially adversely affected by currency fluctuations or foreign exchange restrictions. To manage risks associated with currency fluctuations and foreign exchange restrictions, the Company has strategies in place, including a hedging program, which allow management to hedge foreign currencies when exposures reach certain levels. However, the Company has not entered into any currency hedges in 2001 or during the current year. Strengthening of the U.S. dollar against foreign currencies could impair the ability of the Company to compete with international competitors for foreign as well as domestic sales. Working capital, which consists principally of accounts receivable and inventories, was $16.1 million at September 30, 2002 as compared to $17.9 million at December 31, 2001. The ratio of current assets to current liabilities decreased from 1.47:1 at December 31, 2001 to 1.35:1 at September 30, 2002. Cash flow from operations increased from $18.7 million during the first nine months of 2001 to $21.4 million during the first nine months of 2002.

During 2002, the Company plans to spend approximately $6.5 million on capital expenditures (of which approximately $4.6 million has been spent through September 30, 2002) including the purchase of additional machinery and equipment for all of the Company’s domestic and international ball facilities. The Company intends to finance these activities with cash generated from operations and funds available under the credit facilities described above. The Company believes that funds generated from operations and borrowings from the credit facilities will be sufficient to finance the Company’s working capital needs and projected capital expenditure requirements through at least December 2003.

In addition, FAG and SKF have the right to require the Company to purchase their interests in Euroball beginning in January 2003, based on a formula using Euroball’s historical net income and cash flow. As a result, the exact amount of the purchase price cannot be determined until the put right is exercised. The Company anticipates that if such purchase is required, it may need to borrow additional funds.

The Euro

The Company currently has operations in Italy, Germany and Ireland, all of which are Euro participating countries, and sells product to customers in many of the participating countries. The Euro has been adopted as the functional currency at these locations.

Seasonality and Fluctuation in Results of Operations

The Company's net sales historically have been of a seasonal nature, and as foreign sales have increased as a percentage of total sales, seasonality has become a more significant factor for the Company in that many foreign customers cease production during the month of August.

Inflation and Changes in Prices

While the Company's operations have not been affected by inflation during recent years, prices for 52100 chrome steel and other raw materials are subject to change. For example, during 1995, due to an increase in worldwide demand for 52100 chrome steel and the decrease in the value of the United States dollar relative to foreign currencies, the Company experienced an increase in the price of 52100 chrome steel and some difficulty in obtaining an adequate supply of 52100 chrome steel from its existing suppliers. In our U.S. operations, the Company's typical pricing arrangements with its steel suppliers are subject to adjustment once every six months. In an effort to limit its exposure to fluctuations in steel prices, the Company has generally avoided the use of long-term, fixed price contracts with its customers. Instead, the Company typically reserves the right to increase product prices periodically in the event of increases in its raw material costs. The Company was able to minimize the impact on its operations resulting from the 52100 chrome steel price increases by taking such measures.

Cautionary Statements for Purposes of the “Safe Harbor” Provisions of the Private Securities Litigation Reform Act of 1995

Certain statements contained in this report, future filings of the Company, press releases and other statements made by the Company or its authorized representatives may be deemed to be forward-looking statements. These statements discuss, among other things, future acquisitions and dispositions, proposed financings and refinancings, future revenues, costs, and expenses, and projected working capital needs and are based on current expectations. The forward looking statements involve risks and uncertainties that could cause actual results to differ materially from those described.

The following paragraphs discuss the risk factors the Company regards as the most significant, although the Company wishes to caution that other factors that are currently not considered as significant or that currently cannot be foreseen may in the future prove to be important in affecting the Company’s results of operations. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

The demand for our products is cyclical, which could adversely impact our revenues.
The end markets for fully assembled bearings are cyclical and tend to decline in response to overall declines in industrial production. As a result, the market for bearing components is also cyclical and impacted by overall levels of industrial production. Our sales in the past have been negatively affected, and in the future will be negatively affected, by adverse conditions in the industrial production sector of the economy or by adverse global or national economic conditions generally. As a result, we face risks of under-utilization or inefficient utilization of our production facilities in future years.

We depend on a very limited number of foreign sources for our primary raw material and are subject to risks of shortages and price fluctuation. The steel that we use to manufacture precision balls and rollers is of an extremely high quality and is available from a limited number of producers on a global basis. Due to quality constraints in the U.S. steel industry, we obtain substantially all of the steel used in our U.S. ball and roller production from overseas suppliers. In addition, we obtain substantially all of the steel used in our European ball production from a single European source. If we had to obtain steel from sources other than our current suppliers, particularly in the case of our European operations, we could face higher prices and transportation costs, increased duties or taxes, and shortages of steel. Problems in obtaining steel, and particularly 52100 chrome steel, in the quantities that we require and on commercially reasonable terms, could increase our costs, negatively impact our ability to operate our business efficiently and have a material adverse effect on the operating and financial results of our Company.

We operate in and sell products to customers outside the U.S. and are subject to several related risks.
Because we obtain a majority of our raw materials from overseas suppliers, actively participate in overseas

manufacturing operations and sell to a large number of international customers, we face risks associated with the following:

- adverse foreign currency fluctuations;
- changes in trade, monetary and fiscal policies, laws and regulations, and other activities of governments, agencies and similar organizations;
- the imposition of trade restrictions or prohibitions;
- high tax rates that discourage the repatriation of funds to the U.S.;
- the imposition of import or other duties or taxes; and
- unstable governments or legal systems in countries in which our suppliers, manufacturing operations, and customers are located.

We do not have a hedging program in place to help limit the risk associated with consolidating the operating results of our foreign businesses into U.S. dollars. An increase in the value of the U.S. dollar and/or the Euro relative to other currencies may adversely affect our ability to compete with our foreign-based competitors for international, as well as domestic, sales. Also, a decline in the value of the Euro relative to the U.S. dollar will negatively impact our consolidated financial results, which are denominated in U.S. dollars.

In addition, due to the typical slower summer manufacturing season in Europe, we expect that revenues in the third fiscal quarter will reflect lower sales, as our sales to foreign customers have increased as a percentage of net sales.

We depend heavily on a relatively limited number of customers, and the loss of any major customer would have a material adverse effect on our business. 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 consolidated net sales in 2001, and sales to INA/FAG accounted for approximately 19% of consolidated net sales in 2001. During 2001, our ten largest customers accounted for approximately 73% of our consolidated net sales. None of our other customers individually accounted for more than 5% of our consolidated net sales for 2001. The loss of all or a substantial portion of sales to these customers would have a material adverse effect on our financial position, results of operations and cash flows.

The costs and difficulties of integrating acquired business could impede our future growth.
We cannot assure you that any future acquisition will enhance our financial performance. Our ability to effectively integrate any future acquisitions will depend on, among other things, the adequacy of our implementation plans, the ability of our management to oversee and operate effectively the combined operations and our ability to achieve desired operating efficiencies and sales goals. If we are not able to integrate the operations of acquired companies successfully into our business, our future earnings and profitability could be materially and adversely affected.

We may not be able to continue to make the acquisitions necessary for us to realize our growth strategy. Acquiring businesses that complement or expand our operations has been and continues to be an important element of our business strategy. This strategy calls for growth through acquisitions constituting approximately two-thirds of our future growth, with the remainder resulting from internal growth and market penetration. We bought our plastic bearing component business in 1999, formed NN Euroball, ApS ("Euroball") with our two largest bearing customers, SKF and INA/FAG, in 2000 and acquired our bearing seal operations in 2001. We cannot assure you that we will be successful in identifying attractive acquisition candidates or completing acquisitions on favorable terms in the future. In addition, we may borrow funds to acquire other businesses, increasing our interest expense and debt levels. Our inability to acquire businesses, or to operate them profitably once acquired, could have a material adverse effect on our business, financial position, results of operations and cash flows.

Additionally, SKF and INA/FAG, the minority shareholders in Euroball, each have the right to require us to purchase their interest beginning in January 2003. The Company may need to borrow funds to pay for all or a portion of the purchase of an interest or may be required to make a purchase at a time that is less favorable to the Company.

Our growth strategy depends on outsourcing, and if the industry trend toward outsourcing does not continue, our business could be adversely affected. Our growth strategy depends in significant part on major bearing manufacturers continuing to outsource components, and expanding the number of components being outsourced. This requires manufacturers to depart significantly from their traditional methods of operations. If major bearing manufacturers do not continue to expand outsourcing efforts or determine to reduce their use of outsourcing, our ability to grow our business could be materially adversely affected.

Our market is highly competitive and many of our competitors have significant advantages that could adversely affect our business. The global market for bearing components is highly competitive, with a majority of production represented by the captive production operations of certain large bearing manufacturers and the balance represented by independent manufacturers. Captive manufacturers make components for internal use and for sale to third parties. All of the captive manufacturers, and many independent manufacturers, are significantly larger and have greater resources than do we. Our competitors are continuously exploring and implementing improvements in technology and manufacturing processes in order to improve product quality, and our ability to remain competitive will depend, among other things, on whether we are able to keep pace with such quality improvements in a cost effective manner.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to changes in financial market conditions in the normal course of its business due to its use of certain financial instruments as well as transacting in various foreign currencies. To mitigate its exposure to these market risks, the Company has established policies, procedures and internal processes governing its management of financial market risks.

The Company is exposed to changes in interest rates primarily as a result of its borrowing activities, which include a $25.0 million senior, non-secured floating rate revolving credit facility which is used to maintain liquidity and fund its business operations as well as a reducing revolving credit line facility. Additionally, Euroball has a Euro 5.0 million senior secured floating rate revolving credit facility and a Euro 6.0 million floating rate senior secured term loan. Additionally, the Company has an interest rate swap that fixes the interest rate for Euro 12.5 million outstanding under the facilities. The interest rate swap expires in July 2006. At September 30, 2002, the Company had $37.7 million outstanding under the domestic revolving credit facility and reducing revolving credit line and Euroball had $6.0 million outstanding under the Euroball revolving credit facility and term loan. At these debt levels, a one-percent increase in the interest rate charged on the Company’s outstanding borrowings under the revolving credit facility and term loans would result in annual interest expense increasing by approximately $440,000. The nature and amount of the Company's borrowings may vary as a result of future business requirements, market conditions and other factors.

The Company's operating cash flows denominated in foreign currencies are exposed to changes in foreign exchange rates. Beginning in the 1997 fourth quarter, upon the commencement of production in its Kilkenny, Ireland facility, the Company began to bill and receive payment from some of its foreign customers in their own currency. To date, the Company has not been materially adversely affected by currency fluctuations related to foreign exchange rates. The Company did not hold a position in any foreign currency derivative instruments as of September 30, 2002.

Item 4. Controls and Procedures

a) Within the 90-day period prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's Exchange Act filings.

b) There have been no significant changes in the Company's internal controls or in other factors which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

Part II. Other Information

Item 1. Legal Proceedings

The Company is involved in various legal proceedings that are of an ordinary and routine nature and are incidental to the operations of the Company. Management believes that such proceedings should not, individually or in the aggregate, have a material adverse effect on the Company's business or financial condition or on the results of operations.

Item 2. Exhibits and Reports on Form 8-K.

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

10.1 Amendment No. 3 dated July 31, 2002 to Credit Agreement among NN, Inc., as the Borrower, the Lenders identified therein, Bank One, Kentucky, N A, as Co-Agent, and AmSouth Bank as Administrative Agent (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2002).

10.2 Amendment No. 2 dated July 12, 2002 to Credit Agreement among NN, Inc., as the Borrower, the Lenders identified therein, Bank One, Kentucky, N A, as Co-Agent, and AmSouth Bank as Administrative Agent (incorporated by reference to Exhibit 10.9 of the Company's Registration Statement on Form S-3/A filed July 15, 2002).

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

(b) Reports on Form 8-K

The Company filed a Form 8-K on July 18, 2002 announcing its second quarter earnings.

The Company filed a Form 8-K on August 6, 2002 announcing that, due to unfavorable market conditions, it has postponed the proposed follow-on public offering of its common stock.

The Company filed a Form 8-K on September 26, 2002 announcing it filed a shelf registration statement with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements 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.

Date: November 14, 2002	/s/ Roderick R. Baty
	Roderick R. Baty, Chairman, President and Chief Executive Officer
Date: November 14, 2002	/s/ David L. Dyckman
	David L. Dyckman, Chief Financial Officer (Principal Financial Officer)
Date: November 14, 2002	/s/ William C. Kelly, Jr.
	William C. Kelly, Jr., Treasurer, Secretary and Chief Accounting Officer (Principal Accounting Officer)

CERTIFICATIONS

I, Roderick R. Baty, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NN, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

> a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
>
> b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
>
> c) presented in this quarterly report our conclusions about the effectiveness of this disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

> a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
>
> b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 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 quarterly report on Form 10-Q of NN, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

> a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
>
> b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
>
> c) presented in this quarterly report our conclusions about the effectiveness of this disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

> a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
>
> b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ David L. Dyckman________
David L. Dyckman
Chief Financial Officer