

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) July 25, 2001  
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NN, INC.

-----  
(Exact name of registrant as specified in its charter)

DELAWARE

0-23485

62-1096725

-----  
(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

2000 Waters Edge Drive, Johnson City, Tennessee

37604

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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (423) 743-9151  
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Not applicable

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(Former name or former address, if changed since last report)

Item 5. Other Events.

On July 25, 2001, the Company issued a press release announcing its second quarter earnings and its new long term financing arrangement. A copy of the press release is attached as Exhibit 99.1 hereto and incorporated herein by reference.

SIGNATURE

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 hereunto duly authorized.

Date: July 25, 2001

NN, INC.

By: /s/ William C. Kelly, Jr.

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William C. Kelly, Jr.,  
Chief Accounting Officer

NEWS BULLETIN

FROM:

RE: NN, INC.  
2000 Waters Edge Drive  
Johnson City, TN 37604

[The Financial Relations Board Logo]  
BSMG WORLDWIDE

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FOR FURTHER INFORMATION:  
AT THE COMPANY:

Will Kelly  
Treasurer & Manager of Investor Relations  
(423) 743-9151

AT THE FINANCIAL RELATIONS BOARD/  
BSMG Worldwide:  
Kerry Thalheim Susan Garland  
(General info) (Analyst)  
212-661-8030 212-661-8030

For Immediate Release  
July 25, 2001

NN, INC. REPORTS 2001 SECOND QUARTER RESULTS

Signs \$60 Million Credit Agreement

Johnson City, Tenn. - July 25, 2001 - NN, Inc. (Nasdaq: NNBR) today reported its financial results for the second quarter ended June 30, 2001. Results for the 2001 second quarter reflect the operations of NN Euroball ApS (Euroball), a stand-alone joint venture company formed on July 31, 2000, the Delta Rubber Company (Delta) acquired on February 16, 2001, as well as the operations of Industrial Molding Corporation (IMC) acquired on July 6, 1999. Both IMC and Delta were acquired in transactions using the purchase method of accounting. The Company also noted that its results for the same period reflect NN's joint venture interests in Jiangsu General Ball & Roller (formed in March 2000) and NN-Arte (a joint venture formed in August 2000).

Net sales for the second quarter of 2001 were \$47,350,000 up 85% compared to \$25,643,000 for the same period of 2000. Net income of \$3,506,000 reflects a \$1,602,000 after-tax gain on insurance proceeds from the fire in the NN Erwin, Tennessee facility in March 2000. Excluding this gain, net income totaled \$1,904,000, or \$0.12 per share, down 15% from \$2,242,000, or \$0.15 per share for the 2000 second quarter.

Net sales for the first half of 2001 were \$97,577,000, up 82% compared to \$53,645,000 in the same period of 2000. Net income of \$4,954,000 reflects the aforementioned second quarter 2001 after-tax gain on insurance proceeds from the fire in the NN Erwin, Tennessee facility. Excluding this gain, net income totaled \$3,352,000, or \$0.22 per share, down from \$4,352,000 or \$0.28 per share for the 2000 first half.

The Company entered into a new syndicated loan agreement on July 20, 2001 with AmSouth Bank, its primary agent, which provides for a two-year revolving credit facility of up to \$25 million and a five-year term loan of \$35 million. This \$60 million agreement replaces a \$50 million revolving credit facility provided by AmSouth Bank. The proceeds from the new loan facility will be used to finance periodic working capital needs and provide long-term financing for the February 16, 2001 acquisition of Delta.

The Company also announced that during the second quarter it determined that the effect of an interest rate swap contract at its NN Euroball ApS subsidiary was not recorded in its first quarter 2001 financial statements as required under Statement of Financial Accounting Standards (SFAS) 133, which was effective for the Company on January 1, 2001. While recording the effect of the interest rate swap will not change the Company's reported basic earnings of \$0.10 per share for the first quarter of 2001, net income of \$1,562,000 for this period will be reduced by \$114,000, which includes a \$98,000 cumulative effect of change in accounting principles. The Company will be filing an amended March 31, 2001 Form 10-Q to reflect the adoption of SFAS 133.

Roderick R. Baty, President and Chief Executive Officer, stated, "Our top line growth in the second quarter of 2001 is the result of the revenue contribution from Euroball and Delta Rubber, totaling \$22.5 million and \$4.5 million, respectively. This was offset somewhat by the adverse economic conditions in our North American markets. While our European markets experienced modest revenue growth year over year, our domestic businesses were down an average of 11%. In light of the current economic situation, we are focusing on cost reduction programs including reduced work schedules at all three of our domestic operations.

"As a percentage of net sales, the gross profit margin was 25.3% in the 2001 second quarter versus 29.9% in the 2000 second quarter. This reflects inventory reductions at our domestic ball & roller facilities as well as volume related margin decline due to soft economic conditions. Selling, general and administrative expense as a percentage of sales was 8.1% compared to 9.6% in the prior year's second quarter," added Mr. Baty

"We have been through down cycles in the past and our overall objective is to manage our business prudently through this difficult operating environment. Toward that end, we are focusing on cost reduction programs, working capital management, reduction in non-critical capital spending, and debt reduction. In particular, our strong cash flows and our new acquisitions are enabling us to pay down debt. Since the beginning of the year, we have reduced long-term debt approximately \$7.7 million excluding the financing for the acquisition of Delta Rubber and the effect of currency. In short, we are on target with our objective of reducing the Company's long-term debt by at least \$12 million during 2001. We also continue to focus on the further integration of all our business units and efforts to maximize the value of NN's broader product offerings to our customers," added Mr. Baty.

"At this time, the resumption of growth in the U.S. economy continues to be very difficult to predict and we are concerned about signs of reduced industrial activity in Europe. If business conditions do not worsen further, we expect that sales for the full year 2001 should reach approximately \$190 million, down from our revised estimate of \$200 million. This volume level reflects a full year contribution from Euroball, the addition of Delta Rubber, modest sales from NN-Arte and market share gains/new product programs in our core domestic operations partially offsetting our weak domestic markets. At these sales levels, the Company is now projecting third quarter earnings to be between \$0.13 and \$0.14 per share and 2001 full year earnings to be between \$0.51 per share to \$0.53 per share excluding any gains resulting from insurance proceeds from the March 2000 fire at the Company's Erwin, Tennessee facility.

"We believe that NN enjoys a number of fundamental strengths that will enable us to withstand the current downturn as well as continue to grow when business conditions improve. These strengths include our strong cash flow and our market share position within the bearing industry. Specifically, NN has worked diligently over the past two years to implement its strategic growth

plan, enabling us to expand our global manufacturing base beyond North America and expand our bearing component platform. In summary, we are well positioned as a key component supplier to our global customers," concluded Mr. Baty.

NN, Inc. is an independent manufacturer and supplier of high quality, precision-bearing components to both domestic and international anti-friction bearing manufacturers and had sales of \$132 million in 2000.

For More Information on NN, Inc. at no cost, via facsimile, please call 1-800-PRO-INFO and enter stock ticker symbol - NNBR

With the exception of the historical information contained in the release, the matters described herein contain forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve a number of risks and uncertainties that may cause actual results to be materially different from such forward-looking statements. Such factors include, among others, general economic conditions and economic conditions in the industrial sector, competitive influences, risks that current customers will commence or increase captive production, risks of capacity underutilization, quality issues, availability of raw materials, currency and other risks associated with international trade, the Company's dependence on certain major customers, and other risk factors and cautionary statements listed from time to time in the Company's periodic reports filed with the Securities and Exchange Commission, including, but not limited to, the Company's Annual Report on 10-K for the fiscal year ended December 31, 2000.

(Financial Tables Follow)

NN, Inc.  
Condensed Statement of Operations  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended June 30,		(As Restated) Six Months Ended June 30,	
	2001	2000	2001	2000
	-----	-----	-----	-----
Net sales	\$47,350	\$25,643	\$97,577	\$53,645
Cost of goods sold	35,320	17,965	73,504	38,311
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Gross profit	12,030	7,678	24,073	15,334
Selling, general and administration	3,886	2,463	7,900	4,781
Depreciation and amortization	3,386	1,723	6,696	3,568
	-----	-----	-----	-----
Income from operations	4,758	3,492	9,477	6,985
Interest expense, net	1,043	268	2,273	559
Equity in earnings of unconsolidated affiliate	23	(53)	(26)	(66)
Net gain on involuntary conversion	(2,542)	--	(2,542)	(25)
Other income	(275)	--	(455)	--
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Income before provision for income taxes	6,509	3,277	10,227	6,467
Provision for income taxes	2,437	1,035	4,073	2,115
Minority interest in consolidated subsidiary	566	--	1,102	--
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Income before cumulative effect of change in accounting principle	3,506	2,242	5,052	4,352
Cumulative effect of change in accounting principle, net of income tax benefit of \$112	--	--	98	--
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Net income	\$3,506	\$2,242	\$4,954	\$4,352
	=====	=====	=====	=====
Income per common share	\$0.23	\$0.15	\$0.32	\$0.28
	=====	=====	=====	=====

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NN, Inc.  
Condensed Balance  
Sheet  
(In thousands)

	June 30, 2001 (Unaudited)	December 31, 2000
	-----	-----
Assets		
Current assets:		
Cash	\$6,629	\$8,273
Accounts receivable, net	34,334	29,549
Inventories, net	23,523	23,742
Other current assets	3,475	1,512
Net current deferred tax asset	104	962
	-----	-----
Total current assets	68,065	64,038
Property, plant & equipment, net	87,057	91,693
Goodwill, net	38,815	27,865
Other non-current assets	7,627	4,212
	-----	-----
Total assets	\$201,564	\$187,808
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$16,790	\$17,337
Accrued salaries & wages	5,504	6,929
Income taxes payable	3,057	1,341
Payable to affiliates	2,739	1,762
Short-term notes	--	2,000
Short-term portion of long-term notes	5,250	--
Other liabilities	10,694	6,490
	-----	-----
Total current liabilities	44,034	35,859
Minority interest in consolidated subsidiaries	28,095	30,257
Deferred income taxes	4,388	5,353
Long-term notes payable	59,592	50,515
Other	775	578
	-----	-----
Total liabilities	136,884	122,562
Total stockholders' equity	64,680	65,246
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Total liabilities and stockholders' equity	\$201,564	\$187,808
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