SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1999

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 BALL & ROLLER, 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 No.)
800 Tennessee Road Erwin, Tennessee	37650
(Address of principal executive offices)	(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 |X| No |_|

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. [ ]

The number of shares of the registrant's common stock outstanding on March 20, 2000 was 15,244,308.

The aggregate market value of the voting stock held by non-affiliates of the registrant at March 20, 2000, based on the closing price on the NASDAQ National Market System on that date was approximately $132,442,548.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement with respect to the 2000 Annual Meeting of Stockholders are incorporated by reference in Part III of this Form 10-K.

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PART I

Item 1 Business

Overview

NN Ball & Roller, Inc. (the "Company") is an independent manufacturer and supplier of high quality, precision steel balls and rollers to both domestic and international anti-friction bearing manufacturers. 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.

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 Chairman. The Company was founded in order to meet the bearings industry's need for a dependable source of high quality, precision balls and rollers. During 1999, the Company sold its products to over 500 customers located in 26 different countries, and its primary customers included SKF Bearing Industries ("SKF"), FAG Bearings Corporation ("FAG"), SNR Roulements, and the Torrington Company.

On July 4, 1999, the Company acquired substantially all of the assets of Earsley Capital Corporation, a successor to and formerly known as Industrial Molding Corporation ("IMC"). 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, which operates two manufacturing facilities in Lubbock, Texas, will continue operations as a subsidiary entity. The Company paid approximately $27.5 million in cash and $2.5 million of its common stock for the net assets acquired from IMC. During 1999, IMC sold its products to approximately 65 customers in 10 different countries.

Products

At its ball and roller facilities in Erwin, Tennessee, Walterboro, South Carolina, Mountain City, Tennessee, and Kilkenny, Ireland, the Company produces 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. The Company produces balls in a variety of grades ranging from grade 5 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 5 balls are manufactured to within five millionths of an inch of roundness and grade 50 rollers are manufactured to within fifty millionths of an inch of roundness. Sales of steel balls accounted for approximately 92%, 92% and 91% of the Company's ball and roller net sales in 1997, 1998 and 1999, respectively. Sales of rollers accounted for the balance of the Company's net ball and roller sales in such years.

Precision Steel Balls. The Company manufactures high quality, precision balls in four different types of steel: 52100 steel, 440C stainless steel, S2 rock bit steel and 302 stainless steel. Each of the different types of steel has unique characteristics that make it suitable for particular applications.

During 1999, approximately 96% of the balls produced by the Company were made from 52100 steel ("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 52100 Steel balls in ten grades ranging from grade 1000 to grade 5 (highest precision), and in sizes ranging in diameter from 3/16 of an inch to 2 1/2 inches. The primary grades of the 52100 Steel balls are grade 16, grade 10 and grade 5.

Precision Steel Rollers. The Company manufactures rollers 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, with the addition of hydraulic pumps and motors.

Through its newly acquired subsidiary, Industrial Molding Corporation, the Company manufactures 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 seasonal hardware products. IMC also produces other automotive components, electronic instrument cases and precision electronic connectors and lenses as well as a variety of other specialized parts.

Bearing Retainers. IMC manufactures high precision plastic retainers for ball bearings used in automotive products. Since the July 1999 acquisition, sales of bearing retainers accounted for approximately 36% of the Plastics Division sales.

Automotive Components. IMC manufacturers 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 cylindrical dimension parts. Other molded automotive components include hydraulic cylinders, clutch systems, seat belts, gears and transmission components. Since the July 1999 acquisition, sales of automotive parts accounted for approximately 22% of IMC's sales.

Seasonal Hardware Products. At its Cedar facility, IMC manufactures molded polypropelene parts for the seasonal consumer market. These include light hanging hardware and Christmas tree stands. Sales of seasonal consumer products accounted for approximately 35% of IMC's sales since the acquisition in July 1999.

Other. IMC also manufactures 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.

Sales and Marketing

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

IMC markets its products through commissioned sales representatives or directly through two salaried marketing and sales employees. Three additional internal customer service employees handle customer orders and provide sales support. Additionally, certain engineers and manufacturing employees provide sales support due to the technical nature of the products.

The following table presents a breakdown of the Company's net sales for fiscal years 1997 through 1999:

(In Thousands)	1999	1998	1997
Domestic:			
Ball & Roller Division	$ 36,229	$ 39,331	$ 39,884
	42.5%	53.9%	53.0%
Plastics Division	16,678	--	--
	19.6%	--	--
Total Domestic Sales	52,907	39,331	39,884
	62.1%	53.9%	53.6%
Foreign:			
Ball & Roller Division	$ 31,507	$ 33,675	$ 35,368
	36.9%	46.1%	47.0%
Plastics Division	880	--	--
	1.0%	--	--
Total Foreign Sales	32,387	33,675	345,368
	37.9%	46.1%	47.0%
Total	$ 85,294	$ 73,006	$ 75,252
	100%	100%	100%

The Company's marketing strategy relative to the Ball & Roller Division 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 own ball or roller manufacturing divisions. The Company's sales staff 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.

IMC'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 enable IMC to take advantage of its strengths in product development, tool design and tight tolerance molding processes. IMC has historically focused on the North American market. However, management believes certain synergies exist between NN Ball & Roller and IMC that will allow IMC to further penetrate the North American market as well as broaden the European and Asian presence by leveraging NN Ball & Roller's global relationships.

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 (other than foreign customers that participate in the Company's inventory management program), payments generally are due within either 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, and payments typically are due 30 days thereafter. See "Business -- Customers" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources." See Note 9 of the Notes to Consolidated Financial Statements for additional financial information.

Customers

During 1999, the Company's ten largest customers accounted for approximately 69% 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 27% of net sales in 1999 and sales to FAG accounted for approximately 11% of net sales in 1999. None of the Company's other customers accounted for more than 10% of its net sales in 1999; however, sales to Gary Products Group, The Torrington Company, and SNR Roulements each represented more than 5% of the Company's net sales during the period.

During 1999, the Ball and Roller Division sold its products to more than 500 customers located in 26 different countries. Approximately 47% of ball and roller net sales in 1999 were to customers outside the United States. Sales to the Ball & Roller Division's top ten customers accounted for approximately 76% of the divisions' net sales in 1999. Sales to SKF and FAG accounted for approximately 33% and 13% of the division's net sales in 1999 respectively.

From the time of acquisition on July 4, 1999, IMC sold its products to 65 customers located in 10 different countries. Approximately 5% of IMC's net sales were to customers outside the United States. Sales to IMC's top ten customers accounted for approximately 80% of the divisions' net sales in 1999. Sales to Gary Products Group accounted for approximately 35% of the division's net sales in 1999.

See Note 9 of the Notes to Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Results of Operations." 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, but in some cases, in 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. The Company has installed a computerized, bar coded inventory management system with most of its major 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 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, 1999, the Company had 791 full-time employees of whom 721 were engaged in production/maintenance. Of these 791 employees, 360 were employed at the Ball & Roller division, 401 at the Plastics Division and 30 at Corporate Division. No employee of the Company is represented by a union. The Company believes that relations with its employees are good.

Competition

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's ability to compete with foreign-based competitors could be adversely affected by an increase in the value of the United States dollar relative to foreign currencies.

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. In recent years, certain bearing manufacturers with captive ball and roller manufacturing divisions, including American NTN Bearing Manufacturing Corporation and divisions of SKF based in Sweden, Brazil and Mexico, have turned to the Company as a source of supply.

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

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.

Raw Materials

The primary raw material used by the Company in its Ball & Roller Division is 52100 Steel. During 1999, approximately 95% of the steel used by the Company was 52100 Steel. The Company's other steel requirements include type 440C stainless steel, type S2 rock bit steel and type 302 stainless steel. The Company 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 the Company requires. The other steel requirements of the Company also are purchased principally from foreign steel manufacturers.

The Company allocates its steel purchases among suppliers on the basis of price and quality. Generally, the Company does not enter into written supply agreements with its suppliers or commit itself to maintain minimum monthly purchases of steel. The Company's pricing arrangements with its suppliers typically are subject to adjustment once every six months.

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. government 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.

The primary raw materials used by IMC are engineered resins and polypropylene resins. Injection grade nylon is utilized in bearing retainers, automotive and other industrial products and polypropylene is utilized for seasonal hardware 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 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 increased foreign sales, seasonality has become a factor for the Company in that some foreign customers typically cease their production activities during the month of August. With the acquisition of IMC, this effect will be somewhat offset due to the production and sale of seasonal hardware products. Although production and sales of these products occur throughout the year, sales tend to be more highly concentrated during the fall months.

Environmental Compliance

The Company's operations and products are subject to extensive federal, state and local regulatory requirements 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.

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, 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
Richard D. Ennen	72	Chairman of the Board and Director
Roderick R. Baty	46	President, Chief Executive Officer and Director
Frank T. Gentry, III	44	Vice President - Manufacturing
Robert R. Sams	42	Vice President - Market Services
David L. Dyckman	35	Vice President - Business Development and Chief Financial Officer
William C. Kelly, Jr.	41	Treasurer, Secretary and Chief Accounting Officer

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

Richard D. Ennen is the principal founder of the Company and has been the Chairman of the Board and a director of the Company since its formation in 1980. He served as Chief Executive Officer of the Company from its inception until 1997 and as President of the Company from its inception until 1990. In recent years, Mr. Ennen has focused on the development and implementation of the Company's business strategy, rather than the day-to-day operations of the Company. Prior to forming the Company, Mr. Ennen held various management and executive positions with Hoover Precision Products, Inc. (formerly Hoover Universal, Inc.), a division of Tsubakimoto Precision Products Co. Ltd, including Corporate Vice President and General Manager of the ball and roller division. Mr. Ennen has over 40 years of experience in the anti-friction bearing industry.

Roderick R. Baty became President and Chief Executive Officer in 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'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 Business 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.

Executive officers are elected annually at the time of the Annual Meeting and serve one-year terms or until their successors are elected and qualified.

Item 2 Properties

The Company has four ball manufacturing facilities located in Erwin, Tennessee, Walterboro, South Carolina, Mountain City, Tennessee and Kilkenny, Ireland. Rollers are only produced at the Erwin, Tennessee facility. Production began in early 1996 at the Mountain City facility. The Company established the Kilkenny, Ireland facility in August 1997 to better meet the needs of its customers in Europe. Production began in the fourth quarter of 1997.

The Erwin, Walterboro, Mountain City and Kilkenny plants currently have approximately 125,000, 100,000, 48,000 and 66,000 square feet of manufacturing space, respectively. The Walterboro plant is located on a 10 acre tract of land owned by the Company, the Erwin plant is located on a 12 acre tract of land owned by the Company, the Mountain City plant is located on an 8 acre tract of land owned by the Company and the Kilkenny facility is located on a 2 acre tract of land owned by the Company.

Through its newly acquired plastics subsidiary, Industrial Molding Corporation, the Company manufacturers a wide range of plastic molded products through two facilities located in Lubbock, Texas. The Slaton facility, located on a 6.5 acre tract of land owned by the Company, contains approximately 193,000 square feet of manufacturing, warehouse and office space. The Cedar facility is situated on a 2.5 acre tract of land which is also owned by the Company and contains approximately 35,000 square feet of manufacturing and warehouse space.

During 1999, the Company added new machinery and equipment at all of its facilities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

Item 3 Legal Proceedings

All legal proceedings and actions involving the Company 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 4 Submission of Matters to a Vote of Security Holders

No matters were submitted for a vote of stockholders during the fourth quarter of 1999.

Part II

Item 5 Market for the Registrant's Common Equity and Related Stockholder Matters

Since the Company's initial public offering in 1994, the Common Stock has been traded on the Nasdaq National Market under the trading symbol "NNBR." Prior to such time there was no established market for the Common Stock. As of March 20, 2000, there were 200 holders of record of the common stock.

The following table sets forth the high and low sale prices of the common stock, as reported by Nasdaq, and the dividends paid per share on the common stock during each calendar quarter of 1998 and 1999:

	Price		
	High	Low	Dividend
1998			
First Quarter	11	8 5/8	0.08
Second Quarter	12 5/8	9 5/16	0.08
Third Quarter	11 3/4	6 7/8	0.08
Fourth Quarter	8	5 7/8	0.08
1999			
First Quarter	6 3/4	4 3/4	0.08
Second Quarter	6 3/4	5 3/8	0.08
Third Quarter	7 5/8	5 7/8	0.08
Fourth Quarter	7 7/16	6 1/4	0.08

The declaration and payment of dividends are subject to the discretion of the Board of Directors of the Company and depend upon the Company's profitability, financial condition, capital needs, future prospects and other factors deemed relevant by the Board of Directors. The terms of the Company's revolving credit facility restrict the payment of dividends by prohibiting the Company from declaring or paying any dividend if an event of default exists at the time of, or would occur as a result of, such declaration or payment. For further description of the Company's revolving credit facility, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

Item 6 Selected Financial Data

The following selected financial data of the Company are qualified by reference to and should be read in conjunction with the Financial Statements and the Notes thereto included as Item 8. The data set forth below as of December 31, 1999 and for each of the three years in the period ended December 31, 1999, have been derived from the Financial Statements of the Company which have been audited by PricewaterhouseCoopers LLP, independent accountants, whose report thereon is included as part of Item 8. These historical results are not necessarily indicative of the results to be expected in the future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended December 31,				
	1999	1998	1997	1996	1995
	(In Thousands, Except Per Share Data)				
Statement of Income Data:					
Net Sales	$85,294	$73,006	$75,252	$84,539	$77,786
Cost of products sold	59,967	50,353	51,707	56,695	53,912
Gross profit	25,327	22,653	23,545	27,844	23,874
Selling, general and administrative expenses	6,854	5,896	5,518	4,890	4,249
Depreciation and amortization	6,131	4,557	4,106	3,358	2,364
Income from operations	12,342	12,200	13,921	19,596	17,261
Interest expense	523	64	29	296	42
Income before provision for income taxes	11,819	12,136	13,892	19,300	17,219
Provision for income taxes	4,060	4,480	5,382	6,835	5,708
Net Income	$ 7,759	$ 7,656	$ 8,510	$12,465	$11,511
Basic income per share:	$ 0.52	$ 0.52	$ 0.57	$ 0.83	$ 0.79
Diluted income per share (1)	$ 0.52	$ 0.52	$ 0.57	$ 0.83	$ 0.79
Operating income per share	$ 0.81	$ 0.82	$ 0.94	$ 1.30	$ 1.18
Dividends declared	$ 0.32	$ 0.32	$ 0.32	$ 0.32	$ 0.20
Weighted average number of shares outstanding (1)	15,244	14,804	14,804	15,042	14,583

	1999	1998	1997	1996	1995
Balance Sheet Data:					
Current assets	$33,402	$28,571	$26,185	$26,727	$26,728
Current liabilities	10,478	7,638	7,471	8,374	13,303
Total assets	90,368	66,860	63,273	59,292	54,241
Long-term debt	17,151	0	0	0	0
Stockholders' equity	60,128	56,242	52,971	48,710	39,218

(1) The actual net income per share data is based on the historical weighted average number of shares outstanding, as adjusted to reflect (i) the 3-for-2 split of the Common Stock effected on March 5, 1995, and (ii) the 3-for-2 split of the Common Stock effected on December 5, 1995.

Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with, and is qualified in its entirety by, the Financial Statements and the Notes thereto and Selected Financial Data included elsewhere in this Form 10-K. Historical operating results and percentage relationships among any amounts included in the Financial Statements are not necessarily indicative of trends in operating results for any future period.

Overview

The Company's core business is the manufacture and sale of high quality, precision steel balls and rollers. In 1999, balls accounted for approximately 91% of the Company's ball and roller net sales, while rollers accounted for the remaining 9%. Although all of the Company's net sales from 1980 through 1986 were exclusively to domestic customers, the Company's international sales have increased significantly since then and represented approximately 47% of net ball and roller sales in 1999. See Note 9 of the Notes to Financial Statements.

Since the Company was formed, growth factors include its displacement of captive ball manufacturing divisions of domestic and international bearing manufacturers as a source of precision balls and increased sales of high precision balls for quiet bearing applications. Sales of high precision balls produced by the Company for use in quiet bearing applications has grown to approximately 85% of total net ball sales. Management believes that the Company's sales growth since its formation has been due to its ability to capitalize on opportunities in overseas markets and provide precision balls at competitive prices, as well as its emphasis on product quality and customer service. The sales decline in the last couple of years has been due in large part to economic conditions in Asia and South America and a decline in outsourcing by certain captive producers. Further, the Company was adversely affected by increased competition from Asian-based competitors who sought to reduce over capacity.

As a result of changing dynamics in the marketplace, the Company has developed an extensive new long-term growth strategy. The development of this strategy entailed the review of the Company's core business and strategies for growth as well as an extensive identification of additional growth opportunities beyond the core markets that were consistent with the Company's strengths and culture. One industry that was identified through this process was the plastic injection molding industry.

On July 4, 1999, the Company acquired substantially all of the assets of Earsley Capital Corporation, a successor to and formerly known as Industrial Molding Corporation, a Texas corporation. IMC provides premier 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 unique capabilities in product development, tool design and tight tolerance molding processes.

Results of Operations

The following table sets forth for the periods indicated selected financial data and the percentage of the Company's net sales represented by each income statement line item presented.

	As a Percentage of Net Sales Year Ended December 31,		
	1999	1998	1997
Net sales	100.0%	100.0%	100.0%
Cost of product sold	70.3	69.0	68.7
Gross profit	29.7	31.0	31.3
Selling, general and administrative expenses	8.0	8.1	7.3
Depreciation and amortization	7.2	6.2	5.5
Income from operations	14.5	16.7	18.5
Interest expense	0.6	0.1	0.0
Income before provision for income taxes	13.9	16.6	18.5
Provision for income taxes	4.8	6.1	7.2
Net income	9.1%	10.5%	11.3%

Year Ended December 31, 1999 Compared to the Year Ended December 31, 1998

Net Sales. The Company's net sales increased $12.3 million, or 16.8%, from $73.0 million in 1998 to $85.3 million in 1999. The IMC acquisition accounted for $17.6 million in additional sales for the twelve-month period in 1999. Foreign net sales decreased $1.3 million or 3.9%, from $33.7 million in 1998 to $32.4 million in 1999. The decrease in foreign net sales was due primarily to decreased sales volumes with existing customers, largely due to general economic conditions in Asia and the impact of the relative strength of the U.S. dollar against world currencies in the first two quarters of the year. This was partially offset by the addition of $880,000 in foreign sales contributed by the IMC acquisition. Domestic net sales increased $13.6 million, or 34.6%, from $39.3 million in 1998 to $52.9 million in 1999. This increase was primarily due to the IMC acquisition which contributed $16.7 million in domestic sales for 1999. This was partially offset by decreased domestic sales primarily to one customer.

Gross Profit. Gross profit increased by $2.6 million, or 11.5% from $22.7 million in 1998 to $25.3 million in 1999. The IMC acquisition accounted for $4.3 million in increased gross profit but was mostly offset by increased costs associated with capacity under-utilization in the Ball & Roller division due to decreased levels of volume during 1999 as well as the short-term impact of the inventory reduction efforts. As a percentage of net sales, gross profit decreased from 31.0% in 1998 to 29.7% in 1999.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $958,000, or 16.2% in 1999 to $6.9 million from $5.9 million in 1998. The acquisition of IMC accounted for $1.8 million of the increase offset by decreased spending in the Ball & Roller division. As a percentage of net sales, selling, general and administrative expenses decreased slightly to 8.0% in 1999 from 8.1% in 1998.

Depreciation and Amortization Expense. Depreciation expense increased $1.5 million, or 34.5%, to $6.1 million in 1999 from $4.6 million in 1998. The acquisition of IMC accounted for $1.2 million of increased depreciation and amortization expense. The remainder of the increase was due to purchases of capital equipment at the Company's ball and roller facilities. As a percentage of net sales, depreciation increased to 7.2% in 1999 from 6.2% in 1998.

Interest Expense. Interest expense increased $459,000 from $64,000 in 1998 to $523,000 in 1999. The increase was due to increased levels outstanding under the Company's line of credit in 1999. In July of 1999, the Company borrowed $18.5 million under the line of credit for the purchase of selected assets of the Earsley Capital Corporation. See "Management's Discussion and Analysis of Financial Condition --Liquidity and Capital Resources."

Net Income. Net income increased $103,000, or 1.3% from $7.7 million in 1998 to $7.8 million in 1999. As a percentage of net sales, net income decreased to 9.1% in 1999 from 10.5% in 1998. The decrease in net income as a percentage of net sales was due primarily to excess capacity at the Company's Ball & Roller division and a related gross profit margin decrease, increased depreciation expense and interest expense related to the IMC acquisition. Offsetting these factors was a slightly lower federal tax rate.

Year Ended December 31, 1998 Compared to the Year Ended December 31, 1997

Net Sales. The Company's net sales decreased $2.2 million, or 3.0%, from $75.2 million in 1997 to $73.0 million in 1998. Foreign net sales decreased $1.7 million, or 4.8%, from $35.4 million in 1997 to $33.7 million in 1998. The decrease in foreign net sales was due primarily to decreased sales volumes to existing customers, largely due to general economic conditions in Asia and South America. Domestic net sales decreased $600,000, or 1.5%, from $39.9 million in 1997 to $39.3 million in 1998. This decrease was due primarily to decreased sales volumes to domestically-based Asian companies.

Gross Profit. Gross profit decreased by $892,000, or 3.8% from $23.5 million in 1997 to $22.7 million in 1998. As a percentage of net sales, gross profit decreased slightly from 31.3% in 1997 to 31.0% in 1998. The decrease in gross profit is largely due to decreased levels of volume during 1998 as compared to 1997 and related capacity under-utilization issues at the Company's manufacturing facilities.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by $378,000, or 6.8% in 1998 to $5.9 million from $5.5 million in 1997. This increase was due primarily to increased expenses related to the Ireland facility, which began production in the fourth quarter of 1997, as well as increases in 1998 to implement the Company's strategic plan. As a percentage of net sales, selling, general and administrative expenses increased to 8.1% in 1998 from 7.3% in 1997.

Depreciation Expense. Depreciation expense increased $451,000, or 11.0%, to $4.6 million in 1998 from $4.1 million in 1997. This increase was due primarily to purchases of capital equipment related to the new Ireland facility which began production in the fourth quarter of 1997. As a percentage of sales, depreciation expense increased to 6.2% in 1998 from 5.5% in 1997.

Net Income. Net income decreased $854,000, or 10% from $8.5 million in 1997 to $7.7 million in 1998. As a percentage of net sales, net income decreased from 11.3% in 1997 to 10.5% in 1998. The decrease in net income as a percentage of net sales was due primarily to excess capacity at the Company's manufacturing facilities, increased selling, general and administrative expenses and the increase in depreciation expense discussed above. Slightly offsetting these factors was a lower federal tax rate due to the shifting of sales to the Irish facility which benefits from a 10% corporate tax rate. The lower federal tax rate was in turn offset slightly by a decrease in the level of tax benefit from the Company's participation in a shared foreign sales corporation.

Liquidity and Capital Resources

In July 1997, the Company entered into a loan agreement with First American National Bank ("First American") which provides for a revolving credit facility of up to $25 million, expiring on June 30, 2000. In December 1999, the Company extended the terms of the loan agreement with First American to expire on July 25, 2001. Amounts outstanding under the revolving facility are unsecured and bear interest at a floating rate equal to, at the Company's option, either LIBOR plus 0.65% or the Fed Funds effective rate plus 1.5%. The loan agreement contains customary financial and operating restrictions on the Company, including covenants, restricting the Company, without First American's consent, from incurring additional indebtedness from, or pledging any of its assets to, other lenders and from disposing of a substantial portion of its assets. In addition, the Company is prohibited from declaring any dividend if a default exists under the revolving credit facility at the time of, or would occur as a result of, such declaration. The loan agreement also prohibits sales of property outside of the ordinary course of business. The loan agreement also contains customary financial covenants with respect to the Company, including a covenant that the Company's earnings will not decrease in any year by more than fifty percent of earnings in the Company's immediately preceding fiscal year. The Company, as of March 20, 2000 was in compliance with all such covenants.

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 (other than foreign customers that have entered into an inventory management program with the Company) generally provide that payments are due within either 90 or 120 days following the date of shipment. Under the Company's inventory management program, payments typically are due within 30 days after the product is used by the customer. The Company's net sales historically have not been of a seasonal nature. However, seasonality has become a factor for the foreign ball and roller sales in that many foreign customers cease production during the month of August. The Company also experiences seasonal fluctuation through its IMC Plastics division which provides several lines of seasonal hardware.

The Company bills and receives payment from some of its foreign customers in their local currency. To date, the Company has not been materially adversely affected by currency fluctuations or foreign exchange restrictions. Nonetheless, as a result of these sales, the Company's foreign exchange risk has increased. Various strategies to manage this risk are under development and implementation, including a hedging program. In addition, a 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 $22.9 million at December 31, 1999 as compared to $20.9 million at December 31, 1998. The ratio of current assets to current liabilities decreased from 3.7:1 at December 31, 1998 to 3.2:1 at December 31, 1999. Cash flow from operations increased to $17.8 million during 1999 from $12.7 million during 1998. This increase was primarily attributed to a decrease of $5.1 million of inventories during 1999 as compared to an increase of $2.6 million during 1998.

During 2000, the Company plans to spend approximately $5.3 million on capital expenditures. The Company intends to finance these activities with cash generated from operations and funds available under the credit facility described above. The Company believes that funds generated from operations and borrowings from the credit facility will be sufficient to finance the Company's working capital needs and projected capital expenditure requirements through December 2000.

Subsequent Events

On January 14, 2000, the Company entered into a principle agreement to establish a joint venture with General Bearing Corporation. This venture subsequently closed on March 16, 2000. The new venture, NN General, LLC, will own a majority position in Jiangsu General Ball & Roller Company, Ltd., a Chinese precision ball and roller manufacturer located in Rugao City, Jiangsu Providence China. Through NN General, LLC, the Company will equally share a 60% interest with General Bearing Company in the Chinese company. The Company's investment includes a cash contribution of $2.5 million and a loan commitment for an additional $1 million. The remaining 40% of the Chinese company is owned by Jiangsu Steel Ball Factory.

On March 12, 2000, the Company experienced a fire at its Erwin, Tennessee facility. The fire, which was contained to approximately 30% of the production area, occurred in the early morning hours when only three employees were in the facility. These employees were immediately evacuated and no one was injured. Effected production is being shifted to the Company's other facilities as possible as well as the use of other suppliers to protect product supply to customers. The cause of the fire remains under investigation and management is continuing to assess damage to the facility. Insurance coverage is available for the loss.

The Euro

The treaty on European Union provided that an economic and monetary union be established in Europe whereby a single European currency, the Euro, was introduced to replace the currencies of participating member states. The Euro was introduced on January 1, 1999, at which time the value of participating member state currencies were irrevocably fixed against the Euro and the European Currency Unit. For the three year transitional period ending December 31, 2001, the national currencies of member states will continue to circulate but be in sub-units of the Euro. At the end of the transitional period, Euro bank notes and coins will be issued, and the national currencies of the member states will be legal tender no later than June 30, 2002.

The Company currently has operations in Ireland, which is one of the Euro participating countries, and sells product to customers in many of the participating countries. The functional currency of the Company's Ireland operations was changed effective September, 1999.

Seasonality and Fluctuation in Quarterly Results

The Company's net sales historically have not been of a seasonal nature. However, as foreign sales have increased as a percentage of total sales, seasonality has become a factor for the Company in that many foreign customers cease production during the month of August. For information concerning the Company's quarterly results of operations for the years ended December 31, 1999 and 1998, see Note 13 of the Notes to Financial Statements.

Inflation and Changes in Prices

While the Company's operations have not been affected by inflation during recent years, prices for 52100 Steel and other raw materials purchased by the Company are subject to change. For example, during 1995, due to an increase in worldwide demand for 52100 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 Steel and some difficulty in obtaining an adequate supply of 52100 Steel from its existing suppliers. Typically, the Company's 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 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

The Company wishes to caution readers that this report contains, and future filings by the Company, press releases and oral statements made by the Company's authorized representatives may contain, forward looking statements that involve certain risks and uncertainties. The Company's actual results could differ materially from those expressed in such forward looking statements due to important factors bearing on the Company's business, many of which already have been discussed in this filing and in the Company's prior filings.

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.

Industry Risks. Both the precision ball & roller and precision plastics industries are cyclical and tend to decline in response to overall declines in industrial production. The Company's sales in the past have been negatively affected, and in the future very likely would be negatively affected, by adverse conditions in the industrial production sector of the economy or by adverse global or national economic conditions generally.

Competition. The precision ball & roller market and the precision plastics markets are highly competitive, and many of manufacturers in each of the markets are larger and have substantially greater resources than the Company. The Company's competitors are continuously exploring and implementing improvements in technology and manufacturing processes in order to improve product quality, and the Company's ability to remain competitive will depend, among other things, on whether it is able, in a cost effective manner, to keep pace with such quality improvements. In addition, the Company competes with many of its ball and roller customers that, in addition to producing bearings, also internally produce balls and rollers for sale to third parties. The Company faces a risk that its customers will decide to produce balls and rollers internally rather than outsourcing their needs to the Company.

Rapid Growth. The Company has significantly expanded its ball and roller production facilities and capacity over the last several years, and during the third quarter of 1997 purchased an additional manufacturing plant in Kilkenny, Ireland. The Company's Ball & Roller division currently is not operating at full capacity and faces risks of further under-utilization or inefficient utilization of its production facilities in future years. The Company also faces risks associated with start-up expenses, inefficiencies, delays and increased depreciation costs associated with its plant expansions.

Raw Material Shortages. Because the balls and rollers manufactured by the Company have highly-specialized applications, their production requires the use of very particular types of steel. Due to quality constraints, the Company obtains the majority of its steel from overseas suppliers. Steel shortages or transportation problems, particularly with respect to 52100 Steel, could have a detrimental effect on the Company's business.

Risks Associated with International Trade. Because the Company obtains a majority of its raw materials for the manufacture of balls and rollers from overseas suppliers and sells to a large number of international customers, the Company faces risks associated with (i) adverse foreign currency fluctuations, (ii) changes in trade, monetary and fiscal policies, laws and regulations, and other activities of governments, agencies and similar organizations, (iii) the imposition of trade restrictions or prohibitions, (iv) the imposition of import or other duties or taxes, and (v) unstable governments or legal systems in countries in which the Company's suppliers and customers are located. An increase in the value of the United States dollar relative to foreign currencies adversely affects the ability of the Company to compete with its foreign-based competitors for international as well as domestic sales.

Dependence on Major Customers. During 1999, the Company's ten largest customers accounted for approximately 69% of its net sales. Sales to various US and foreign divisions of SKF, which is one of the largest bearing manufacturers in the world, accounted for approximately 27% of net sales in 1999, and sales to FAG accounted for approximately 11% of net sales. None of the Company's other customers accounted for more than 10% of its net sales in 1999, but sales to three of its customers each represented more than 5% of the Company's 1999 net sales. The loss of all or a substantial portion of sales to these customers would have a material adverse effect on the Company's business.

Acquisitions. The Company's growth strategy includes growth through acquisitions. In July 1999, the Company acquired IMC as part of that strategy. Although the Company believes that it will be able to integrate the operations of IMC and other companies acquired in the future into its operations without substantial cost, delays or other problems, its ability to do so will depend on, among other things, the adequacy of its implementation plans, the ability of its management to effectively oversee and operate the combined operations of the Company and the acquired businesses and its ability to achieve desired operating efficiencies and sales goals. If the Company is not able to successfully integrate the operations of acquired companies into its business, its future earnings and profitability could be materially and adversely affected.

Recently Issued Accounting Standards

In June 1998, the FASB issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" which establishes accounting and reporting standards for derivative instruments and hedging activities and is effective for the Company's 2000 reporting cycle. The adoption of this standard by the Company is not expected to result in significant adjustments to existing accounting practices as the Company does not currently hold any derivative financial instruments or participate in hedging activities.

Item 7A 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 million floating rate revolving credit facility which is used to maintain liquidity and fund its business operations. At December 31, 1999, the Company had $17.2 million outstanding under the revolving credit facility. A one-percent increase in the interest rate charged on the Company's outstanding borrowings under the revolving credit facility would result in interest expense increasing by approximately $172,000. 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 of foreign exchange restrictions. However, as foreign sales approximate 38% of total revenues, management is currently evaluating various strategies to manage this financial market risk, including the implementation of a foreign currency hedging program. The Company did not hold a position in any foreign currency instruments of December 31, 1999.

Item 8. Financial Statements and Supplementary Data

Index to Financial Statements

Report of Independent Accountants

To the Board of Directors and Stockholders
of NN Ball & Roller, Inc.

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of NN Ball & Roller, Inc. and its subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Greensboro, North Carolina
February 4, 2000

NN Ball & Roller, Inc.
Consolidated Balance Sheets (in thousands, except per share data)

	December 31, 1999	December 31, 1998
Assets		
Current assets:		
Cash	$ 1,409	$ 1,430
Accounts receivable, net	18,183	11,643
Inventories, net	13,122	14,425
Other current assets	688	1,073
Total current assets	33,402	28,571
Property, plant and equipment, net	43,452	38,289
Goodwill, net	12,779	--
Other non-current assets	735	--
Total assets	$ 90,368	$ 66,860
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable - trade	$ 4,104	$ 4,451
Book overdraft	1,239	--
Accrued vacation expense	676	431
Deferred income	875	828
Income taxes payable	1,283	786
Accrued sales rebate	139	156
Other liabilities	2,162	986
	10,478	7,638
Deferred income taxes	2,611	2,980
Long-term debt	17,151	--
Total liabilities	30,240	10,618
Stockholders' equity:		
Common stock - $0.01 par value, authorized - 45,000 (1999) and 45,000 (1998) shares, issued and outstanding - 15,244 (1999) and 14,804 (1998) shares	153	149
Additional paid-in capital	30,398	27,902
Retained earnings	31,255	28,306
Accumulated other comprehensive income	(1,678)	(115)
Total stockholders' equity	60,128	56,242
Total liabilities and stockholders' equity	$ 90,368	$ 66,860

The accompanying notes are an integral part of these financial statements.

NN Ball & Roller, Inc.
Consolidated Statements of Income and Comprehensive Income
(in thousands, except per share data)

	Year ended December 31, 1999	1998	1997
Net sales	$ 85,294	$ 73,006	$ 75,252
Cost of products sold	59,967	50,353	51,707
Gross profit	25,327	22,653	23,545
Selling, general and administrative expenses	6,854	5,896	5,518
Depreciation and amortization	6,131	4,557	4,106
Income from operations	12,342	12,200	13,921
Interest expense	523	64	29
Income before provision for income taxes	11,819	12,136	13,892
Provision for income taxes	4,060	4,480	5,382
Net income	7,759	7,656	8,510
Other comprehensive income:			
Foreign currency translation	(1,563)	352	(467)
Other comprehensive income	(1,563)	352	(467)
Comprehensive income	$ 6,196	$ 8,008	$ 8,043
Basic net income per share	$ .52	$ .52	$ .57
Shares outstanding	15,021	14,804	14,804
Diluted net income per share	$ .52	$ .52	$ .57
Weighted average shares outstanding	15,038	14,804	14,809

The accompanying notes are an integral part of these financial statements.

NN Ball & Roller, Inc.
Consolidated Statements of Changes in Stockholders' Equity (in thousands)

	Common stock		Additional		Other	
	Number of shares	Par value	paid-in capital	Retained earnings	comprehensive income	Total
Balance, December 31, 1996	14,629	$ 146	$ 26,983	$ 21,581	$ --	$ 48,710
Net income	--	--	--	8,510	--	8,510
Dividends paid	--	--	--	(4,704)	--	(4,704)
Stock options exercised	361	4	3,042	--	--	3,046
Stock repurchased	(186)	(1)	(2,123)	--	--	(2,124)
Cumulative translation	--	--	--	--	(467)	(467)
Balance, December 31, 1997	14,804	149	27,902	25,387	(467)	52,971
Net income	--	--	--	7,656	--	7,656
Dividends paid	--	--	--	(4,737)	--	(4,737)
Cumulative translation	--	--	--	--	352	352
Balance, December 31, 1998	14,804	149	27,902	28,306	(115)	56,242
Shares issued	440	4	2,496	--	--	2,500
Net income	--	--	--	7,759	--	7,759
Dividends paid	--	--	--	(4,810)	--	(4,810)
Cumulative translation	--	--	--		(1,563)	(1,563)
Balance, December 31, 1999	14,244	$ 153	$ 30,398	$ 31,255	$ (1,678)	$ 60,128

The accompanying notes are an integral part of these financial statements.

NN Ball & Roller, Inc.
Consolidated Statements of Cash Flows (in thousands)

	Year ended December 31, 1999	1998	1997
Cash flows from operating activities:			
Net income	$ 7,759	$ 7,656	$ 8,510
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6,131	4,557	4,106
Loss on property disposals	43	--	--
Deferred income taxes	(369)	149	623
Changes in operating assets and liabilities:			
Accounts receivable	(641)	806	3,305
Inventories	5,121	(2,560)	(1,457)
Other current assets	471	432	(940)
Other assets	19	--	146
Accounts payable - trade	(1,439)	789	(392)
Accrued vacation expense	61	(88)	149
Accrued salaries and wages	(95)	120	72
Accrued bonuses	(189)	--	--
Deferred income	(115)	370	458
Income taxes payable	497	786	(96)
Accrued sales rebate	(17)	(20)	(579)
Other liabilities	608	(310)	313
Net cash provided by operations	17,845	12,687	14,218
Cash flows from investing activities:			
Acquisition of Industrial Molding Corporation	(27,535)	--	--
Acquisition of property, plant and equipment	(2,394)	(5,758)	(8,775)
Proceeds from property disposals	46	--	--
Net cash used for investing activities	(29,883)	(5,758)	(8,775)
Cash flows from financing activities:			
Payments under revolving line of credit	17,151	(1,480)	(828)
Book overdraft	1,239	--	--
Cash dividends	(4,810)	(4,737)	(4,704)
Stock options exercised	--	--	3,046
Stock repurchased	--	--	(2,124)
Net cash provided by (used for) financing activities	13,580	(6,217)	(4,610)
Effect of exchange rate changes	(1,563)	352	(467)
Net increase (decrease) in cash and cash equivalents	1,542	712	833
Cash and cash equivalents at beginning of period	1,430	366	--
Cash and cash equivalents at end of period	$ 1,409	$ 1,430	$ 366

The accompanying notes are an integral part of these financial statements.

NN Ball & Roller, Inc.
Notes to Consolidated Financial Statements

NOTE 1 - THE COMPANY AND IT'S SIGNIFICANT ACCOUNTING POLICIES

NN Ball & Roller, Inc. (the "Company") is a manufacturer of balls, rollers, and precision injected molded products. The Company's balls and rollers are used primarily in the domestic and international anti-friction bearing industry. The ball and roller segment has manufacturing facilities in the United States and Ireland. The Company's precision injection molding segment, which was acquired during 1999 (see Note 2), manufactures components used in the bearing, automotive, instrumentation, fiber optic, and consumer hardware industries. The precision injection molding segments manufacturing facility is located in Texas. Both of the Company's segments sell to foreign and domestic customers.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less as cash equivalents.

Inventories

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditures for maintenance and repairs are charged to expense as incurred. Major renewals and betterments are capitalized. When a major property item is retired, its cost and related accumulated depreciation or amortization are removed from the property accounts and any gain or loss is recorded in income or expense, respectively. The Company reviews the carrying values of long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. In management's opinion, no material impairment exists at December 31, 1999 or 1998.

Depreciation is provided principally on the straight-line method over the estimated useful lives of the depreciable assets for financial reporting purposes. Accelerated depreciation methods are used for income tax purposes.

Revenue recognition

The Company generally recognizes a sale when goods are shipped and ownership is assumed by the customer. The Company has an inventory management program for certain major ball and roller customers whereby sales are recognized when products are used by the customer from consigned stock, rather than at the time of shipment. Inventory on consignment at December 31, 1999 and 1998 was approximately $2,766,000 and $3,635,000, respectively.

Income taxes

Income taxes are provided based upon income reported for financial statement purposes. Deferred income taxes reflect the tax effect of temporary differences between the financial reporting and income tax bases of the Company's assets and liabilities (See Note 10).

Net income per common share

Basic earnings per share reflect reported earnings divided by the weighted average number of common shares outstanding. Diluted earnings per share include the effect of dilutive stock options outstanding during the year.

Stock incentive plan

The Company uses the intrinsic value method to account for employee stock options. Accordingly, under this method, the Company has not recorded compensation expense related to the options. The exercise price of each option equals the market price of the Company's stock on the date of grant.

Principles of consolidation

The Company's financial statements include the accounts of NN Ball & Roller, Inc. and its subsidiaries Industrial Molding Corporation and NN Ball & Roller, Ltd. All intercompany accounts and investments in subsidiaries are eliminated upon consolidation.

Foreign currency translation

Assets and liabilities of the Company's foreign subsidiary are translated at current exchange rates, while revenue and expenses are translated at average rates prevailing during the year. Translation adjustments are reported as a component of other comprehensive income.

Goodwill

Goodwill, which represents the excess of acquisition costs over the net assets acquired in a business combination, is amortized on a straight-line method over a period of 20 years. Periodically, the Company reviews the recoverability of goodwill and other intangibles. The measurement of possible impairment is based primarily on the ability to recover the balance of the goodwill from expected future operating cash flows on an undiscounted basis. In management's opinion, no material impairment exists at December 31, 1999.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently issued accounting standards

In June 1998, the FASB issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" which established accounting and reporting standards for derivative instruments and hedging activities and is effective for the Company's 2000 reporting cycle. The adoption of this standard by the Company is not expected to result in significant adjustments to existing accounting practices as the Company does not currently hold any derivative financial instruments or participate in hedging activities.

NOTE 2 - ACQUISITION

Effective July 4, 1999, the Company acquired substantially all of the assets and assumed certain liabilities of Earsley Capital Corporation, a Nevada corporation and successor to and formerly known as Industrial Molding Corporation ("IMC"). IMC, located in Lubbock, Texas, operates as a premier full-service designer and manufacturer of precision plastic injection molded components. The Company plans to continue the operation of the IMC business as a subsidiary entity. The Company paid consideration of approximately $30 million, consisting of $27.5 million in cash and 440,038 shares of its common stock, for the net assets acquired from IMC. Cash used in the acquisition was obtained from the Company's line of credit with First American National Bank. The amount of goodwill recorded in the transaction was approximately $13.2 million, which is being amortized, on a straight-line basis over twenty years.

All IMC profit and loss activity and balance sheet accounts beginning with July 4, 1999 have been included in the Company's December 31, 1999 consolidated financial statements.

The following unaudited pro forma summary presents the financial information as if the Company's acquisition had occurred on January 1, 1999 and 1998. These pro forma results have been prepared for comparative purposes and do not purport to be indicative of what would have occurred had the acquisition been made on January 1, 1999 and 1998, nor is it indicative of future results.

	(Unaudited) Year ended December 31, 1999	1998
	(in thousands)	
Revenues from external customer	$ 101,562	$ 101,135
Net profit	7,558	6,637
Basic earnings per share	0.50	0.44
Dilutive earnings per share	0.50	0.44

NN Ball & Roller, Inc.
Notes to Consolidated Financial Statements

NOTE 3 - ACCOUNTS RECEIVABLE

	December 31, 1999	1998
	(in thousands)	
Trade	$18,918	$11,910
Employees	55	97
Other	116	222
	19,089	12,229
Less - Allowance for doubtful accounts	906	586
	$18,183	$11,643

NOTE 4 - INVENTORIES

	December 31, 1999	1998
	(in thousands)	
Raw materials	$ 3,131	$ 3,611
Work in process	2,585	2,850
Finished goods	7,466	8,024
	13,182	14,485
Less - Reserve for excess and obsolete inventory	60	60
	$13,122	$14,425

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

	Estimated useful life	December 31, 1999	1998
		(in thousands)	
Land		$ 841	$ 323
Buildings and improvements	10-25 years	13,436	10,333
Machinery and equipment	3-10 years	58,208	49,674
Construction in progress		1,813	3,400
		74,298	63,730
Less - Accumulated depreciation		30,846	25,441
		$43,452	$38,289

NOTE 6 - CREDIT FACILITY

Effective July 1997, the Company terminated a revolving line of credit with NationsBank of Tennessee, N.A., which consisted of a $10,000,000 line of credit, at an interest rate of 7.25%, and entered a similar agreement with First American National Bank. Under the agreement, the Company could borrow up to $25,000,000 through June 30, 2000 at the rate of LIBOR plus 0.65% or the Federal Funds effective rate plus 1.5%, according to the Company's option. During 1999, the Company revised and extended the terms of its $25,000,000 line of credit with First American National Bank. Under the revised agreement, outstanding borrowings accrue interest at the rate of LIBOR plus 0.65% or the Federal Funds effective rate plus 1.5%, at the Company's option, and all outstanding principal amounts are due July 25, 2001. Amounts outstanding under the line of credit at December 31, 1999 and 1998 were $17,151,000 and $0, respectively, at an interest rate of 5.49% at December 31, 1999. The agreement contains restrictive covenants, which specify, among other things, restrictions on the incurrence of indebtedness and the maintenance of certain working capital requirements. The Company was in compliance with such covenants at December 31, 1999 and 1998.

Interest paid during 1999, 1998 and 1997 was $519,000, $64,000 and $28,000, respectively.

NOTE 7 - EMPLOYEE BENEFIT PLANS

The Company has two defined contribution 401(k) profit sharing plans covering substantially all employees of the ball and roller and plastics segments. The plan in place for the ball and roller segment covers all employees who have one year of service, have attained age twenty-one and have elected to participate in the plan. A participant may elect to contribute from 1% to 20% of his or her compensation to the Plan, subject to a maximum deferral set forth in the Internal Revenue Code. The Company provides a dollar for dollar matching contribution up to $500 per participant. The employer matching contribution is fully vested at all times. The contributions by the Company for the ball and roller division plan were $120,000, $141,000 and $154,000 in 1999, 1998 and 1997.

The plan in place for the plastics segment covers all employees who have completed six months of service and have elected to participate in the plan. A participant may elect to contribute from 1% to 15% of his or her compensation to the plan, subject to a maximum deferral set forth in the Internal Revenue Code. The Company matches twenty-five percent of the first six percent of each employee's contribution to the plan and provides for a discretionary contribution at the end of each plan year. The contributions by the Company for the plastics segment plan were $196,000 in 1999.

NOTE 8 - STOCK INCENTIVE PLAN

Effective March 2, 1994, the Company adopted the NN Ball & Roller, Inc. Stock Incentive Plan under which 1,125,000 shares of the Common Stock were reserved for issuance to officers and key employees of the Company. During 1999 the plan was amended to increase the number of shares available for issuance pursuant to awards made under the plan from 1,125,000 to 1,625,000. Awards or grants under the plan may be made in the form of incentive and nonqualified stock options, stock appreciation rights and restricted stock. The stock options and stock appreciation rights must be issued with an exercise price not less than the fair market value of the Common Stock on the date of grant. The awards or grants under the plan may have various vesting and expiration periods as determined at the discretion of the committee administering the plan.

NN Ball & Roller, Inc.
Notes to Consolidated Financial Statements

A summary of the status of the Company's stock option plan as described above as of December 31, 1999, 1998, and 1997, and changes during the years ending on those dates is presented below:

	1999		1998		1997	
	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price
Outstanding at beginning of year	548,625	$ 11.53	[ILLEGIBLE]	$ 11.86	853,629	$ 9.44
Granted	539,175	5.93	[ILLEGIBLE]	9.83	42,750	12.02
Exercised	--	--	--	--	(361,002)	6.25
Forfeited	(38,500)	12.28	(10,000)	10.44	(74,002)	11.40
Outstanding at end of year	1,049,300	8.53	548,625	11.53	461,375	11.86
Options exercisable at year-end	345,322	11.53	246,735	11.75	154,664	11.75

The following table summarizes information about stock options outstanding at December 31, 1999:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/99	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/99	Weighted-Average Exercise Price
$5.94 - $9.75	631,300	9.2 years	6.25	$ 40,222	8.62
$10.44 - $15.50	418,000	6.0 years	11.97	305,100	11.91
$5.94 - $15.50	1,049,300	7.9 years	8.53	345,322	11.53

On December 7, 1998 the Company granted a total of 20,000 options to the members of its Board of Directors. These options carry an exercise price equal to the market price on the date of issuance and vest equally over a period of five years, beginning one year from date of grant. The maximum term of these options is 10 years. On July 4, 1999 the Company granted an additional 20,000 options to the members of its Board of Directors. These options carry an exercise price equal to the market price on the date of issuance and vest six months from the date of grant. The maximum term of these options is 10 years.

On August 4, 1998 the Company's Board of Directors authorized the repurchase of up to 740,213 shares of its Common Stock, equaling 5% of the Company's issued and outstanding shares as of August 4, 1998. The program may be extended or discontinued at any time, and there is no assurance that the Company will purchase any or all of the full amount authorized. The Company has not repurchased any shares under this program through December 31, 1999.

On July 31, 1997, one of the Company's officers exercised approximately 358,000 stock options at the exercise price of $6.22 and the market price of $12.50 on the date of exercise. Certain of these options were considered non-qualified options and, accordingly, the Company recorded compensation expense, for income tax purposes only, of approximately $2,150,000 in 1997. The reduction in taxes payable of approximately $789,000 in 1997 was recorded as additional paid-in capital in the accompanying financial statements.

All options granted in the period January 1, 1999 through December 31, 1999, except those granted to the Company's Board of Directors as described above, vest ratably over periods ranging from six months to five years, beginning one year from date of grant. The exercise price of each option equals the market price of the Company's stock on the date of grant, and an option's maximum term is 10 years. All options granted in the period January 1, 1995 through December 31, 1998, except those granted to the Company's Board of Directors as described above, vest 20% annually beginning one year from date of grant. The exercise price of each option equals the market price of the Company's stock on the date of grant, and an option's maximum term is 10 years.

During 1996, the Company adopted the provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). SFAS 123 encourages but does not require a fair value based method of accounting for stock compensation plans. The Company has elected to continue accounting for its stock compensation plan using the intrinsic value based method and, accordingly, has not recorded compensation expense for each of the three years ended December 31, 1999. Had compensation cost for the Company's stock compensation plan been determined based on the fair value at the option grant dates, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

		Year ended December 31, 1999	1998	1997
Net income	As reported (000's)	$ 7,759	$ 7,656	$ 8,150
	Pro forma (000's)	7,462	7,360	8,254
Earnings per share	As reported	$ .52	$ .52	$ .57
	Pro forma	.50	.50	.56
Earnings per share-assuming dilution	As reported	$ .52	$ .52	$ .57
	Pro forma	.50	.50	.56

The fair value of each option grant was estimated on actual information available through December 31, 1999 and 1998 using the Black-Scholes option-pricing model with the following assumptions:

Term	One year after each 20% vesting date
Risk free interest rate	6.5% and 4.7% for 1999 and 1998, respectively
Dividend yield	4.4% and 5.4% annually for 1999 and 1998, respectively
Volatility	39% and 32% for 1999 and 1998, respectively

NOTE 9 - SEGMENT INFORMATION

The Company adopted the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," effective with its December 31, 1998 reporting and identified its reportable segments based upon the geographic location of its business units. During 1999, the Company changed the way it evaluates its business units. Effective in 1999, the Company's reportable segments are based on differences in product lines and are divided between balls and rollers and plastics. The ball and roller segment comprises three manufacturing facilities in the eastern United States and one facility located in Kilkenny, Ireland. All of these facilities are engaged in the production of precision balls and rollers used primarily in the bearing industry. The plastics segment is concentrated in one facility located in Lubbock, Texas which represents the IMC business acquired in July 1999. This facility is engaged in the production of plastic injection molded products for the bearing, automotive, instrumentation, fiber optic and consumer hardware markets.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates segment performance based on profit or loss from operations before income taxes not including nonrecurring gains and losses. The Company accounts for intersegment sales and transfers at current market prices; however, the Company did not have any material intersegment transactions during 1999, 1998 or 1997.

	December 31, 1999		December 31, 1998		December 31, 1997	
	Balls and Rollers	Plastic	Balls and Rollers	Plastic	Balls and Rollers	Plastics
Revenues from external customers	$ 67,736	$ 17,558	$ 73,006	$ --	$ 75,252	$ --
Interest expense	--	523	64	--	29	--
Depreciation and amortization	4,932	1,199	4,557	--	4,106	--
Segment profit/(loss)	11,109	710	12,136	--	13,892	--
Segment assets	58,557	31,811	66,860	--	63,273	--
Expenditures for long-lived assets	1,723	[ILLEGIBLE]	5,758	--	8,775	--

Sales to external customers and long-lived assets utilized by the Company were concentrated in the following geographical regions (in thousands):

	December 31, 1999		December 31, 1998		December 31, 1997	
	Sales	Long-lived assets	Sales	Long-lived assets	Sales	Long-lived assets
United States	$ 52,907	$ 36,842	$ 39,331	$ 30,723	$ 39,884	$ 31,588
Europe	21,064	6,610	23,843	7,566	18,060	5,500
Canada	5,918		4,163	--	3,763	--
Latin America	2,903		2,762	--	5,268	--
Other export	2,502		2,907	--	8,277	--
Total foreign	$ 85,294	$ 43,452	$ 73,006	$ 38,289	$ 75,252	$ 37,088

Two customers comprised 46%, 48% and 47% of ball and roller sales during the years ended December 31, 1999, 1998, and 1997, respectively. One customer comprised 35% of plastics sales for the year ended December 31, 1999. The Company has a supply agreement with the major plastics customer to be the exclusive supplier of all manufactured product sold by the customer. This supply agreement is effective through October 31, 2004.

NOTE 10 - INCOME TAXES

The Company uses the asset and liability method to account for deferred income taxes. Under the asset and liability method, deferred income taxes are provided for the temporary differences between the financial reporting and income tax bases of the Company's assets and liabilities using enacted income tax rates expected to be in effect when the temporary differences reverse.

NN Ball & Roller, Inc.
Notes to Consolidated Financial Statements

The components of the provision for income taxes are as follows:

	Year ended December 31, 1999	1998	1997
	(in thousands)		
Current			
Federal	$ 3,960	$ 3,899	$ 4,338
State	469	432	421
	4,429	4,331	4,759
Deferred			
Federal	(335)	115	554
State	(34)	34	69
	(369)	149	623
	$ 4,060	$ 4,480	$ 5,382

A reconciliation of taxes based on the federal statutory rate of 34%, 35% and 35% for the years ended December 31, 1999, 1998 and 1997, respectively, is summarized as follows:

	Year ended December 31, 1999	1998	1997
	(in thousands)		
Income taxes at the federal statutory rate	$ 4,006	$ 4,247	$ 4,862
State income taxes, net of federal benefit	289	309	318
Foreign sales corporation benefit	(256)	(312)	(249)
Impact of foreign taxes	(182)	44	283
Other, net	203	192	168
Provision for income taxes	$ 4,060	$ 4,480	$ 5,382

The tax effects of the temporary differences are as follows:

	December 31, 1999	1998
	(in thousands)	
Deferred income tax liability		
Tax in excess of book depreciation	$ 3,565	$ 3,647
Duty drawback receivable	161	110
Goodwill	41	--
Gross deferred income tax liability	3,767	3,757
Deferred income tax assets		
Inventories	406	282
Allowance for bad debts	332	180
Vacation reserve	216	141
Health insurance reserve	122	114
Other working capital accruals	80	60
Gross deferred income tax assets	1,156	777
Net deferred income tax liability	$2,611	$2,980

Income tax payments were approximately $3,123,000, $3,052,000 and $4,826,000 in 1999, 1998 and 1997, respectively.

NOTE 11 - RECONCILIATION OF NET INCOME PER SHARE

	Year ended December 31, 1999	1998	1997
		(in thousands)	
Net income	$ 7,759	$ 7,656	$ 8,510
Adjustments to net income	--	--	--
Net income	$ 7,759	$ 7,656	$ 8,150
Weighted average shares outstanding	15,021	14,804	14,804
Effective of dilutive stock options	17	--	5
Dilutive shares outstanding	15,038	14,804	14,809
Basic net income per share	$ .52	$ .52	$ .57
Diluted net income per share	$ .52	$ .52	$ .57

Excluded from the shares outstanding for the years ended December 31, 1999 and 1998 were 525,125 and 466,500 antidilutive options, respectively, which had exercise prices ranging from $6.38 to $15.50 and $10.44 to $15.50, respectively.

The Company has declared a dividend of $0.32 per share in each of the years ending December 31, 1999, 1998 and 1997.

NOTE 12 - COMMITMENTS

The Company has operating lease commitments for machinery and office equipment, which expire on varying dates. Rent expense for 1999, 1998, and 1997 was $376,000, $370,000 and $352,000, respectively. The following is a schedule by year of future minimum lease payments as of December 31, 1999 under operating leases that have initial or remaining noncancelable lease terms in excess of one year (in thousands).

Year ended December 31,	
2000	$ 82
2001	76
2002	55
2003	17
2004	8
Thereafter	--
Total minimum lease payments	$ 238

NN Ball & Roller, Inc.
Notes to Consolidated Financial Statements

NOTE 13 - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED):

The following summarizes the unaudited quarterly results of operations for the years ended December 31, 1999 and 1998 (in thousands, except per share data).

	Year ended December 31, 1999			
	March 31	June 30	Sept. 30	Dec. 31
Net sales	$17,912	$17,475	$25,601	$24,306
Gross profit	5,389	4,884	7,312	7,742
Net income	1,962	1,715	1,944	2,138
Basic net income per share	.13	.12	.13	.14
Dilutive net income per share	.13	.12	.13	.14
Weighted average shares outstanding:				
Basic number of shares	14,804	14,804	15,244	15,244
Effect of dilutive stock options	--	4	73	66
Diluted number of shares	14,804	14,808	15,317	15,310

	Year ended December 31, 1998			
	March 31	June 30	Sept. 30	Dec. 31
Net sales	$20,886	$19,674	$16,789	$15,657
Gross profit	6,709	6,111	4,627	5,206
Net income	2,667	2,324	1,125	1,540
Basic net income per share	.18	.16	.08	.10
Dilutive net income per share	.18	.16	.08	.10
Weighted average shares outstanding:				
Basic number of shares	14,804	14,804	14,804	14,804
Effect of dilutive stock options	--	24	--	
Diluted number of shares	14,804	14,828	14,804	14,804

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial position of the Company at December 31, 1999 includes certain financial instruments. Management believes the fair value of the these instruments approximates their carrying value. The carrying amounts and estimated fair value of the Company's financial instruments at December 31, 1999 and 1998 are as follows (in thousands):

	December 31,			
	1999		1998	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Cash and cash equivalents	$ 1,409	$ 1,409	$ 1,430	$ 1,430
Trade accounts receivable	19,089	19,089	11,910	11,910
Less: allowance for doubtful accounts	(906)	--	(586)	--
Liabilities:				
Revolving credit facility	17,151	17,151	--	--

NOTE 15 - SUBSEQUENT EVENTS

Effective March 16, 2000, the Company entered into a principal agreement to establish a joint venture with General Bearing Corporation. The new venture, NN General, LLC, will own a majority position in Jiangsu General Ball & Roller Company, Ltd., a Chinese precision ball and roller manufacturer located in Rugao City, Jiangsu Province, China. Through NN General, LLC, the Company will equally share a 60% interest with General Bearing Corporation in the Chinese company. The Company's investment includes a cash contribution of $2.5 million and a loan commitment for an additional $1 million. The remaining 40% of the Chinese company is owned by Jiangsu Steel Ball Factory.

On March 12, 2000, the Company experienced a fire at its Erwin, Tennessee facility. The fire, was contained to approximately 30% of the production area. No one was injured in the fire. Effected production is being shifted to the Company's other facilities as possible and to other suppliers in order to protect product supply to customers. The cause of the fire remains under investigation and management is continuing to assess damage to the facility. Management expects its insurance coverage to adequately cover the losses in the fire.

NN Ball & Roller, Inc.
Valuation and Qualifying Accounts and Reserves   Schedule II

Description	Balance at beginning of year	Additions	Deductions(1)	Balance at end of year
Year ended December 31, 1997				
Allowance for doubtful accounts	$240	$ 75	$ --	$315
Reserve for excess and obsolete inventory	$ 60	$ --	$ --	$ 60
Year end December 31, 1998				
Allowance for doubtful accounts	$315	$271	$ --	$586
Reserve for excess and obsolete inventory	$ 60	$ --	$ --	$ 60
Year end December 31, 1999				
Allowance for doubtful accounts	$586	$320	$ --	$906
Reserve for excess and obsolete inventory	$ 60	$ --	$ --	$ 60

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(1) Deductions represent amounts written off.

Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Part III

Item 10 Directors and Executive Officers of the Registrant

Directors. The information required by Item 401 of Regulation S-K concerning the Company's directors is contained in the section entitled "Election of Directors -- Information about the Directors" of the Company's definitive Proxy Statement (to be filed with the Securities and Exchange Commission within 120 days after December 31, 1999) and, in accordance with General Instruction G to Form 10-K, is hereby incorporated herein by reference.

Executive Officers. Information required by Item 401 of Regulation S-K concerning the Company's executive officers is set forth in Item 1 hereof under the caption "Executive Officers of the Registrant."

Compliance with Section 16(a) of the Securities Exchange Act. The information required by Item 405 of Regulation S-K concerning compliance with Section 16(a) of the Securities Exchange Act by the Company's directors and executive officers and any 10% beneficial owners is contained in the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" of the Company's definitive Proxy Statement and, in accordance with General Instruction G to Form 10-K, is hereby incorporated herein by reference.

Item 11 Executive Compensation

The information required by Item 402 of Regulation S-K is contained in the sections entitled "Election of Directors -- Compensation of Directors" and "Executive Compensation" of the Company's definitive Proxy Statement and, in accordance with General Instruction G to Form 10-K is hereby incorporated herein by reference.

Item 12 Security Ownership of Certain Beneficial Owners and Management

The information required by Item 403 of Regulation S-K is contained in the section entitled "Beneficial Ownership of Common Stock" of the Company's definitive Proxy Statement and, in accordance with General Instruction G to Form 10-K, is hereby incorporated herein by reference.

Part IV

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

(a)1. Financial Statements

The financial statements of the Company filed as part of this Annual Report on Form 10-K begin on the following pages hereof:

(a)2. Financial Statement Schedules

(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 reference to Exhibit 10.9 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995).

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 Quitclaim Deed, dated January 20, 1997, executed by Johnson County, Tennessee in favor of the Company (incorporated by reference to Exhibit 10.12 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996).

10.12 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).

10.13* 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).

10.14* Employment Agreement, dated May 7, 1998, between the Company and Frank T. Gentry.

10.15* Form of Stock Option Agreement, dated December 7, 1998 between the Company and the non-employee directors of the Company.

10.16* Elective Deferred Compensation Plan, dated February 26, 1999.

10.17 Operating Agreement, dated March 16, 2000 among NN Ball & Roller, Inc. and General Bearing Corporation (filed herewith).

23.1 Consent of PricewaterhouseCoopers LLP (filed herewith).

27.0 Financial Data Schedule (filed herewith)

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* Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K.

The Company did not file any reports on Form 8-K during the fourth quarter of 1999.

(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/ Richard D. Ennen

Richard D. Ennen
Chairman and Director

Dated: March 28, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Name and Signature	Title	Date
/s/ RICHARD D. ENNEN Richard D. Ennen	Chairman and Director	March 28, 2000
/s/ RODERICK R. BATY Roderick R. Baty	President, Chief Executive Officer and Director (Principal Executive Officer)	March 28, 2000
/s/ WILLIAM C. KELLY, JR. William C. Kelly, Jr.	Treasurer, Secretary and Chief Accounting Officer (Principle Accounting Officer)	March 28, 2000
/s/ DAVID L. DYCKMAN David L. Dyckman	Vice President - Business Development and Chief Financial Officer (Principal Financial Officer)	March 28, 2000
/s/ MICHAEL D. HUFF Michael D. Huff	Director	March 28, 2000
/s/ G. RONALD MORRIS G. Ronald Morris	Director	March 28, 2000
/s/ MICHAEL E. WERNER Michael E. Werner	Director	March 28, 2000
/s/ STEVEN T. WARSHAW Steven T. Warshaw	Director	March 28, 2000
/s/ JAMES L. EARSLEY James L. Earsley	Director	March 28, 2000

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Index to Exhibits

10.17	Operating Agreement, dated March 16, 2000, among NN Ball & Roller, Inc. and General Bearing Corporation.
23.1	Consent of PricewaterhouseCoopers LLP
27.0	Financial Data Schedule

EXHIBIT 10.17

OPERATING AGREEMENT
OF
NN GENERAL, LLC

THIS OPERATING AGREEMENT (this "Agreement") is made and entered into as of March 16, 2000, by and among NN Ball & Roller, Inc., a Delaware corporation ("NN") and General Bearing Corporation, a Delaware corporation ("GBC") (hereinafter sometimes referred to individually as a "Member" or collectively as the "Members.")

RECITALS

WHEREAS, the Members desire to form a limited liability company called NN General, LLC (the "Company") pursuant to the provision of the Delaware Limited Liability Company Act (the "Act"); and

WHEREAS, the Members, being all of the members of the Company, desire and agree to enter into this Operating Agreement in accordance with the Act;

NOW, THEREFORE, in consideration of the mutual covenants and premises herein, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I
GENERAL PROVISIONS

Section 1.1. Formation of the Company. The Members hereby agree to form the Company in accordance with the Act and associate themselves as Members in the Company as formed under and pursuant to the provisions of the Act for the purposes set forth in this Operating Agreement. The Members agree that the rights, obligations, and interests of the Members in the Company shall be governed by the terms of this Operating Agreement. The Board of Managers (as defined in Section 2.1 hereof) shall take such actions as may be required to effect such formation including registration of the Company as a foreign limited liability company in any other jurisdiction in which such registration is necessary or appropriate. The costs and expenses associated with such formation shall be borne by the Company and the Company shall reimburse each Member for any and all out-of-pocket costs incurred by the Member directly related to the formation of the Company. The term of the Company shall be as set forth in the Articles of Organization of the Company and shall continue until dissolution and termination of the Company in accordance with the provisions thereof and hereof.

Section 1.2. Name. The business and affairs of the Company shall be conducted solely under the name of "NN General, LLC" and such name shall be used at all times in connection with the business and affairs of the Company.

Section 1.3. Purpose. The Company is organized for a profit and the nature of its business and purposes to be conducted or promoted are to engage in any lawful act or activities for which limited liability companies may be organized under the Act.

Section 1.4. Place of Business. The Company shall maintain a place of business at such place or places as the Board of Managers may from time to time designate.

Section 1.5. Names and Addresses of the Members and the Appointment of the Initial Board of Managers. The names and mailing addresses of the Members and the initial Managers of the Company are as follows:

Name of Member	Address of Member
NN Ball & Roller, Inc.	800 Tennessee Road Erwin, Tennessee 37650 USA
General Bearing Corporation	44 High Street West Nyack, New York 10994 USA

Name of Initial Managers	Address of Initial Managers
David L. Dyckman	800 Tennessee Road Erwin, Tennessee 37650 USA
David L. Gussack	44 High Street West Nyack, New York 10994 USA

ARTICLE II
DEFINITIONS

Section 2.1. Definitions. Capitalized terms used in this Agreement shall have the meanings set forth below or as otherwise specified herein:

"Affiliate" means (1) any executive officer or director of a Member or Manager, (2) any person that controls, is controlled by or is under common control with such Member or Manager, and (3) any executive officer or director of any entity described in (2) above.

"Agreement" means this Operating Agreement, as the same may be further amended and/or restated from time to time.

"Board" means the Board of Managers.

"Board of Managers" means the individuals elected by the Members pursuant to Section 7.1 hereof (and their respective successors).

"Company" means NN General, LLC.

"Dissolution Proceeds" is defined in Section 10.2.

"Distribution Percentage" shall be, for each Member, the total number of Membership Units held by the Member divided by the total number of Membership Units issued by the Company and shall initially be as set forth opposite such Member's name, as follows:

Member	Distribution Percentage
NN	50%
GBC	50%
	100%

A Member's "Interest" in the Company means the right of such Member to any and all distributions to which such Member may be entitled as provided in this Agreement, together with the duties and obligations of such Member to comply with all of the terms and provisions of this Agreement.

"Member" has the meaning set forth in the introductory paragraph.

"Member Loans" is defined in Section 3.3.

"Membership Units" shall mean all of the units issued by the Company to represent a Member's Interest including both Class A Membership Units and Class B Membership Units.

"Members Owning a Voting Majority" shall mean Members who, in the aggregate, hold not less than 60% of the Distribution Percentages of the Company owned by all of the Members entitled to vote on the decision being taken.

"Net Book Value" means the Company's total assets less its total liabilities as shown on its last regularly prepared balance sheet.

"Net Cash Receipts" for the applicable period means the gross receipts of the Company during such period, plus any reductions in funded reserves arising out of the reversal of such reserves, less the following: (1) operating expenses paid during such period; (2) interest and principal paid during such period on indebtedness of the Company other than interest and principal paid on Member Loans; (3) expenditures for capital improvements and other capital items paid during such period; and (4) additions to reserves made during such period. For purposes of the foregoing, (a) gross receipts of the Company shall not include Dissolution Proceeds, or any amount entering into the calculation thereof, and shall not include capital contributions or Member Loans; (b) reserves for anticipated or contingent liabilities and working capital shall be established for the Company in such amounts as are reasonably determined by the Board; and (c) no deductions from gross receipts of the Company shall be made for amounts paid out of funded reserves.

"Officer" shall mean the individuals designated or elected as President, Vice President, Secretary, or Treasurer as provided in this Agreement.

Section 2.2. Additional Definitions. The definitions in Section 2.1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine and neuter forms. The term "person" includes individuals, partnerships, corporations, limited liability companies, trusts, and other associations. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." The words "herein," "hereof," "hereunder," and similar terms shall refer to this Agreement, unless the context otherwise requires.

ARTICLE III
CAPITAL CONTRIBUTIONS

Section 3.1. Initial Capital Contributions.

(a) GBC shall make the capital contribution to the Company as reflected on Schedule 1, attached hereto and incorporated herein by reference, in exchange for a fifty percent (50%) Interest in the Company, represented by fifty (50) Class A Membership Units in the Company.

(b) NN shall make the capital contribution to the Company as reflected on Schedule 1, attached hereto and incorporated herein by reference, in exchange for a fifty percent (50%) Interest in the Company, represented by fifty (50) Class B Membership Units in the Company.

(c) The Class A Membership Units and Class B Membership Units shall have identical rights on all matters except the Class A Membership Units shall be allowed to receive distributions disproportional to the Class B Membership Units as provided in Section 4.1 below.

Section 3.2. GBC Assignment. GBC shall assign to the Company all of its rights, title and interest (the "GBC Assignment") in and to Jiangsu General Ball & Roller Co., Ltd. (the "JV"). The Company shall reimburse GBC for all out-of-pocket costs incurred by GBC directly related to the formation of the JV, including due diligence expenses, legal expenses, and any capital contributions made to the JV by GBC before the assignment by GBC to the Company all as completely set forth on Schedule 2 attached hereto and incorporated herein by reference. GBC shall use its best efforts to obtain, if required, the approval of the Approval Committee, as defined below, of the assignment by GBC of its interest in the JV. GBC, to the best of its knowledge, represents and warrants to the Company with respect to the GBC Assignment that:

(a) GBC and Jiangsu Lixing Steel Ball Factory ("JSBF") have formed the JV under the laws of the People's Republic of China (the "PRC") to own and operate the business of manufacturing and marketing high quality rolling elements for bearings and other related products in the manufacturing facility located in Rugao City, Jiangsu Province, People's Republic of China ("JSBF Business") and own a 60% and 40%

interest therein, respectively. No other person or entity owns or has the right, now or at any time in the future, to acquire any interest in the JV. GBC has previously delivered to NN a true, correct and complete copy of the Joint Venture Contract and the Articles of Association of the JV, as amended, and such documents (a) reflect the entire agreement between GBC and JSBF related to the ownership and operation of the JSBF Business and (b) remain in effect and have not been further amended or modified.

(b) GBC has full power and authority to enter into this Agreement and to undertake and complete the transactions contemplated hereby. No consent or approval by any person or entity is required in order for GBC to enter into or complete the transactions contemplated by this Agreement, other than the approval from the Rugao International Economic Committee, Jiangsu Province, China (the "Approval Committee") required for the assignment of GBC's Assignment in the JV as contemplated hereby.

(c) GBC has fully and accurately disclosed to NN all material information related to the JV, JSBF and the JSBF Business. To GBC's best knowledge,

(1) JSBF has operated and since its formation the JV has operated, and continues to operate in accordance with all applicable law and all contracts, agreements, and orders binding on them;

(2) JSBF had full power and authority to transfer its assets and liabilities to the JV, subject only to governmental approvals all of which have been obtained;

(3) the JV was formed and currently exists in accordance with all applicable law;

(4) the JV owns or controls under leases all assets, tangible and intangible, necessary to carry on the JSBF Business as conducted prior to the formation of the JV; and

(5) The financial information of JSBF, the due diligence report by KPMG, and all other documents provided to NN are as provided to GBC.

Section 3.3. Member Loans. Immediately after the execution of this Agreement, the Members shall loan the Company the amounts reflected in Schedule 3, attached hereto and incorporated herein by reference, and NN agrees to loan the Company up to an additional US$1,000,000 (together with the amount for NN reflected in Schedule 3 the "NN Member Loan") and GBC agrees to loan the Company up to an additional US$1,500,000 (together with the amount for GBC reflected in Schedule 3 the "GBC Member Loan"). All Member Loans shall be in the form of the promissory notes (the "Notes") in Schedule 4, attached hereto and incorporated herein by reference. Notwithstanding anything to the contrary herein, the member of the Board of Managers appointed by NN shall have authority to execute the Notes evidencing the Member Loans described in this Section.

Section 3.4. Additional Capital Contributions. No Member shall be required to make any capital contributions to the Company beyond the capital contributions made pursuant to Section 3.1. In the event the Company needs additional funding, as determined by the Board of Managers, any Member shall have the right, but not the obligation, to contribute additional capital to the Company.

Section 3.5. No Interest on Capital. Except as expressly provided in Article IV and/or Article X hereof, no Member shall be paid interest on any capital contribution.

ARTICLE IV
DISTRIBUTIONS

Section 4.1. Distributions of Net Cash Receipts. Subject to the provisions of Section 10.2 hereof (governing the application of Dissolution Proceeds), the Company's Net Cash Receipts shall be distributed to the Members in proportion to their respective Distribution Percentages at such times as the Board shall determine in its sole and absolute discretion on the following basis:

(a) first, used to repay the principal and interest on the Member Loans on a dollar for dollar basis until the GBC Member Loan is repaid in full;

(b) then, to the Member holding Class A Membership Units and to repay the principal and interest on the NN Member Loan on a dollar for dollar basis; and

(c) when both of the Member Loans have been repaid in full, Net Cash Receipts shall be distributed to the holders of the Class A Membership Units and Class B Membership Units according to their respective Distribution Percentages.

Section 4.2. Distributions to Be Made In Cash. Unless otherwise determined by the Board, all distributions shall be made in cash and no Member shall have the right to receive distributions of property other than cash either during the term of the Company or upon its dissolution. No Member may be compelled to accept a distribution of any property other than cash from the Company unless all Members receive undivided ownership interests therein that are in proportion to their respective Distribution Percentages.

ARTICLE V
ALLOCATION OF PROFITS AND LOSSES

Section 5.1. Profits and Losses. The Company's income, gains, losses, deductions and credits (and items thereof), for each fiscal year of the Company, shall be allocated among the Members (for both book and tax purposes) in proportion to their respective Distribution Percentages.

ARTICLE VI
ACCOUNTING

Section 6.1. Accounting Methods. The Company books and records shall be prepared in accordance with United States generally accepted accounting principles, consistently applied.

A copy of the Company books and records shall be distributed to the parties within forty-five (45) days after the end of each financial quarter and ninety (90) days after the end of each fiscal year of the Company. The Company shall be on an accrual basis for both tax and accounting purposes. All tax returns of the Company shall be prepared by the Company's certified public accountants, under the direction of the Members.

Section 6.2. Fiscal Year. The fiscal year of the Company shall be the calendar year, except that the first fiscal year shall be the period beginning on the date of formation of the Company and ending on December 31, 2000.

ARTICLE VII
MANAGEMENT AND CONTROL

Section 7.1 Appointment of Board of Managers. The Company shall initially have a Board of Managers consisting of two (2) members, one each appointed by NN and GBC. If at any time any Member's Distribution Percentage is equal to or greater than 66.67% (a "Controlling Member"), such Controlling Member shall have the right to increase the size of the Board of Managers to three (3) and to appoint an additional Member to the Board. Each member of the Board so chosen shall hold office until a successor shall be duly appointed.

Section 7.2 Authority of Board of Managers.

(a) The management of the Company shall be vested exclusively in the Board of Managers, and subject to the rights expressly granted to the Members under other provisions of this Agreement, the Board of Managers shall have the exclusive right, authority, and responsibility to manage and control the business, affairs and the day-to-day operations of the Company, and to make all decisions with respect thereto. Pursuant to this Article VII and subject to the other provisions of this Agreement, the Board of Managers shall have all of the rights and powers of a "manager" as provided in the Act and as otherwise provided by law.

(b) Without in any way limiting the general powers and authority of the Board of Managers, the Board shall have the exclusive right, power and authority, on behalf of the Company and in its name, to:

(1) Acquire, purchase, hold, exercise, operate, lease and manage the business property of the Company and to contract for and enter into agreements with others with respect to the acquisition, purchase, holding, exercise, operation, leasing and management of such business property;

(2) To execute and deliver, in furtherance of any or all of the purposes of the Company, and deed, lease, mortgage, security agreement, note, bill of sale, contract or other instrument purporting to convey, exchange, sell or encumber all or any part of the business property or any Interest therein of the Company;

(3) To execute and deliver any and all agreements, contracts, documents, certifications, and instruments necessary or convenient in connection with the ordinary conduct of the business and affairs of the Company and to give such

receipts, releases and discharges with respect to all of the foregoing and all matters incident thereto;

(4) To borrow money and issue evidences of indebtedness and assume existing indebtedness necessary, convenient or incidental to the accomplishment of the purposes of the Company;

(5) To deposit or invest Company funds in such interest-bearing or non-interest bearing investments or accounts at a federally insured bank as the Board deems advisable to the extent such funds are not then required for Company operations and are not required to be distributed pursuant to this Agreement;

(6) To extent that that the funds of the Company are available therefor, to pay (or prepay) all debts and other obligations of the Company; and

(7) To supervise the operation, maintenance, manufacture, management and repair of the business property, including hiring, coordinating the services of, supervising the performance of, and terminating employees, independent contractors and other persons necessary or appropriate to carry out the business and purposes of the Company.

(c) Any person dealing with the Company may rely upon a certificate signed by the Board of Managers, or any person thereunto duly authorized by the Board of Managers, as to:

(1) The identity of any officer or any Member;

(2) The existence or non-existence of any fact which may constitute a condition precedent to acts by the Company or any Member or in any other matter germane to the affairs of the Company;

(3) The persons who are authorized to execute and deliver any instrument or document of the Company; or

(4) Any act or failure to act by the Company.

Section 7.3 Meetings; Voting Requirements. The Board of Managers shall meet at least once every six (6) months. At the option of the Board of Managers, meetings of the Board of Managers may be conducted by telephone. The affirmative vote of sixty percent (60%) of the members of the Board shall be the act of the Board of Managers. The Board may take action upon the unanimous written consent of sixty percent (60%) of the members of the Board.

Section 7.4 Outside Activities. A member of the Board of Managers shall not be required to manage the Company as its sole and exclusive function, but shall devote whatever time, effort and skill as may be reasonably necessary to the conduct of the Company's business.

Section 7.5 Limitations on Board of Managers. The Board of Managers shall not, without the prior written consent of all Members:

(a) Issue any ownership Interest in the Company to any party other than NN or GBC or their 100% owned affiliates.

(b) Sell all or substantially all of the assets of the Company.

(c) Dissolve or liquidate the Company.

(d) Incur any indebtedness of the Company.

(e) Do any act in contravention of this Agreement;

(f) Do any act which would make it impossible to carry on in the ordinary course of the business of the Company; or

(g) Change or reorganize the Company into any other legal form.

Section 7.6 Indemnification.

(a) The Company shall indemnify any member of the Board of Managers and its agents and affiliates (and their respective partners, directors, officers, employees, agents, members, shareholders and affiliates) and officers or employees of the Company against any and all losses, liabilities, damages or expenses (including, without limitation, reasonable attorneys' fees and expenses in connection therewith in amounts paid in settlement thereof) to which any of such persons may directly or indirectly become subject, but only to the extent that such person (i) acted in good faith and (ii) acted in a manner such person reasonably believed to be in or not opposed to the best interests of the Company.

(b) Expenses (including attorneys' fees) incurred by any person in defending any proceeding may be paid by the Company in advance of such proceeding's final disposition upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Company. Such expenses may be similarly paid upon such terms and conditions, if any, as the Board of Managers deems appropriate.

Section 7.7 Compensation.

Except with respect to out-of-pocket costs as provided in Section 12.2 or as may be determined by the Board of Managers, no Member shall be entitled to compensation for its services to the Company.

ARTICLE VIII
MEETINGS AND VOTING

Section 8.1. Meetings of Members. Meetings of Members may be held for any purpose or purposes, unless otherwise prohibited by law and may be called by the Member(s) holding not less than twenty percent (20%) of the Distribution Percentages of the Company.

Such written request shall state the purpose or purposes of the proposed meeting. Business transacted at any meeting of Members shall be limited to the purposes stated in the notice.

Section 8.2. Location of Meetings. All meetings of the Members shall be held at such place as shall be designated from time to time by the Members as stated in the notice of the meeting or in a waiver of notice thereof. In the event that the Members shall fail to fix the place for a meeting of Members, such meeting shall be held at the Company's principal office. At the option of the Members, meetings of the Members may be conducted by telephone.

Section 8.3. Notice of Meetings. Notice of each meeting of Members stating the place, date and hour of the meeting and, the purpose or purposes for which the meeting is called, shall be given to each Member entitled to vote at such meeting not less than ten (10) and no more than sixty (60) days before the date of the meeting.

Section 8.4. Waiver of Notice. Whenever any notice is required to be given to any Member under the provisions of this Agreement or of any law, a waiver thereof in writing signed by such Member, whether before or after the time stated therein, shall be deemed the equivalent to the giving of such notice. Attendance of a Member at a meeting shall constitute a waiver of notice of such meeting, except when the Member attends a meeting for the express and exclusive purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened.

Section 8.5. Actions and Voting by Members. Except as otherwise specifically provided under the Act or this Agreement, all decisions reserved to the Members by this Agreement shall be made by Members Owning a Voting Majority in Interest. Similarly, at any meeting, Members Owning a Voting Majority shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the Act or this Agreement, a different vote is required.

Section 8.6. Proxies. At all meetings of the Members, every Member having the right to vote thereat shall be entitled to vote in person or by proxy appointed by an instrument in writing subscribed by such Member and bearing a date not more than three (3) years prior to such meeting.

ARTICLE IX
TRANSFER OF MEMBERS' INTERESTS

Section 9.1. Restrictions. Without the unanimous written consent of all the Members, no Member may sell, assign, transfer, pledge, mortgage, or otherwise dispose of all or any part of his or her Interest in the Company. As a condition to any transfer or assignment of a Member's Interest, the transferor and the transferee shall provide such legal opinions and documentation as the non-transferring Members shall reasonably request.

Section 9.2. Additional Members. The Company may admit additional Members only with the unanimous written consent of all of the Members.

Section 9.3. Member Buyout. If a Member shall desire to dispose of its Interest in the Company, such Member shall have the right to transfer such Interest to the remaining Members in exchange for the amount of consideration agreed to by the Members at the time of such disposal, and if no agreement as to consideration is reached then the disposal of such Interest shall be for no consideration.

ARTICLE X
DISSOLUTION OF THE COMPANY

Section 10.1. Dissolution Acts.

(a) No act, thing, occurrence, event or circumstance shall cause or result in the dissolution of the Company except that the happening of any one of the following events shall work as an immediate dissolution and termination of the Company:

(1) A determination by all of the Members to dissolve and terminate the Company; or

(2) Any event causing the last remaining Member to cease to be a member of the Company under the terms of the Act.

(b) The Company is hereby granted a right to continue and, absent the unanimous consent of the remaining Members to the contrary, shall continue, upon an Event of Withdrawal of a Member (other than the last remaining Member), or upon the occurrence of any other event which terminates the continued membership of a Member in the Company.

(c) Without limiting the other provisions hereof, neither the assignment of all or any part of a Member's Interest hereunder, nor the admission of a new Member shall cause the dissolution and termination of the Company.

Section 10.2. Distribution of Proceeds on Dissolution. Upon the dissolution and termination of the Company, the Board of Managers of the Company shall proceed with the liquidation and termination of the Company as promptly as possible, but in an orderly and businesslike manner so as not to involve undue sacrifice. The proceeds therefrom and any other funds and assets of the Company (the "Dissolution Proceeds"), shall be applied and distributed as follows and in the following order of priority:

(a) First, to the payment of debts and liabilities of the Company (excluding any liabilities on Member Loans described in Section 3.3) and the expenses of liquidation;

(b) Second, if a dissolution and distribution of proceeds occurs within one (1) year from the effective date of this Agreement then, to the extent available, the Member Loans shall first be repaid in full, without interest, followed by the return of the initial capital contributions of each Member and then any remaining cash shall be paid to the Members in accordance with their Distribution Percentages; and

(c) Third, if a dissolution and distribution of proceeds occurs after one (1) year from the effective date of this Agreement, then, to the extent available, all remaining cash shall be paid to the Members in accordance with their Distribution Percentages.

ARTICLE XI
MANAGEMENT OF THE JV

Section 11.1. JV Board Representation. The Company will have the right to appoint three members of the board of the JV. NN and GBC agree that so long as they have equal representation on the Board of the Company that the three JV board representatives will consist of one person nominated by GBC, one person nominated by NN and one person mutually agreed by GBC and NN. In the event any Member becomes a Controlling Member, the three representatives on the JV board will consist of two persons nominated by the Controlling Member and one person nominated by the other Member. The initial NN representative on the JV board shall be Frank Gentry, the initial GBC representative on the JV board shall be David Gussack who shall also be elected as Chairman of the JV board, and the initial mutually agreed representative on the JV board shall be Joseph Hoo.

Section 11.2. JV Board Meetings. The three JV board representatives appointed by the Company shall cause the JV board to meet at least semi-annually and shall cause the chairman of the JV board to establish a schedule for such meetings at the beginning of each year and allow the meetings to be held by telephone.

Section 11.3. Related Party Transactions. The terms and conditions of any equipment lease or loan to the JV by any party related to the JV made prior to the appointment to the JV board of a person nominated by NN shall be provided in writing to NN for its review and comment.

Section 11.4. Formation of Danish Holding Company. The Company shall form or purchase a holding company organized under the laws of Denmark for the purpose of holding the interest in the JV.

ARTICLE XII
GENERAL

Section 12.1. Notices. Any notice, request, approval, consent, demand or other communication required or permitted hereunder shall be given in writing by (a) personal delivery, (b) expedited delivery service with proof of delivery, (c) United States Mail, postage prepaid, registered or certified mail, return receipt requested, or (d) prepaid telegram, facsimile or telex, confirmed receipt required (provided that such telegram, facsimile or telex is confirmed by delivery service or by mail in the manner previously described), and shall be sent to each party at his respective address set in Section 1.5 hereof (or, in the case of the Company, the principal office address established pursuant to Section 1.6 hereof), or to such different address as such addressee shall have designated by written notice sent in accordance herewith, and shall be deemed to have been given and received either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or in the case of telegram, facsimile or telex, upon receipt. Either Member may change the address and/or addresses to whom notice may be given by giving notice pursuant to this Section at least seven (7) days prior to the date the changes become effective.

Section 12.2. Public Disclosures. No Member, except as required by law, shall disclose any financial or operating information about the Company, including the economic impact of the Member's Interest in the Company, without the express written approval of the other Members.

Section 12.3. Amendments. This Agreement may be amended by a written agreement of amendment executed by all the Members, but not otherwise. No variations, modifications, amendments, or changes herein or hereof shall be binding upon any party hereto, unless set forth in a document duly executed by or on behalf of such party.

Section 12.4. Miscellaneous. This Agreement supersedes any prior agreement or understandings between the parties with respect to the Company. This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the Act, without regard to conflict of laws principles. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns. Captions contained in this Agreement in no way define, limit, or extend the scope or intent of this Agreement. If any provision of this Agreement or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision to any other persons or circumstances, shall not be affected thereby. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

Section 12.5. Remedies. If the Company or any party to this Agreement, obtains a judgment against any other party by reason of breach of this Agreement or failure to comply with the provisions hereof, reasonable attorneys' fees as fixed by the court shall be included in such judgment. Any Member shall be entitled to maintain, on his own behalf or on behalf of the Company, any action or proceeding against any other Member or the Company (including any action for damages, specific performance or declaratory relief) for or by reason of breach by such party of this Agreement, or any other agreement entered into in connection with the same, notwithstanding the fact that any or all of the parties to such proceeding may then be Members, and without dissolving the Company as a limited liability company. No remedy conferred upon the Company or any Member in this Agreement is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No waiver by a Member or the Company of any breach of this Agreement shall be deemed to be a waiver of any other breach of any kind or nature and no acceptance of payment or performance by a Member or the Company after any such breach shall be deemed to be a waiver of any breach of this Agreement, whether or not such Member or the Company knows of such breach at the time it accepts such payment or performance. If a Member has the right herein to approve or consent to any matter or transaction, such approval or consent may be withheld in the sole discretion of such Member for any reason or no reason. No failure or delay on the part of a Member or the Company to exercise any right it may have shall prevent the exercise thereof by such Member or the Company at any time such other may continue to be so in default, and no such failure or delay shall operate as a waiver of any default.

IN WITNESS WHEREOF, the parties hereto have executed this Operating Agreement as of the date first above-written.

MEMBERS:

NN BALL & ROLLER, INC.

By: /s/ Roderick R. Baty
Name: Roderick R. Baty
Title: President & Chief Executive Officer

GENERAL BEARING CORPORATION

By: /s/ Barry A. Morris
Name: Barry A. Morris
Title: Chief Financial Officer

SCHEDULE 1

INITIAL CAPITAL CONTRIBUTIONS

Member	Initial Capital Contribution
NN	US$100,000
GBC	US$100,000

SCHEDULE 2

INVESTMENT CAPITAL & EXPENSES RELATED TO FORMATION OF JOINT VENTURE

Date	Description	Amount
1. Capital		
01/00	Keybank wire-Investment on JGBR	$2,000,000.00
2. Expenses		
12/99	Coudert Brothers - legal service	$ 7,886.37
	Lingyan Li - trip to China to clear open issues	5,541.18
02/00	KPMG Peat Marwick due diligence	46,250.00
	Total Expenses	$ 59,677.55

SCHEDULE 3

INITIAL LOANS TO COMPANY

Member	Initial Loans
NN	US$2,400,000
GBC	US$900,000

SCHEDULE 4

FORM OF PROMISSORY NOTES

PROMISSORY NOTE

$ 2,400,000.00 March 16, 2000

FOR VALUE RECEIVED, the undersigned, NN General, LLC, a Delaware limited liability company (the "Maker"), hereby promises to pay to the order of NN Ball & Roller, Inc., a Delaware corporation (the "Holder"), the principal sum of Two Million and Four Hundred Thousand Dollars ($2,400,000.00), together with interest at the applicable federal rate as then published by the U.S. Treasury Department, compounded annually and computed on the basis of a 365 day year, on December 31, 2020. The Maker reserves the right to prepay all or any portion of this Promissory Note at any time and from time to time without premium or penalty of any kind.

Any payment made hereunder shall be made in lawful currency of the United States of America in immediately available funds, at 800 Tennessee Road, Erwin, Tennessee 37650, USA, or at such other place as the Holder may designate in writing.

The Promissory Note may not be assigned, including by operation or law, without the consent of the Maker.

This Promissory Note shall be governed by and construed and enforced in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned had duly caused this Promissory Note to be executed and delivered at the place specified above and as of the date first written above.

NN General, LLC

By: /s/ David L. Dyckman

Name: David L. Dyckman

Title: Manager

PROMISSORY NOTE

$ 900,000.00 March 16, 2000

FOR VALUE RECEIVED, the undersigned, NN General, LLC, a Delaware limited liability company (the "Maker"), hereby promises to pay General Bearing Corporation, a Delaware corporation (the "Holder"), the principal sum of Nine Hundred Thousand Dollars ($900,000.00), together with interest at the applicable federal rate as then published by the U.S. Treasury Department, compounded annually and computed on the basis of a 365 day year, on December 31, 2020. The Maker reserves the right to prepay all or any portion of this Promissory Note at any time and from time to time without premium or penalty of any kind.

Any payment made hereunder shall be made in lawful currency of the United States of America in immediately available funds, at 44 High Street, West Nyack, New York, New York 10994, USA, or at such other place as the Holder may designate in writing.

This Promissory Note may not be assigned, including by operation or law, without the consent of the Maker.

This Promissory Note shall be governed by and construed and enforced in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned had duly caused this Promissory Note to be executed and delivered at the place specified above and as of the date first written above.

NN General, LLC

By: /s/ David L. Dyckman
Name: David L. Dyckman
Title: Manager

Exhibit 23.1

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-74694) of NN Ball & Roller, Inc. of our report dated February 4, 2000 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

PRICEWATERHOUSECOOPERS LLP

Greensboro, North Carolina
March 28, 2000

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NN Ball & Roller, Inc.
1,000

YEAR
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JAN-01-1999
DEC-31-1999
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85,294
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59,967
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11,819
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0.52