==

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

FORM 10-Q

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

For the quarterly period ended September 30, 2000

OR

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

For the transition period from _________ to _________

Commission File Number 0-23486

NN, Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

As of November 10, 2000 there were 15,246,909 shares of the registrant's common stock, par value $0.01 per share, outstanding.

==

NN, Inc.

INDEX

PART I. FINANCIAL INFORMATION

NN, Inc.

Condensed Statements of Income and Comprehensive Income

(Unaudited)

Thousands of Dollars, Except Per Share Data	Three Months Ended September 30, 2000	Three Months Ended September 30, 1999	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999
Net sales	$ 37,075	$ 25,601	$ 90,720	$ 60,988
Cost of goods sold	26,103	18,289	64,415	43,403
Gross profit	10,972	7,312	26,305	17,585
Selling, general and administrative	3,236	2,223	8,017	4,468
Depreciation and Amortization	2,535	1,821	6,103	4,296
Loss on involuntary conversion	1,695	--	10,179	--
Gain on involuntary conversion	(1,695)	--	(10,154)	--
Equity in earnings of unconsolidated affiliate	(39)	--	(105)	--
Income from operations	5,240	3,268	12,265	8,821
Interest expense, net	651	247	1,209	256
Income before provision for income taxes	4,589	3,021	11,056	8,565
Provision for income taxes	1,722	1,077	3,837	2,944
Minority interest of consolidated subsidiary	424	--	424	--
Net income	$ 2,443	$ 1,944	$ 6,795	$ 5,621
Other comprehensive income:				
Foreign currency translation	(2,058)	391	(2,480)	(896)
Other comprehensive income	(2,058)	391	(2,480)	(896)
Comprehensive income	$ 385	$ 2,335	$ 4,315	$ 4,725
Basic income per common share:	$ 0.16	$ 0.13	$ 0.45	$ 0.37
Weighted average number of Shares outstanding	15,245	15,244	15,245	15,244
Diluted income per common share:	$ 0.16	$ 0.13	$ 0.44	$ 0.37
Weighted average number of shares outstanding	15,424	15,317	15,433	15,264

See accompanying notes.

NN, Inc.
Condensed Balance Sheets

Thousands of Dollars	September 30, 2000 (Unaudited)	December 31, 1999
Assets		
Current assets:		
Cash and cash equivalents	$ 8,194	$ 1,409
Accounts receivable, net	34,012	18,183
Inventories, net	20,186	13,122
Other current assets	3,368	688
Total current assets	65,760	33,402
Property, plant and equipment, net	82,028	43,452
Goodwill, net	23,933	12,779
Equity in affiliates	1,397	--
Other assets	5,924	735
Total assets	$ 179,042	90,368
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 18,637	$ 5,343
Accrued pension obligation	5,856	--
Accrued wages	2,766	676
Accrued bonuses	1,567	207
Deferred income	624	875
Income taxes payable	2,010	1,283
Other current liabilities	3,653	2,094
Total current liabilities	35,113	10,478
Long-term debt	50,427	17,151
Minority interest in consolidated subsidiary	30,024	--
Deferred income taxes	2,678	2,611
Total liabilities	118,242	30,240
Total stockholders' equity	60,800	60,128
Total liabilities and stockholders' equity	$179,042	$90,368

See accompanying notes.

NN, Inc.

Condensed Statements of Changes in Stockholders' Equity

(Unaudited)

Thousands of Dollars	Common stock Number Of shares	Par value	Additional paid in capital	Retained earnings	Other comprehensive income	Total
Balance, January 1, 1999	14,804	$149	$27,902	$28,306	$ (115)	$56,242
Net income				5,621		5,621
Dividends				(3,588)		(3,588)
Acquisitions	440	4	2,496			2,500
Other comprehensive income (loss)					(896)	(896)
Balance, September 30, 1999	15,244	$153	$30,398	$30,339	$(1,011)	$59,879
Balance, January 1, 2000	15,244	$153	$30,398	$31,255	$ (1,678)	$60,128
Shares issued	3		16			16
Net income				6,795		6,795
Dividends paid				(3,659)		(3,659)
Other comprehensive income					(2,480)	(2,480)
Balance, September 30, 2000	15,247	$153	$30,414	$34,391	$ (4,158)	$60,800

See accompanying notes.

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

Thousands of Dollars	Nine Months Ended September 30, 2000	1999
Operating Activities:		
Net income	$6,795	$5,621
Adjustments to reconcile net income:		
Depreciation and amortization	6,103	4,296
Equity earnings of unconsolidated affiliate	(105)	--
Interest income on receivable from unconsolidated affiliate	(95)	--
Minority interest in earnings of affiliated subsidiary	424	--
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(3,392)	(3,518)
Inventories	54	5,101
Income taxes	238	409
Other current assets	(2,357)	(66)
Other assets	(1,413)	29
Accounts payable	6,714	624
Accrued bonuses	1,360	1,485
Other liabilities	420	902
Net cash provided by operating activities	14,746	14,883
Investing Activities:		
Acquisition of plant, property, and equipment	(6,972)	(1,240)
Involuntary conversion of plant, property and equipment	2,001	--
Long-term note receivable	(3,120)	--
Investment in unconsolidated affiliate	(100)	--
Payments for acquisitions, net of cash acquired	(56,521)	(27,414)
Net cash used by investing activities	(64,712)	(28,654)
Financing Activities:		
Proceeds (payments) under revolving credit facility	5,480	18,714
Proceeds from issuance of stock	15	--
Minority shareholders capital contributions	29,600	--
Proceeds from long-term debt	27,796	--
Dividends	(3,659)	(3,588)
Net cash provided by financing activities	59,232	15,126
Effect Of Exchange Rates On Cash	(2,480)	(896)
Net Change in Cash and Cash Equivalents	9,266	1,355
Cash and Cash Equivalents at Beginning of Period	1,408	1,430
Cash and Cash Equivalents at End of Period	$ 8,194	$ 1,889

See accompanying notes.

NN, Inc.

Notes To Condensed Financial Statements

Note 1. Interim Financial Statements

The accompanying condensed financial statements of NN, Inc. (the "Company") have not been audited by independent accountants, except for the balance sheet at December 31, 1999. In the opinion of the Company's management, the financial statements reflect all adjustments necessary to present fairly the results of operations for the three and nine month periods ended September 30, 2000 and 1999, respectively, the Company's financial position at September 30, 2000 and December 31, 1999, and the cash flows for the nine month periods ended September 30, 2000 and 1999, respectively. These adjustments are of a normal recurring nature and are, in the opinion of management, necessary for fair presentation of the financial position and operating results for the interim periods.

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

The results for the first three quarters of 2000 are not necessarily indicative of future results.

Note 2. Inventories

Inventories are stated at the lower of cost or market, with cost being determined by the first-in, first-out method.

Inventories are comprised of the following (in thousands):

	September 30, 2000 (Unaudited)	December 31, 1999
Raw materials	$ 3,364	$ 3,131
Work in process	4,748	2,585
Finished goods	12,074	7,406
	20,186	13,122

Note 3. Net Income Per Share

Thousands of Dollars, Except Share and Per Share Data	Three Months Ended September 30, 2000	1999	Nine Months Ended September 30, 2000	1999
Net income	$ 2,443	$ 1,944	$ 6,795	$ 5,621
Adjustments to net income	--	--	--	--
Net income	$ 2,443	$ 1,944	$ 6,795	$ 5,621
Basic shares outstanding	15,245,147	15,244,282	15,244,565	15,244,282
Effect of dilutive stock options	178,980	72,658	188,905	19,532
Dilutive shares outstanding	15,424,127	15,316,940	15,433,470	15,263,814
Basic net income per share	$ 0.16	$ 0.13	$ 0.45	$ 0.37
Diluted net income per share	$ 0.16	$ 0.13	$ 0.44	$ 0.37

Excluded from the shares outstanding for the third quarter ended September 30, 2000 and 1999 were 10,750 and 470,125 antidilutive options, respectively, which had exercise prices ranging from $9.75 to $11.50 and $9.39 to $15.50. Excluded from the shares outstanding for the nine months ended September 30, 2000 and 1999 were 10,750 and 510,125 antidilutive options, respectively, which had exercise prices ranging from $9.75 to $11.50 and $6.38 to $15.50.

Note 4. Segment Information

In connection with the Company's acquisition of certain assets and liabilities of Earsley Capital Corporation in July 1999, the Company has chosen to realign its reportable segments on the basis of manufactured products. As a result of this realignment, the Company now has two reportable segments which include balls & rollers and plastics. The Company's ball & roller operations are distributed among two manufacturing facilities in Tennessee, one manufacturing facility in South Carolina and the three European facilities comprising the Company's 54% owned subsidiary, NN Euroball ApS. All of these facilities are engaged in the production of precision balls and rollers used primarily in the bearing industry. The Company's plastic operations are located in two manufacturing facilities located in Lubbock, Texas. The facility is engaged in the production of precision plastic injection molded components.

The accounting policies of the segments do not differ from those of the consolidated entity. The Company evaluates segment performance based on profit or loss from operations before income taxes not including non-recurring gains or losses. The Company accounts for intersegment sales and transfers at current market prices; however, the Company did not have any material intersegment transactions during the three or nine-month period ended September 30, 2000.

	Three Months Ended September 30, 2000		1999	
Thousands of Dollars	Ball & Roller	Plastics	Ball & Roller	Plastics
Revenues from external customers	$29,243	$ 7,832	$ 15,993	$ 9,608
Segment profit	3,937	228	2,324	697
Segment assets	148,187	30,855	61,465	33,455

Thousands of Dollars	Nine Months Ended September 30, 2000 Ball & Roller	Plastics	1999 Ball & Roller	Plastics
Revenues from external customers	$66,664	$24,056	$51,380	$ 9,608
Segment profit/(loss)	9,919	738	7,868	697
Segment assets	148,188	30,855	61,465	33,455

Segment assets for balls and rollers and plastics at December 31, 1999 were $58.6 million and $31.8 million respectively.

Note 5. Acquisitions

On July 31, 2000, the Company completed its Euroball transaction. Completion of the transaction required the Company to start a jointly owned stand-alone company in Europe, NN Euroball ApS, for the manufacture and sale of chrome steel balls used for the ball bearings and other products. The Company owns 54% of the shares of the new company, SKF and FAG Kugelfischer Georg Schager AG own 23% each. NN Euroball ApS subsequently acquired the ball factories located in Pinerolo, Italy (previously owned by SKF), Eltmann, Germany (previously owned by FAG) and Kilkenny, Ireland (previously owned by NN, Inc.). NN Euroball ApS' employment is approximately 700 and yearly sales are planned to be approximately 95 million euro. Financing for the transaction was provided by HypoVereinsbank Luxembourg S.A. as an agent for Bayerische Hypo-und Vereinsbank AG of Munich, Germany. Acquisition financing of approximately 31.5 million euro was drawn at closing, and the credit facilty provides for additional working capital and capital expenditure financing. The Company is required to consolidate NN Euroball ApS due to their ability to exercise control over its operations and NN Euroball Aps has accounted for the acquisitions of the Pinerolo, Italy and Eltmann, Germany ball factories using the purchase method of accounting. Goodwill arising from this acquisition is being amortized on a straight-line basis over 20 years.

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 paid consideration of approximately $29 million, consisting of cash in the amount of $26.7 million 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 existing line of credit. The Company has accounted for this acquisition using the purchase method of accounting and is amortizing the associated goodwill on a straight-line basis over a period of 20 years.

IMC reported earnings of $1.9 million and $1.2 million on net sales of $28.1 million and $13.7 million for the year ended January 2, 1998 and the six-month period ended July 4, 1999, respectively. Net assets of IMC which were acquired by the Company approximated $13.7 million and $16 million at January 2, 1999 and July 4, 1999, respectively.

On August 31, 2000 the Company acquired a 51% ownership interest in NN Mexico, LLC, a Delaware limited liability company. NN Mexico holds as its sole investment a 100% ownership interest in NN Arte, a manufacturer of plastic components located in Guadalajara, Mexico. To acquire its 51% ownership of NN Mexico, the Company was required to make an initial contribution of $879,000 and provide additional funding of $1.27 million payable upon certain performance conditions at NN Arte. The Company is required to consolidate NN Mexico due to their ability to exercise control over its operations and has accounted for this acquisition using the purchase method of accounting. At September 30, 2000, NN Arte had not commenced operations.

The following unaudited pro forma summary presents the financial information as if the Company's acquisitions occurred on January 1, 1999. 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, nor is it indicative of future results.

Thousands of Dollars	Nine Months Ended September 30, 2000	1999
Revenues from external customers	$114,564	$ 141,796
Net profit	5,447	4,965
EPS	$ 0.36	$ 0.33

Note 6. Fire

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 and did not result in serious injury to any employee. Effected production was shifted to the Company's other facilities as possible as well as the use of other suppliers to protect product supply to customers. Insurance coverage is available for the loss. At September 30, 2000, the Company recorded a loss of approximately $10.2 million representing the net book value of assets destroyed in the fire and other fire related expenses. The Company also recorded a gain of approximately $10.2 million at September 30, 2000 representing the amount it believes the Company will recover from insurance proceeds for losses already recognized.

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

Results of Operations

Three Months Ended September 30, 2000 Compared to the Three Months Ended September 30, 1999

Net Sales. Net sales increased by approximately $11.5 million, or 44.8%, from $25.6 million for the third quarter of 1999 to $37.1 million for the third quarter of 2000. Excluding 2000 third quarter sales of the Ireland facility, which were consolidated into the results of the Company prior to the formation of Euroball which contributed $11.8 million in sales for the quarter. The remainder of the difference is accounted for by increased domestic ball and roller sales which were offset by decreased sales by the plastics division. The decrease in the plastics division was primarily due to decreased sales to one existing customer.

Gross Profit. Gross profit increased $3.7 million, or 50.1%, from $7.3 million for the third quarter of 1999 to $11.0 million for the third quarter of 2000. Net of the Ireland facility 2000 third quarter gross profit, the Euroball joint venture contributed $3.5 million of the increase. The remainder of the increase is due to increased gross profit contribution from the ball and roller division due to higher sales volume and profitability. This increase was somewhat offset by decreased gross profit in the plastics division due to decreased sales volumes. As a percentage of net sales, gross profit increased from 28.6% in the third quarter of 1999 to 29.6% for the same period in 2000. This increase in gross profit as a percentage of net sales was due primarily to increased efficiencies in the ball and roller division in the third quarter of 2000 as compared to the third quarter of 1999.

Selling, General and Administrative. Selling, general and administrative expenses increased from $2.2 million in the third quarter of 1999 to $3.2 million in the third quarter of 2000. Euroball net of the Ireland facility accounted for approximately $700,000 of the increase. The remainder of the increase was due primarily to the Company's business development activities. As a percentage of net sales, selling, general and administrative expenses remained flat at 8.7% for the third quarter of 1999 and 2000.

Depreciation. Depreciation expense increased from $1.8 million for the third quarter of 1999 to $2.5 million for the same period in 2000. This increase was due mainly to the addition of depreciation and amortization expense associated with Euroball. As a percentage of net sales, depreciation expense decreased from 7.1% for in the third quarter of 1999 to 6.8% in the third quarter of 2000.

Interest Expense. Interest expense increased from $247,000 in the third quarter of 1999 to $650,000 during the same period in 2000. The increase was due to primarily to amounts drawn against a credit facility to finance the Euroball transaction. Additionally, increased levels outstanding under the Company's domestic line of credit account for the remainder of the increase. See the "Liquidity and Capital Resources Section."

Net Income. Net income increased by $499,000, or 25.7%, from $1.9 million for the third quarter of 1999 to $2.4 million for the same period in 2000. The majority of the increase was due to Euroball. As a percentage of net sales, net income decreased from 7.6% in the third quarter of 1999 to 6.6% for the third quarter of 2000.

Nine Months Ended September 30, 2000 Compared to the Nine Months Ended September 30, 1999

Net Sales. Net sales increased by approximately $29.7 million, or 48.8%, from $61.0 million for the first nine months of 1999 to $90.7 million for the same period in 2000. Euroball, excluding, sales of the Ireland facility, accounted for $11.8 million of the increase. The July 1999 acquisition of IMC accounted for approximately $16.2 of the increase due to only three months of revenues being included in the nine months ended September 30, 1999 as compared to a full nine months of revenues included in the current year. The remainder of the increase was due to increased ball and roller sales in for the nine-month period ended September 30, 2000. This increase was somewhat offset by decreased sales in the plastics division.

Gross Profit. Gross profit increased $8.7 million, or 49.6%, from $17.6 million for the first nine months of 1999 to $26.3 million for the same period of 2000. Euroball net of Ireland gross profit accounted for $3.5 million in increased gross profit. The acquisition of IMC in July of 1999 accounted for approximately $4.0 million due to only three months of results included in the prior year's period as compared to nine months in the current year's period. The remainder of the increase was due to increased ball and roller profitablity. As a percentage of net sales, gross profit increased from 28.8% in the first nine months of 1999 to 29.0% in the same period of 2000.

Selling, General and Administrative. Selling, general and administrative expenses increased by $3.5 million or 79.4%, from $4.5 million in the first nine months of 1999 to $8.0 million in the same period of 2000. This increase was due primarily to the Company's increased business development activities. Additionally Euroball, net of third quarter 2000 Ireland selling, general and administrative expenses added approximately $700,000. The acquisition of IMC accounted for approximately $1.8 million due to only three months of expenses included in the prior year's period as compared to nine months in the current year's period. As a percentage of net sales, selling, general and administrative expenses increased from 7.3% in the first nine months of 1999 to 8.8% for the same period in 2000.

Depreciation. Depreciation expense increased from $4.3 million for the first nine months of 1999 to $6.1 million for the same period in 2000. This increase was due primarily to Euroball, which contributed $835,000 of depreciation and amortization expense. The IMC acquisition in July 1999 and the inclusion of three months of depreciation being included in the prior year's period as compared to nine months included in the current year accounted for the remainder of the increase. As a percentage of net sales, depreciation expense decreased from 7.0% for the first nine months of 1999 to 6.7% for the same period in 2000.

Interest Expense. Interest expense increased from $256,000 in the first nine months of 1999 to $1.2 million during the same period in 2000. The increase was due to primarily to amounts drawn against a credit facility to finance Euroball. Additionally, increased levels outstanding under the Company's domestic line of credit account for the remainder of the increase. See the "Liquidity and Capital Resources Section."

Net Income. Net income increased by $1.2 million, or 20.9%, from $5.6 million for the first nine months of 1999 to $6.8 million for the same period for 2000. As a percentage of net sales, net income decreased from 9.2% for the first nine months of 1999 to 7.5% for the same period for 2000.

Liquidity and Capital Resources

In July 1997, the Company entered into a loan agreement, which provides for a revolving credit facility of up to $25 million, expiring on June 30, 2000. In December 1999, the Company extended the term of the loan agreement to October 30, 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%. In August 2000, the Company entered into an agreement, which provides an additional $2 million of availability to the revolving credit facility through December 31, 2000. At September 30, 2000 and 1999 amounts outstanding under this revolving credit facility approximated $22.6 million and $18.7 million, respectively, The loan agreement contains various restrictive financial and nonfinancial covenants. The Company, as of November 10, 2000 was in compliance with or had received waivers on all such covenants.

In July 2000, NN Euroball ApS, and its subsidiaries entered into a loan agreement with HypoVereinsbank

Luxembourg S.A. as agent for Bayerische Hypo-und Vereinsbank AG of Munich, Germany for a senior secured revolving credit facility of Euro 5,000,000, expiring on July 15, 2006 and a senior secured term loan of Euro 36,000,000, expiring on July 15, 2006. On July 31, 2000, NN Euroball ApS borrowed a total of Euro 31,500,000 against these facilities for acquisition financing. Additional working capital and capital expenditure financing are provided for under the facility. Amounts outstanding under the facilities accrue interest at a floating rate equal to EURIBOR plus an applicable margin of between 1.50% to 2.25% based upon calculated financial ratios. The loan agreement contains various restrictive financial and nonfinacial covenants. The Company, as of November 10, 2000 was in compliance with or had received waivers on 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 Christmas 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 $30.6 million at September 30, 2000 as compared to $22.9 million at December 31, 1999. The ratio of current assets to current liabilities decreased from 3.2:1 at December 31, 1999 to 1.9:1 at September 30, 2000. Cash flow from operations decreased from $14.9 million during the first nine months of 1999 to $14.7 million during the first nine months of 2000.

During 2000, the Company plans to spend approximately $9.0 million on capital expenditures (of which approximately $7.0 million has been spent through September 30, 2000) including the purchase of additional machinery and equipment for all three of the Company's U.S. facilities as well as the three European facilities. The Company intends to finance these activities with cash generated from operations and funds available under the credit facilities described above. The Company believes that funds generated from operations and borrowings from the credit facilities will be sufficient to finance the Company's working capital needs and projected capital expenditure requirements through December 2000.

Recently Issued Accounting Standards

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which standardizes the accounting for derivative instruments, including certain derivative instruments embedded in other contracts, by requiring an entity recognize those items as assets or liabilities in the statement of financial position and measure them at fair value. SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 2000. The Company is evaluating the effect of this standard on its financial statements and will comply with the requirements of the new standard which becomes effective for the Company's 2001 financial reporting cycle.

In December 1999, the Securities and Exchange Commission ("SEC") issued SEC Staff Accounting Bulletin 101 ("SAB 101"), "Revenue Recognition in Financial Statements". SAB 101 summarizes certain of the staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. The Company will adopt the provisions of SAB 101 in the fourth quarter 2000 and does not expect SAB 101 to have a significant impact on NN's consolidated financial statements.

Name Change

On May 11, 2000, the stockholders of NN Ball & Roller, Inc., at an Annual Meeting of stockholders, approved an amendment to the Company's Certificate of Incorporation changing the name of the company from NN Ball & Roller, Inc. to NN, Inc. On May 23, 2000 the Company filed a Certificate of Amendment to the Certificate of Incorporation with the Delaware Secretary of State.

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

Seasonality and Fluctuation in 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.

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 2000 started a jointly owned stand-alone company in Europe for the manufacture and sale of precision chrome steel balls. Although the Company's Ball & Roller division is currently operating at near full capacity, downturns in the economy and other factors could result in 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. With acquisition of Industrial Molding in July of the 1999 and the Euroball transaction in the current year, the Company estimates that the ten largest customers will account for approximately 70% of its net sales calculated on an annual basis. Sales to SKF and FAG are estimated to approximate 32% and 21% respectively of the annualized net sales of the Company. None of the Company's other customers are currently expected to account for over 10%.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 and in July 2000 completed its Euroball transaction as part of that strategy. Although the Company believes that will be able to integrate the operations of IMC, Euroball 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

The Company is exposed to changes in interest rates primarily as a result of its borrowing activities, which include a $27 million floating rate revolving credit facility which is used to maintain liquidity and fund its business operations. In July 2000, NN Euroball ApS and its subsidiaries entered into a senior secured revolving credit facility of Euro 5,000,000 and a senior term loan of Euro 36,000,000. At September 30, 2000 NN Euroball ApS had approximately $28 million outstanding under these facilities. At September 30, 2000, the Company had $22.6 million outstanding under the revolving credit facility. A one-percent increase in the interest rate charged on the Company's outstanding borrowings under the above facilities would result in interest expense increasing by approximately $500,000. 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 September 30, 2000.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

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

10.20 Joint Venture Formation Agreement, dated as of April 6, 2000, with Amendment No. 1 dated June 15, 2000 and Amendment No. 2 dated July 31, 2000 by and among NN Ball & Roller, Inc., AB SKF, and FAG Kugelfischer Georg Schafer AG (incorporated by reference from Exhibit 10.20 of the Company's Form 8-K filed on August 10, 2000).

27 Financial Data Schedule

(b) Reports on Form 8-K

On August 10, 2000, we filed a Report on Form 8-K to announce the completion of a joint venture transaction with FAG Kugelfischer Georg Schafer AG, a German company, and AB SKF, a Swedish company, to form a new Danish holding company, NN Euroball ApS.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NN Ball & Roller, Inc.
(Registrant)

Date:	November 10, 2000	/s/ Roderick R. Baty Roderick R. Baty, President and Chief Executive Officer (Duly Authorized Officer)
Date:	November 10, 2000	/s/ David Dyckman David Dyckman Chief Financial Officer (Principal Financial Officer) (Duly Authorized Officer)
Date:	November 10, 2000	/s/ William C. Kelly, Jr. William C. Kelly, Jr., Treasurer, Secretary and Chief Accounting Officer (Principal Accounting Officer) (Duly Authorized Officer)

5
0000918541
NN, Inc.
1,000
U.S. DOLLARS

3-MOS
DEC-31-2000
JUL-01-2000
SEP-30-2000
1
8,194
0
34,012
873
20,186
65,760
116,887
34,859
179,042
35,113
0
0
0
153
60,647
179,042
37,075
37,075
26,103
31,874
0
873
651
4,589
1,722
2,443
0
0
0
2,443
0.16
0.16