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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 March 31, 2004

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 |_|

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes |X| No |_|

As of May 7, 2004 there were 16,711,958 shares of the registrant's common stock, par value $0.01 per share, outstanding.

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NN, Inc.
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

Thousands of Dollars, Except Per Share Data	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003
Net sales	$ 77,632	$ 57,609
Cost of products sold (exclusive of depreciation shown separately below)	60,390	42,743
Selling, general and administrative	7,143	4,632
Depreciation and amortization	3,999	3,079
Income from operations	6,100	7,155
Interest expense, net	841	513
Other (income) expense	(56)	(7)
Income before provision for income taxes	5,315	6,649
Provision for income taxes	2,097	2,472
Minority interest in consolidated subsidiaries	--	534
Net income	3,218	3,643
Other comprehensive income:		
Foreign currency translation	(2,489)	1,798
Comprehensive income	$ 729	$5,441
Basic income per common share:	$ 0.19	$ 0.24
Weighted average shares outstanding	16,712	15,378
Diluted income per common share:	$ 0.19	$ 0.23
Weighted average shares outstanding	17,189	15,574
Cash dividends per common share	$ 0.08	$ 0.08

See accompanying notes.

NN, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

Thousands of Dollars	March 31, 2004	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	$ 7,143	$ 4,978
Accounts receivable, net	48,728	40,864
Inventories, net	33,322	36,278
Other current assets	6,342	6,299
Total current assets	95,535	88,419
Property, plant and equipment, net	126,142	128,996
Assets held for sale	--	1,805
Goodwill, net	42,245	42,893
Other assets	4,103	4,304
Total assets	$ 268,025	$ 266,417

Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 35,901	$ 32,867
Dividends payable	1,337	--
Accrued salaries and wages	11,181	12,032
Short-term debt	--	2,000
Current maturities of long-term debt	6,426	12,725
Other current liabilities	4,996	3,070
Total current liabilities	59,841	62,694
Non-current deferred tax liability	13,157	13,423
Long-term loans	75,579	69,752
Accrued pension and other	13,586	14,080
Total liabilities	162,163	159,949
Total stockholders' equity	105,862	106,468
Total liabilities and stockholders' equity	$268,025	$266,417

See accompanying notes.

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

Thousands of Dollars and Shares	Common Stock Number Of Shares	Common Stock Par value	Additional paid in capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2003	15,370	$154	$ 40,457	$ 38,984	$ (1,687)	$ 77,908
Shares issued	11	1	78	--	--	79
Net income	--	--	--	3,643	--	3,643
Dividends declared	--	--	--	(1,230)	--	(1,230)
Other comprehensive income	--	--	--	--	1,798	1,798
Balance, March 31, 2003	15,381	$155	$ 40,535	$ 41,397	$ 111	$ 82,198
Balance, January 1, 2004	16,712	$168	$ 52,960	$ 43,931	$ 9,409	$106,468
Shares issued	--	--	2	--	--	2
Net income	--	--	--	3,218	--	3,218
Dividends declared	--	--	--	(1,337)	--	(1,337)
Other comprehensive income	--	--	--	--	(2,489)	(2,489)
Balance, March 31, 2004	16,712	$168	$ 52,962	$ 45,812	$6,920	$ 105,862

See accompanying notes.

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

Thousands of Dollars	Three Months Ended March 31, 2004	2003
Operating Activities:		
Net income	$ 3,218	$ 3,643
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	3,999	3,079
Amortization of debt issue costs	54	45
Minority interest in consolidated subsidiary	--	534
Changes in operating assets and liabilities:		
Accounts receivable	(8,859)	(9,416)
Inventories	2,348	(1,833)
Other current assets	67	(398)
Other assets	(129)	(1,522)
Accounts payable	3,835	403
Income taxes payable	2,005	3,014
Other liabilities	(388)	(361)
Net cash provided (used) by operating activities	6,150	(2,812)

Investing Activities:		
Acquisition of property, plant, and equipment	(2,286)	(2,071)
Net cash used by investing activities	(2,286)	(2,071)
Financing Activities:		
Proceeds from short-term debt	1,000	--
Book overdraft	--	2,775
Repayment of long-term debt	(2,584)	(83)
Proceeds from issuance of stock	2	79
Net cash provided (used) by financing activities	(1,582)	2,771
Effect of exchange rate changes on cash and cash equivalents	(117)	196
Net Change in Cash and Cash Equivalents	2,165	(1,916)
Cash and Cash Equivalents at Beginning of Period	4,978	5,144
Cash and Cash Equivalents at End of Period	$ 7,143	$ 3,228

See accompanying notes.

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

Note 1. Interim Financial Statements

The accompanying consolidated financial statements of NN, Inc. (the "Company") have not been audited by independent accountants, except that the balance sheet at December 31, 2003 is derived from the Company's audited financial statements. In the opinion of the Company's management, the financial statements reflect all adjustments necessary to present fairly the results of operations for the three month periods ended March 31, 2004 and 2003, the Company's financial position at March 31, 2004 and December 31, 2003, and the cash flows for the three month period ended March 31, 2004 and 2003. 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. As used in this Quarterly Report on Form 10-Q, the terms "NN", "the Company", "we", "our", or "us" mean NN, Inc. and its subsidiaries.

Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. These Condensed, Consolidated, Unaudited Financial Statements should be read in conjunction with our audited Consolidated Financial Statements and the Notes thereto included in our most recent annual report on Form 10-K which we filed with the Securities and Exchange Commission on March 15, 2004.

The results for the first quarter of 2004 are not necessarily indicative of future results.

Note 2. Derivative Financial Instruments

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

In connection with a variable Euribor rate debt financing in July 2000, our subsidiary, NN Europe ApS (formerly known as NN Euroball ApS) entered into an interest rate swap with a notional amount of 12.5 million Euro for the purpose of fixing the interest rate on a portion of its debt financing. The interest rate swap provides for the Company to receive variable Euribor interest payments and pay 5.51% fixed interest. The interest rate swap agreement expires in July 2006 and the notional amount amortizes in relation to initially established principal payments on the underlying debt over the life of the swap. This original debt was repaid in May 2003, however, the swap remains pursuant to its original terms.

As of March 31, 2004, the fair value of the swap was approximately $404,000, which is recorded in other non-current liabilities. The change in fair value during the three month periods ended March 31, 2004 and 2003 was a loss of approximately $8,000 and $104,000, respectively, which have been included as a component of other (income) expense.

Note 3. Inventories

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

Inventories are comprised of the following (in thousands):

	March 31, 2004	December. 31, 2003
Raw materials	$ 7,808	$ 8,492
Work in process	6,772	6,808
Finished goods	19,883	22,128
Less inventory reserves	(1,141)	(1,150)
	$ 33,322	$ 36,278

Inventories on consignment at customer locations as of March 31, 2004 and December 31, 2003 were $2,509 and $3,046, respectively.

Note 4. Net Income Per Share

Thousands of Dollars, Except Share and Per Share Data	**Three Months Ended March 31, 2004**	**2003**
Net income	$3,218	$3,643
Weighted average basic shares	16,711,651	15,378,313
Effect of dilutive stock options	477,099	195,881
Weighted average dilutive shares outstanding	17,188,750	15,574,194
Basic net income per share	$0.19	$0.24
Diluted net income per share	$0.19	$0.23

Excluded from the shares outstanding for each of the periods ended March 31, 2004 and 2003 were 438,000 and 39,800 antidilutive options, respectively, which had exercise prices of $12.62 as of March 31, 2004 and exercise prices ranging from $9.75 to $10.26 as of March 31, 2003.

Note 5. Segment Information

During 2004 and 2003, the Company's reportable segments are based on differences in product lines and geographic locations and are divided among Domestic Ball and Roller, European operations ("NN Europe") and Plastic and Rubber Components. The Domestic Ball and Roller Segment is comprised of two manufacturing facilities in the eastern United States. The NN Europe Segment is comprised of precision ball manufacturing facilities located in Kilkenny, Ireland, Eltmann, Germany, Pinerolo, Italy, Veenendaal, The Netherlands ("Veenendaal") which is a tapered roller and metal cage manufacturing operation acquired in May 2003 and Kysucke Nove Mesto, Slovakia, which is expected to begin production in the second quarter of 2004. See Note 6, "Acquisitions and Joint Ventures". All of the facilities in the Domestic Ball and Roller Segment are engaged in the production of precision balls and rollers used primarily in the bearing industry. All of the facilities in the NN Europe Segment are engaged in the production of precision balls used primarily in the bearing industry except for Veenendaal which is engaged in the production of tapered rollers and cages for use primarily in the bearing industry. The Plastic and Rubber Components Segment is comprised of the Industrial Molding Corporation ("IMC") business, located in Lubbock, Texas and The Delta Rubber Company ("Delta") business, located in Danielson, Connecticut. IMC is engaged in the production of plastic injection molded products for the bearing, automotive, instrumentation, fiber optic and office automation markets. Delta is engaged principally in the production of engineered bearing seals used principally in automotive, industrial, agricultural, mining and aerospace applications.

The accounting policies of each segment are the same as those described in the summary of significant accounting policies in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, including those policies as discussed in Note 1. We evaluate segment performance based on profit or loss from operations before income taxes and minority interest. We account for inter-segment sales and transfers at current market prices; however, we did not have any material inter-segment transactions during the three month periods ended March 31, 2004 or 2003.

	Three Months Ended March 31, 2004			**2003**		
Thousands of Dollars	**Domestic Ball & Roller**	**NN Europe Segment**	**Plastic and Rubber Components**	**Domestic Ball & Roller**	**NN Europe Segment**	**Plastic and Rubber Components**
Revenues from external customers	$ 14,427	$ 50,055	$ 13,150	$ 14,249	$ 28,835	$ 14,525
Segment pretax profit	767	3,790	758	1,980	3,729	940
Segment assets	50,033	160,321	57,671	61,435	87,721	59,980

Note 6. Acquisitions and Joint Ventures

On May 2, 2003 we acquired the 23 percent interest in NN Europe, ApS ("NN Europe") (formerly known as NN Euroball ApS) held by SKF. On March 12, 2004 we changed the name of our primary European entity from NN Euroball, ApS to NN Europe ApS. To avoid confusion between the entity and the segment, we will refer to the segment as the NN Europe Segment and the entity as NN Europe. We paid approximately 13.8 million Euros ($15.6 million) for SKF's interest in Euroball. Upon consummation of this transaction, we became the sole owner of NN Europe.

On May 2, 2003 we acquired 100 percent of the tapered roller and metal cage manufacturing operations of SKF in Veenendaal, The Netherlands. The results of Veenendaal's operations have been included in the consolidated financial statements since that date. We paid consideration of approximately 23.0 million Euros ($25.7 million) and incurred other costs of approximately $1.0 million, for the Veenendaal net assets acquired from SKF. The Veenendaal operation manufactures rollers for tapered roller bearings and metal cages for both tapered roller and spherical roller bearings allowing us to expand our bearing component offering. The results of the Veenendaal operation are included in the NN Europe Segment.

In connection with the acquisition of SKF's Veenendaal, The Netherlands operations, SKF purchased from us 700,000 shares of our common stock for an aggregate fair value of approximately $6.9 million which was applied to the purchase of SKF's Veenendaal, The Netherlands operations. For purposes of valuing the 700,000 common shares issued in our Consolidated Financial Statements, the value was determined based on the average market price of NN, Inc.'s common shares over the two-day period before, the day of, and the two-day period after the terms of the acquisition were agreed to, April 14, 2003.

The following unaudited pro-forma summary presents the financial information for the three month period ended March 31, 2003 as if our Veenendaal acquisition had occurred as of the beginning of the period presented. 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 as of the beginning of each of the periods presented, nor are they indicative of future results.

(In thousands, except per share data)	Three months ended March 31, 2003 (unaudited)
Net sales	$ 70,829
Net income	3,814
Basic earnings per share	0.25
Diluted earnings per share	0.24

Note 7. New Accounting Pronouncements

In December 2003, the FASB issued Financial Interpretation No. 46(R), "Consolidation of Variable Interest Entities," ("FIN 46(R)"). This interpretation addresses consolidation by business enterprises of variable interest entities with certain defined characteristics and replaces Financial Interpretation No. 46. The interpretation was effective January 1, 2004 for variable interest entities existing prior to February 2003. FIN 46(R) did not have a significant impact on the Company's consolidated financial statements.

In December 2003 the FASB issued SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits". SFAS No. 132R revises employers' disclosures about pension plans and other postretirement benefit plans. It does not change the measurement or recognition of those plans required by FASB Statements No. 87, "Employers' Accounting for Pensions", No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pensions Plans and for Termination Benefits, and No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions". SFAS No. 132R requires additional disclosures to those in the original Statement 132 about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. With certain exceptions, principally related to disclosure requirements of foreign plans, SFAS No. 132R is effective for financial statements with fiscal years ending after December 15, 2003. As of March 31, 2004, we have complied with the disclosure requirements of SFAS No. 132R.

We have a defined benefit pension plan covering the employees at our Eltmann, Germany facility. The benefits are based on the expected years of service including the rate of compensation increase. The plan is unfunded.

Components of Net Periodic Pension Cost:

(in thousands of dollars)	**Three months ended March 31, 2004**	**2003**
Service cost	$26	$29
Interest cost	58	52
Amortization of net gain	--	2
Net periodic pension cost	$84	$83

We expect to contribute approximately $0.3 million to our pension plan in 2004. As of March 31, 2004, approximately $0.1 million of contributions have been made.

Note 8. Long-Term Debt and Short-Term Debt

On May 1, 2003 in connection with the purchase of SKF's Veenendaal component manufacturing operations and SKF's 23 percent interest in Euroball, we entered into a new $90 million syndicated credit facility with AmSouth Bank ("AmSouth") as the administrative agent and Suntrust Bank as the Euro loan agent for the lenders under which we borrowed $60.4 million and 26.3 million Euros ($29.6 million) (the "$90 million credit facility"). This new financing arrangement replaced our prior credit facility with AmSouth and Hypo Vereinsbank Luxembourg, S.A. The credit facility consists of a $30.0 million revolver expiring on March 15, 2006, bearing interest at a floating rate equal to LIBOR (1.11% at March 31, 2004) plus an applicable margin of 1.25 to 2.0, a $30.4 million term loan expiring on May 1, 2008, bearing interest at a floating rate equal to LIBOR (1.11% at March 31, 2004) plus an applicable margin of 1.25 to 2.0 and a 26.3 million Euro ($29.6 million) term loan expiring on May 1, 2008 which bears interest at a floating rate equal to Euro LIBOR (1.94% at March 31, 2004) plus an applicable margin of 1.25 to 2.0. The loan agreement contains customary financial and non-financial covenants. Such covenants specify that we must maintain certain liquidity measures. The loan agreement also contains customary restrictions on, among other things, additional indebtedness, liens on our assets, sales or transfers of assets, investments, restricted payments (including payment of dividends and stock repurchases), issuance of equity securities, and mergers, acquisitions and other fundamental changes in the Company's business. The credit agreement is un-collateralized except for the pledge of stock of certain foreign subsidiaries. We were in compliance

with all such covenants as of March 31, 2004. See Note 11. On October 9, 2003 we acquired certain assets comprised of land, building and machinery and equipment of the precision ball operations of KLF - Gulickaren ("KLF"), based in Kysucke Nove Mesto, Slovakia. We paid consideration of approximately 1.7 million Euros ($2.0 million). The assets will be utilized by our newly established subsidiary AKMCH s.r.o. ("AKMCH") based in Kysucke Nove Mesto, Slovakia, which will begin production in the second quarter of 2004. The financial results of their operations have been included in our NN Europe Segment.

In connection with the acquisition of KLF's operations in Slovakia, on September 23, 2003 we entered into a $2.0 million short-term unsecured promissory note (the "$2.0 million note") with AmSouth as the lender. This note, which bears interest at the prime rate (4.0% at March 31, 2004) matures on May 12, 2004. See Note 11.

On March 23, 2004 we entered into a $2.7 million short-term promissory note (the "$2.7 million note") with AmSouth Bank ("AmSouth") as the lender. This note, which bears interest at the prime rate (4.0% at March 31, 2004), matures on June 20, 2004. This agreement was entered into to fund short term operating capital requirements. As of March 31, 2004, borrowings totaled $1.0 million under this note. See Note 11.

Note 9. Goodwill

The changes in the carrying amount of goodwill for the three month period ended March 31, 2004 are as follows:

In thousands of dollars	**Plastic and Rubber Components Segment**	**NN Europe Segment**	**Total**
Balance as of January 1, 2004	$ 25,755	$ 17,138	$ 42,893
Currency impacts	--	(648)	(648)
Balance as of March 31, 2004	$ 25,755	$ 16,490	$ 42,245

Note 10. Stock Compensation

We have adopted the provisions of SFAS 123, which encourages but does not require a fair value based method of accounting for stock compensation plans. We have elected to continue accounting for our stock compensation plan using the intrinsic value based method under Auditing Practices Board ("APB") Opinion No. 25 and, accordingly, have not recorded compensation expense for the three month periods ended March 31, 2004 and March 31, 2003. Had compensation cost for our stock compensation plan been determined based on the fair value at the option grant dates, our net income and earnings per share would have been reduced to the pro-forma amounts indicated below:

In Thousands, Except per Share Data	**Three months ended March 31, 2004**	**2003**
Net income - as reported	$ 3,218	$3,643
Stock based compensation costs (income), net of income tax, included in net income as reported	(67)	--
Stock based compensation costs, net of income tax, that would have been included in net income if the fair value method had been applied	(7)	(10)
Net income - pro-forma	$3,144	$3,633

	Three months ended March 31, 2004	2003
Basic earnings per share - as reported	$ 0.19	$ 0.24
Stock based compensation costs (income), net of income tax, included in net income as reported	--	--
Stock based compensation costs, net of income tax, that would have been included in net income if the fair value method had been applied	--	--
Basic earnings per share - pro-forma	$ 0.19	$ 0.24
Earnings per share-assuming dilution - as reported	$ 0.19	$ 0.23
Stock based compensation costs (income), net of income tax, included in net income as reported	(0.01)	--
Stock based compensation costs, net of income tax, that would have been included in net income if the fair value method had been applied	--	--
Earnings per share - assuming dilution-pro-forma	$ 0.18	$ 0.23

The fair value of each option grant was estimated based on actual information available through March 31, 2004 and 2003 using the Black Scholes option-pricing model with the following assumptions:

Term	Vesting period
Risk free interest rate	3.85% and 3.28% at March 31, 2004 and 2003, respectively
Dividend yield	2.74% and 3.66% at March 31, 2004 and 2003, respectively
Volatility	49.16% and 50.11% at March 31, 2004 and 2003, respectively

Note 11. Subsequent Events

On April 26, 2004 we issued $40.0 million of aggregate principal amount senior notes in a private placement. These notes bear interest at a fixed rate of 4.89% and mature on April 26, 2014. Interest is paid semi-annually. Annual principal payments begin on April 26, 2008 and extend through the date of maturity. Proceeds from this credit facility were used to repay our existing US dollar denominated term loan and repay a portion of our borrowings under our US dollar denominated revolving credit facility, which are both components of our $90 million credit facility, and to repay borrowings under our $2.0 million note and our $2.7 million note. The current maturities of the US dollar denominated long-term debt and the short-term notes have been classified as long-term loans in our Consolidated Balance Sheet as of March 31, 2004 as a result of this transaction. The agreement contains customary financial and non-financial covenants. Such covenants specify that we must maintain certain liquidity measures. The agreement also contains customary restrictions on, among other things, additional indebtedness, liens on our assets, sales or transfers of assets, investments, restricted payments (including payment of dividends and stock repurchases), issuance of equity securities, and mergers, acquisitions and other fundamental changes in our business. The notes are not collateralized except for the pledge of stock of certain foreign subsidiaries.

Item 2. Management's Discussion and Analysis of Financial Condition and Results Of Operations

Overview and Management Focus

Our strategy and management focus is based upon the following long-term objectives:

- Captive growth, providing a competitive and attractive alternative to the operations of our global customers
- Expansion of our bearing product offering, and
- Global expansion of our manufacturing base to better address the global requirements of our customers

Management generally focuses on these trends and relevant market indicators:

- Global industrial growth and economics
- Global automotive production rates
- Costs subject to the global inflationary environment, including, but not limited to:
- Raw material
- Wages and benefits, including health care costs
- Energy

- Trends related to manufacturing's geographic migration of competitive manufacturing

- Regulatory environment for United States public companies

- Currency and exchange rate movements and trends

- Interest rate levels and expectations

Management generally focuses on the following key indicators of operating performance:

- Sales growth

- Cost of products sold levels

- Selling, general and administrative expense levels

- Net income

- Cash flow from operations and capital spending

Our core business is the manufacture and sale of high quality, precision steel balls and rollers. In 2003, sales of balls and rollers accounted for approximately 76% of the Company's total net sales with 63% and 13% of sales from balls and rollers, respectively. Sales of metal bearing retainers accounted for 4% and sales of precision molded plastic and rubber parts accounted for the remaining 20%.

Since our formation in 1980 we have grown primarily through the displacement of captive ball manufacturing operations of domestic and international bearing manufacturers resulting in increased sales

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of high precision balls for quiet bearing applications. Management believes that our core business sales growth since our formation has been due to our ability to capitalize on opportunities in global markets and provide precision products at competitive prices, as well as our emphasis on product quality and customer service.

Results of Operations

Three Months Ended March 31, 2004 Compared to the Three Months Ended March 31, 2003

Net Sales. Net sales increased by approximately $20.0 million, or 34.8%, from $57.6 million in the first quarter of 2003 to $77.6 million in the first quarter of 2004. By segment, sales increased by $21.2 million and $0.2 million for the NN Europe Segment and Domestic Ball and Roller Segment, respectively. Within the NN Europe Segment, $15.0 million of the increase is related to our May 2, 2003 acquisition of Veenendaal and the inclusion of its results for the first quarter of 2004, $4.7 million of the increase is related to the impact of foreign currency exchange rates and $1.5 million is related to increased product demand. Offsetting these increases, were decreased sales of the Plastic and Rubber Components Segment of approximately $1.4 million. Of this amount, $0.6 million is related to the closure of our NN Arte Guadalajara, Mexico operation announced during the second quarter of 2003. Additional decreases of $0.8 million are principally a result of the elimination of one program with an existing customer and decreased demand.

Cost of Products Sold. Cost of products sold increased by approximately $17.7 million, or 41.3%, from $42.7 million in the first quarter of 2003 to $60.4 million in the first quarter of 2004. By segment, cost of products sold increased by $18.3 million and $0.5 million for the NN Europe Segment and Domestic Ball and Roller Segment, respectively. Within the NN Europe Segment, $12.6 million of the increase is related to our May 2, 2003 acquisition of Veenendaal and the inclusion of its results for the first quarter of 2004, $3.6 million of the increase is related to the impact of foreign currency exchange rates and $2.1 million is related to increased product demand, material cost increases and inventory management efforts. Within the Domestic Ball and Roller Segment, the $0.5 million increase is principally related to inventory management efforts. Offsetting these increases, were decreased cost of products sold in the Plastic and Rubber Components Segment of approximately $1.1 million. Of this amount, $0.7 million is related to the closure of our NN Arte Guadalajara, Mexico operation announced during the second quarter of 2003. Additional decreases of $0.4 million are a result of the elimination of one program with an existing customer and decreased demand. As a percentage of net sales, cost of products sold increased from 74.2% during the first quarter of 2003 to 77.8% during the first quarter of 2004.

The price of steel has risen over the last twelve to eighteen months with 2004 prices expected to reflect even greater increases. The increase is principally due to general increases in global demand and, more recently, due to China's increased consumption of steel. This has had the impact of increasing scrap surcharges we pay in procuring our steel. Our contracts with key customers allow us to pass a majority of the steel price increases we incur on to those customers. However, by contract, material price changes in any given year are typically passed along with price adjustments in January of the following year. Until the current increases are able to be passed through to our customers, income from operations, net income and cash flow from operations will be adversely affected.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by approximately $2.5 million, or 54.2%, from $4.6 million in the first quarter of 2003 to $7.1 million in the first quarter of 2004. Selling, general and administrative expenses increased by $1.7 million and $0.7 million for the NN Europe Segment and Domestic Ball and Roller Segment, respectively. Within the NN Europe Segment, $1.1 million of the increase is related to our May 2, 2003 acquisition of Veenendaal and the inclusion of its results for the first quarter of 2004, $0.4 million of the increase is related to the impact of foreign currency exchange rates and $0.2 million is related to employee severance. Within the Domestic Ball and Roller Segment, the $0.3 million of the increase is related to costs incurred as a result of the start-up of our previously announced Level 3 program which integrates the principles of Lean Enterprise, Six Sigma and Total Productive Maintenance, $0.3 million of the increase is related to Sarbanes-Oxley compliance efforts in the area of internal financial control and $0.1 million of the increase is principally related to insurance increases related to Director and Officer liability coverages. As a percentage of net sales, selling, general and administrative expenses increased from 8.0% during the first quarter of 2003 to

9.2% during the first quarter of 2004.

Depreciation and Amortization. Depreciation and amortization expenses increased by approximately $0.9 million, or 29.9%, from $3.1 million in the first quarter of 2003 to $4.0 million in the first quarter of 2004. Principally all of the $0.9 million increase was attributable to the NN Europe Segment. Within the NN Europe Segment, $0.7 million of the increase is related to our May 2, 2003 acquisition of Veenendaal and the inclusion of its results for the first quarter of 2004 and $0.2 million of the increase is related to the impact of foreign currency exchange rates. As a percentage of net sales, depreciation and amortization expense decreased from 5.3% during the first quarter of 2003 to 5.2% during the first quarter of 2004.

Interest Expense. Interest expense increased by approximately $0.3 million from $0.5 million in the first quarter of 2003 to $0.8 million in the first quarter of 2004. The increase is attributed to increased debt levels due to the May 2003 acquisition of Veenendaal and the May 2003 purchase of the 23% interest in NN Europe held by SKF. Effective with the completion of this transaction, we own 100% of NN Europe.

Minority Interest in Consolidated Subsidiary. Minority interest in consolidated subsidiary decreased $0.5 million from $0.5 million in the first quarter of 2003 to $0 in the first quarter of 2004. The decrease is due entirely to our purchase of the remaining 23% minority interest in NN Europe on May 2, 2003. During the first quarter of 2003, minority interest in consolidated subsidiary represented the 23% of the shares of the joint venture held by SKF.

Net Income. Net income decreased by approximately $0.4 million, or 11.7%, from $3.6 million in the first quarter of 2003 to $3.2 million in the first quarter of 2004. As a percentage of net sales, net income decreased from 6.3% during the first quarter of 2003 to 4.1% during the first quarter of 2004.

Liquidity and Capital Resources

On March 23, 2004 we entered into a $2.7 million short-term promissory note ("the $2.7 million note") with AmSouth Bank as the lender. This note, which bears interest at the prime rate (4.0% at March 31, 2004), matures on June 20, 2004. This agreement was entered into to fund short term operating capital requirements. As of March 31, 2004, borrowings totaled $1.0 million under this note. See Note 8 of the Notes to Consolidated Financial Statements.

In connection with the acquisition of KLF's operations in Slovakia, on September 23, 2003 we entered into a $2.0 million short-term promissory note ("the $2.0 million note") with AmSouth as the lender. This note, which bears interest at the prime rate (4.0% at March 31, 2004), matures on May 12, 2004. See Note 8 of the Notes to Consolidated Financial Statements.

On May 1, 2003 in connection with the purchase of SKF's Veenendaal component manufacturing operations and SKF's 23 percent interest in NN Europe, we entered into a new $90 million syndicated credit facility with AmSouth as the administrative agent and Suntrust Bank as the Euro loan agent for the lenders under which we borrowed $60.4 million and 26.3 million Euros ($29.6 million) (the "$90 million credit facility") This new financing arrangement replaced our prior credit facility with AmSouth and NN Europe's credit facility with Hypo Vereinsbank Luxembourg, S.A. The credit facility consists of a $30.0 million revolver expiring on March 15, 2006, bearing interest at a floating rate equal to LIBOR (1.11% at March 31, 2004) plus an applicable margin of 1.25 to 2.0, a $30.4 million term loan expiring on May 1, 2008, bearing interest at a floating rate equal to LIBOR (1.11% at March 31, 2004) plus an applicable margin of 1.25 to 2.0 and a 26.3 million Euro ($29.6 million) term loan expiring on May 1, 2008 which bears interest at a floating rate equal to Euro LIBOR (1.94% at March 31, 2004) plus an applicable margin of 1.25 to 2.0. The loan agreement contains customary financial and non-financial covenants. Such covenants specify that we must maintain certain liquidity measures. The loan agreement also contains customary restrictions on, among other things, additional indebtedness, liens on our assets, sales or transfers of assets, investments, restricted payments (including payment of dividends and stock repurchases), issuance of equity securities, and mergers, acquisitions and other fundamental changes in our business. The credit facility is not collateralized except for the pledge of stock of certain foreign subsidiaries. We were in compliance with all such covenants as of March 31, 2004.

On April 26, 2004 we issued $40.0 million aggregate principal amount of senior notes in a private placement. These notes bear interest at a fixed rate of 4.89% and mature on April 26, 2014. Interest is paid semi-annually. Annual principal payments begin on April 26, 2008 and extend through the date of maturity. Proceeds from this credit facility were used to repay our existing US dollar denominated term loan and repay a portion of our borrowings under our US dollar denominated revolving credit facility, which are both components of our $90 million credit facility, and to repay borrowings under our $2.0 million note and our $2.7 million note. The agreement contains customary financial and non-financial covenants. Such covenants specify that we must maintain certain liquidity measures. The agreement also contains customary restrictions on, among other things, additional indebtedness, liens on our assets, sales or transfers of assets, investments, restricted payments (including payment of dividends and stock repurchases), issuance of equity securities, and mergers, acquisitions and other fundamental changes in our business. The notes are not collateralized except for the pledge of stock of certain foreign subsidiaries. See Notes 8 and 11 of the Notes to Consolidated Financial Statements.

Our arrangements with our domestic customers typically provide that payments are due within 30 days following the date of shipment of goods by us, while arrangements with certain export customers (other than export 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. Our net sales have historically been of a seasonal nature due to our relative percentage of European business coupled with slower European production during the month of August.

We bill and receive payment from some of our customers in Euros as well as other currencies. To date, we have not been materially adversely affected by currency fluctuations. Nonetheless, as a result of these sales, our foreign exchange transaction and translation risk has increased. Various strategies to manage this risk are available to management including producing and selling in local currencies and hedging programs. As of March 31, 2004, no currency hedges were in place. In addition, a strengthening of the U.S. dollar and/or Euro against foreign currencies could impair our ability to compete with international competitors for foreign as well as domestic sales.

Working capital, which consists principally of accounts receivable and inventories, was $35.7 million at March 31, 2004 as compared to $25.7 million at December 31, 2003. Approximately $8.0 million of the working capital increase is attributable to the classification of the current maturities of our $90 million credit facility and borrowings under our $2.0 million note and $2.7 million note as long-term loans. The ratio of current assets to current liabilities increased from 1.41:1 at December 31, 2003 to 1.60:1 at March 31, 2004. Cash flow from operations increased to $6.2 million during the first three months of 2004 from ($2.8 million) during the first three months of 2003. Contributing to the improvement in cash flow from operations for the three months ended March 31, 2004 was the reduction in inventory levels of approximately $2.3 million.

During 2004, we plan to spend approximately $9.0 million on capital expenditures related primarily to equipment and process upgrades and replacements and approximately $5.0 million principally related to geographic expansion of our manufacturing base. Of these amounts approximately $2.3 million has been spent through March 31, 2004. We intend to finance these activities with cash generated from operations and funds available under the credit facilities described above. We believe that funds generated from operations and borrowings from the credit facilities will be sufficient to finance our working capital needs and projected capital expenditure requirements through December 2004.

The Euro

We currently have operations in Italy, Germany, Ireland, and The Netherlands, all of which are Euro participating countries, and sell 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

Our net sales historically have been of a seasonal nature due to a significant portion of our sales to European customers that cease or significantly slow production during the month of August.

Inflation and Changes in Prices

While the Company's operations have not been materially affected by general inflation during recent years, prices for 52100 Steel and other steel related raw materials have increased significantly during the past twelve months. In the Company's U.S. operations our typical pricing arrangements with steel suppliers are subject to adjustment once every six months. The Company's NN Europe Segment has entered into long-term agreements with its primary steel supplier, which provide for standard terms and conditions, annual unit price adjustments, and quarterly pricing adjustments in the form of scrap surcharges. In both our U.S. and European operations, the steel price increases we have experienced are related to increasing global demand for scrap and other steel related raw materials, principally from China. While we reserve the right to increase product prices periodically in the event of increases in its raw material costs, our current contracts in effect with SKF and INA/FAG call for adjustments in selling prices for raw material inflation to occur in January of the following year. As such, the majority of the inflation we are currently experiencing in raw material pricing will not be passed through until January 2005. For other customers, we are currently in the process of adjusting pricing levels to reflect the increases in steel pricing.

Critical Accounting Policies

Our significant accounting policies, including the assumptions and judgments underlying them, are disclosed in the Company's Annual Report on Form 10-K, for the fiscal year ended December 31, 2003 including those policies as discussed in Note 1. These policies have been consistently applied in all material respects and address such matters as revenue recognition, inventory valuation, asset impairment recognition, business combination accounting and pension and postretirement benefits. Due to the estimation processes involved, management considers the following summarized accounting policies and their application to be critical to understanding the Company's business operations, financial condition and results of operations. There can be no assurance that actual results will not significantly differ from the estimates used in these critical accounting policies.

Accounts Receivable. Substantially all of the Company's accounts receivable are due primarily from the served markets: bearing manufacturers, automotive industry, electronics, industrial, agricultural and aerospace. In establishing allowances for doubtful accounts, the Company performs credit evaluations of its customers, considering numerous inputs when available including the customers' financial position, past payment history, relevant industry trends, cash flows, management capability, historical loss experience and economic conditions and prospects. Accounts receivable are written off when considered to be uncollectible. While management believes that adequate allowances for doubtful accounts have been provided in the Consolidated Financial Statements, it is possible that the Company could experience additional unexpected credit losses.

Inventories. Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. The Company's inventories are not generally subject to obsolescence due to spoilage or expiring product life cycles. The Company operates generally as a make-to-order business; however, the Company also stocks products for certain customers in order to meet delivery schedules. While management believes that adequate write-downs for inventory obsolescence have been made in the Consolidated Financial Statements, the Company could experience additional inventory write-downs in the future.

Acquisitions and Acquired Intangibles. For new acquisitions, the Company uses estimates, assumptions and appraisals to allocate the purchase price to the assets acquired and to determine the amount of goodwill. These estimates are based on market analyses and comparisons to similar assets. Annual tests are required to be performed to assess whether recorded goodwill is impaired. The annual tests require management to make estimates and assumptions with regard to the future operations of its reporting units, the expected cash flows that they will generate, and their market value. These estimates and assumptions therefore impact the recorded value of assets acquired in a business combination, including goodwill, and whether or not there is any subsequent impairment of the recorded goodwill and the amount of such impairment.

Impairment of Long-Lived Assets. The Company's long-lived assets include property, plant and equipment. The recoverability of the long-lived assets is dependent on the performance of the companies

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which the Company has acquired, as well as volatility inherent in the external markets for these acquisitions. In assessing potential impairment for these assets the Company will consider these factors as well as forecasted financial performance. For assets held for sale as of December 31, 2003, appraisals are relied upon to assess the fair market value of those assets. The assets held for sale of $1.8 million as of December 31, 2003 have been reclassified as held for use as of March 31, 2004. The amounts reclassified are carried at fair value which is lower than the carrying amount before the assets were classified as held for sale adjusted for depreciation expense. The reclassification of these assets did not have a material impact to our income from operations, net income or cash flow from operations for the three months ended March 31, 2004. Future adverse changes in market conditions or adverse operating results of the underlying assets could result in the Company having to record additional impairment charges not previously recognized.

Pension and Post-Retirement Obligations. The Company uses several assumptions in determining its periodic pension and post-retirement expense and obligations which are included in the Consolidated Financial Statements. These assumptions include determining an appropriate discount rate, rate of compensation increase, as well as the remaining service period of active employees. The Company uses an independent actuary to calculate the periodic pension and post-retirement expense and obligations based upon these assumptions and actual employee census data.

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. Statements regarding capital expenditures, future borrowings, and financial commitments are forward-looking statements. Readers can identify forward-looking statements by the use of such verbs as expects, anticipates, believes or similar verbs or conjugations of such verbs. 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 differences could be caused by a number of factors or combination of factors including, but not limited to, the risk factors described below.

You should carefully consider the following risks and uncertainties, and all other information contained in or incorporated by reference in this quarterly report on Form 10-Q, before making an investment in our common stock. Any of the following risks could have a material adverse effect on our business, financial condition or operating results. In such case, the trading price of our common stock could decline and you may lose all or part of your investment.

The demand for our products is cyclical, which could adversely impact our revenues.

The end markets for fully assembled bearings are cyclical and tend to decline in response to overall declines in industrial production. As a result, the market for bearing components is also cyclical and impacted by overall levels of industrial production. Our sales in the past have been negatively affected, and in the future will be negatively affected, by adverse conditions in the industrial production sector of the economy or by adverse global or national economic conditions generally.

We depend on a very limited number of foreign sources for our primary raw material and are subject to risks of shortages and price fluctuation.

The steel that we use to manufacture precision balls and rollers is of an extremely high quality and is available from a limited number of producers on a global basis. Due to quality constraints in the U.S. steel industry, we obtain substantially all of the steel used in our U.S. ball and roller production from overseas suppliers. In addition, we obtain substantially all of the steel used in our European ball production from a single European source. If we had to obtain steel from sources other than our current suppliers, particularly in the case of our European operations, we could face higher prices and transportation costs, increased duties or taxes, and shortages of steel. Problems in obtaining steel, and particularly 52100 chrome steel, in the quantities that we require and on commercially reasonable terms, could increase our costs, negatively

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impact our ability to operate our business efficiently and have a material adverse effect on the operating and financial results of our Company.

We depend heavily on a relatively limited number of customers, and the loss of any major customer would have a material adverse effect on our business.

Sales to various U.S. and foreign divisions of SKF, which is one of the largest bearing manufacturers in the world, accounted for approximately 42% of consolidated net sales in 2003, and sales to INA/FAG accounted for approximately 16% of consolidated net sales in 2003. During 2003, our ten largest customers accounted for approximately 77% of our consolidated net sales. None of our other customers individually accounted for more than 5% of our consolidated net sales for 2003. The loss of all or a substantial portion of sales to these customers would cause us to lose a substantial portion of our revenue and would lower our profit margin and cash flows from operations.

We operate in and sell products to customers outside the U.S. and are subject to several related risks.

Because we obtain a majority of our raw materials from overseas suppliers, actively participate in overseas manufacturing operations and sell to a large number of international customers, we face risks associated with the following:

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

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

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

The costs and difficulties of integrating acquired business could impede our future growth.

We cannot assure you that any future acquisition will enhance our financial performance. Our ability to effectively integrate any future acquisitions will depend on, among other things, the adequacy of our implementation plans, the ability of our management to oversee and operate effectively the combined operations and our ability to achieve desired operating efficiencies and sales goals. The integration of any acquired businesses might cause us to incur unforeseen costs, which would lower our profit margin and future earnings and would prevent us from realizing the expected benefits of these acquisitions.

We may not be able to continue to make the acquisitions necessary for us to realize our growth strategy.

Acquiring businesses that complement or expand our operations has been and continues to be an important element of our business strategy. This strategy calls for growth through acquisitions constituting

approximately two-thirds of our future growth, with the remainder resulting from internal growth and market penetration. We bought our plastic bearing component business in 1999, formed NN Europe with our two largest bearing customers, SKF and INA/FAG, in 2000 and acquired our bearing seal operations in 2001. During 2002, we purchased INA/FAG's minority interest in NN Europe and on May 2, 2003 we acquired SKF's minority interest in NN Europe, to become the sole owner at NN Europe. On May 2, 2003 we acquired SKF's tapered roller and metal cage manufacturing operations in Veenendaal, The Netherlands. On October 9, 2003 we acquired the precision ball producing assets of KLF-Gulickaren in Kysucke Nove Mesto, Slovakia. We cannot assure you that we will be successful in identifying attractive acquisition candidates or completing acquisitions on favorable terms in the future. In addition, we may borrow funds to acquire other businesses, increasing our interest expense and debt levels. Our inability to acquire businesses, or to operate them profitably once acquired, could have a material adverse effect on our business, financial position, results of operations and cash flows.

Our growth strategy depends on outsourcing, and if the industry trend toward outsourcing does not continue, our business could be adversely affected.

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

Our market is highly competitive and many of our competitors have significant advantages that could adversely affect our business.

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

The production capacity we have added over the last several years has at times resulted in our having more capacity than we need, causing our operating costs to be higher than expected.

We have expanded our ball and roller production facilities and capacity over the last several years. During 1997, we built an additional manufacturing plant in Kilkenny, Ireland, and we continued this expansion in 2000 through the formation of NN Europe with SKF and INA/FAG. Our ball and roller facilities have not always operated at full capacity and from time to time our results of operations have been adversely affected by the under-utilization of our production facilities, and we face risks of further under-utilization or inefficient utilization of our production facilities in future years.

The price of our common stock may be volatile.

The market price of our common stock could be subject to significant fluctuations and may decline. Among the factors that could affect our stock price are:

- our operating and financial performance and prospects;
- quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- changes in revenue or earnings estimates or publication of research reports by analysts;
- loss of any member of our senior management team;

- speculation in the press or investment community;

- strategic actions by us or our competitors, such as acquisitions or restructurings;

- sales of our common stock by stockholders;

- general market conditions; and

- domestic and international economic, legal and regulatory factors unrelated to our performance.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock.

Provisions in our charter documents and Delaware law may inhibit a takeover, which could adversely affect the value of our common stock.

Our certificate of incorporation and bylaws, as well as Delaware corporate law, contain provisions that could delay or prevent a change of control or changes in our management that a stockholder might consider favorable and may prevent you from receiving a takeover premium for your shares. These provisions include, for example, a classified board of directors and the authorization of our board of directors to issue up to 5,000,000 preferred shares without a stockholder vote. In addition, our restated certificate of incorporation provides that stockholders may not call a special meeting.

We are a Delaware corporation subject to the provisions of Section 203 of the Delaware General Corporation Law, an anti-takeover law. Generally, this statute prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which such person became an interested stockholder, unless the business combination is approved in a prescribed manner. A business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the stockholder. We anticipate that the provisions of Section 203 may encourage parties interested in acquiring us to negotiate in advance with our board of directors, because the stockholder approval requirement would be avoided if a majority of the directors then in office approve either the business combination or the transaction that results in the stockholder becoming an interested stockholder.

These provisions apply even if the offer may be considered beneficial by some of our stockholders. If a change of control or change in management is delayed or prevented, the market price of our common stock could decline.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to changes in financial market conditions in the normal course of our business due to our use of certain financial instruments as well as transacting in various foreign currencies. To mitigate our exposure to these market risks, we have established policies, procedures and internal processes governing our management of financial market risks. We are exposed to changes in interest rates primarily as a result of our borrowing activities. At March 31, 2004, we had $59.3 million outstanding under the domestic credit facilities and NN Europe had 21.0 million Euro ($25.7 million) outstanding under the Euro term loan. See Note 8 of the Notes to Consolidated Financial Statements. At March 31, 2004, a one-percent increase in the interest rate charged on our outstanding borrowings under both credit facilities would result in interest expense increasing annually by approximately $0.8 million. In connection with a variable EURIBOR rate debt financing in July 2000 our majority owned subsidiary, NN Europe entered into an interest rate swap with a notional amount of Euro 12.5 million for the purpose of fixing the interest rate on a portion of their debt financing. The interest rate swap provides for us to receive variable Euribor interest payments and pay 5.51% fixed interest. The interest rate swap agreement expires in July 2006 and the notional amount amortizes in relation to principal payments on the underlying debt over the life of the

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swap. This original debt was repaid in May 2003, however, the swap remains pursuant to its original terms. On May 1, 2003, we entered into the $90 million credit facility. This new financing arrangement replaces our prior credit facility with AmSouth and NN Europe's credit facility with Hypo Vereinsbank Luxembourg, S.A., see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources". The nature and amount of our borrowings may vary as a result of future business requirements, market conditions and other factors.

Translation of our operating cash flows denominated in foreign currencies is impacted by changes in foreign exchange rates. Our NN Europe Segment, bills and receives payments from some of its foreign customers in their own currency. To date, we have not been materially adversely affected by currency fluctuations of foreign exchange restrictions. However, to help reduce exposure to foreign currency fluctuation, management has incurred debt in Euros and has periodically used foreign currency hedges. These currency hedging programs allow management to hedge currency exposures when these exposures meet certain discretionary levels. We did not hold a position in any foreign currency hedging instruments as of March 31, 2004.

Item 4. Controls and Procedures

As of March 31, 2004, we carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's

Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's Exchange Act filings.

There have been no changes in this fiscal quarter in the Company's internal control over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Part II. Other Information

Item 1. 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 2. Change in Securities and Use of Proceeds

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

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

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

10.1 Amendment No. 2 to Credit Agreement dated March 12, 2004, by and among NN, Inc., NN Euroball ApS, certain subsidiaries, AmSouth Bank as administrative agent and SunTrust Bank as Documentation Agent and Euro Loan Agent.

10.2 Amendment No. 3 to Credit Agreement dated March 31, 2004, by and among NN, Inc., NN Europe ApS, certain subsidiaries, AmSouth Bank as administrative agent and SunTrust Bank as Documentation Agent and Euro Loan Agent.

31.1 Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act.

32.1 Certification of Chief Executive Officer pursuant to Section 906 of Sarbanes-Oxley Act.

32.2 Certification of Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act.

Reports on Form 8-K

The Company furnished a Form 8-K, in response to Items 12 and 7, on February 26, 2004 announcing its fourth quarter and fiscal year 2003 earnings.

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, Inc.

(Registrant)

Date: May 10, 2004 /s/ Roderick R. Baty

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Roderick R. Baty,
Chairman, President and
Chief Executive Officer
(Duly Authorized Officer)

Date: May 10, 2004 /s/ David L. Dyckman

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David L. Dyckman
Vice President - Corporate Development
Chief Financial Officer
(Principal Financial Officer)
(Duly Authorized Officer)

Date: May 10, 2004 /s/ William C. Kelly, Jr.

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William C. Kelly, Jr.,
Treasurer, Secretary and
Chief Administrative Officer
(Duly Authorized Officer)

Exhibit 10.1

AMENDMENT NO. 2 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 2 TO CREDIT AGREEMENT (this "Amendment"), dated as of March 12, 2004, is made and entered into on the terms and conditions hereinafter set forth, by and among NN, INC., a Delaware corporation ("Domestic Borrower"), NN EUROBALL ApS, a Denmark limited liability company ("Euro Borrower"; Domestic Borrower and Euro Borrower are sometimes hereinafter individually and collectively referred to as the "Borrower"), all subsidiaries (except for the Euro Borrower) of the Domestic Borrower who are now or hereafter become parties to the Credit Agreement, as hereinafter defined (the "Domestic Guarantors"), the several lenders who are now or hereafter become parties to the Credit Agreement (the "Lenders"), AMSOUTH BANK, an Alabama state bank, individually and as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), and SUNTRUST BANK, as documentation agent and euro loan agent for the Lenders (in such capacity, the "Euro Loan Agent").

RECITALS:

1. Pursuant to that certain Credit Agreement dated as of May 1, 2003, by and among the Borrower, the Domestic Guarantors, the Administrative Agent, the Lenders and the Euro Loan Agent, as amended by that certain Amendment No.1 to Credit Agreement dated August 1, 2003, by and among the Borrower, the Domestic Guarantors, the Administrative Agent, the Lenders and the Euro Loan Agent (as the same heretofore may have been and/or hereafter may be amended, restated, supplemented, extended, renewed, replaced or otherwise modified from time to time, the "Credit Agreement"), the Lenders have agreed to make the Loans available to the Borrower, all as more specifically described in the Credit Agreement. Capitalized terms used but not otherwise defined in this Agreement have the same meanings as in the Credit Agreement.

2. The parties hereto desire to amend the Credit Agreement in certain respects, as more particularly hereinafter set forth.

AGREEMENTS:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Section 1.1 of the Agreement is hereby amended adding the following definition and by substituting the following definition for the existing definition of the following term:

> "Permitted Private Placement Indebtedness" shall mean Indebtedness of the Domestic Borrower that (i) is incurred through the issuance and private placement of senior notes of the Domestic Borrower, on or before April 30, 2004, (ii) is in aggregate principal amount sufficient to repay in full the Domestic Term Loan Facility, but not exceeding $40,000,000, (iii) has a maturity of not less than ten (10) years from the date of issuance, (iv) does not provide for scheduled principal repayment prior to the fourth (4th) anniversary of the date of issuance, (v) constitutes senior debt of the Domestic Borrower, *pari passu* with the Obligations of the Domestic Borrower and the Domestic Guarantors under the Facilities (and is unsecured except for a *pari passu* lien on the Collateral securing the Obligations of the Domestic Borrower and the Domestic Guarantors under the Facilities) and (vi) is subject to documentation (including intercreditor and collateral documents) in form and substance reasonably satisfactory to Administrative Agent in all respects.
>
> "Revolving Commitment Period Expiration Date" shall mean March 15, 2006.
>
> "Term Loan Maturity Date" shall mean May 1, 2008; provided, however, upon incurrence by Borrower of Permitted Private Placement Indebtedness, "Term Loan Maturity Date" shall thereafter mean September 30, 2007.

2. Facility Fee. In consideration of the Lenders' agreement to extend the Revolving Commitment Period Expiration Date and consent to the incurrence of Permitted Private Placement Indebtedness as provided for herein, the Borrower agrees to pay to the Administrative Agent a facility fee in the amount of $71,121.01 (the "Facility Fee") for distribution to the Lenders in proportion to their respective Percentages. The Facility Fee shall be fully earned and due and payable upon the execution of this Amendment by the Borrower and the Domestic Guarantors.

3. Mandatory Prepayments. Subsection 3.1.3(b)(1) of the Credit Agreement is hereby amended by adding the following sentence at the end of said subsection:

> Notwithstanding the foregoing, the Domestic Term Loan Facility shall be repaid in full with the net proceeds of any Permitted Private Placement Indebtedness, with the remainder of such proceeds applied to the outstanding principal balance of the Revolving Loans (without, however, reducing the Revolving Credit Commitments), in each case applied first to Base Rate Loans until the same have been fully repaid, and then to LIBOR Loans.

4. Indebtedness. Section 9.1 of the Credit Agreement is hereby amended by revising clause (d) to provide as follows:

(d) Subordinated Indebtedness and Permitted Private Placement Indebtedness (provided, however, Domestic Borrower agrees not to make or permit any of its Subsidiaries to make any voluntary principal repayments of Permitted Private Placement Indebtedness prior to the date that is four (4) years after the incurrence thereof);

---

5. Liens. Section 9.2 of the Credit Agreement is hereby amended by deleting the period after clause (l) and substituting "; and" in lieu thereof, and by adding the following additional clause immediately following clause (l):

(m) Liens securing Permitted Private Placement Indebtedness.

6. Agreements Restricting the Borrower and its Subsidiaries. Section 9.9 of the Credit Agreement is hereby amended by adding the following language at the beginning of said clause (b):

"except in connection with the incurrence of Permitted Private Placement Indebtedness,"

7. Release of Certain Domestic Guarantors. NN Mexico, LLC, a Delaware corporation ("NN Mexico") and NN Arte S. De R.L. De C.V., a Mexican company ("NN Arte") are hereby released as Domestic Guarantors. Borrower and Domestic Guarantors hereby represent and warrant that NN Mexico has no operations and no assets other than its ownership interests in NN Arte, and that NN Arte has no operations and has transferred all or substantially all of its assets to other Domestic Guarantors.

8. Capitalization, etc. Schedule 7.1. (Capitalization and Jurisdiction of Incorporation and Foreign Qualification) of the Agreement is hereby deleted and Schedule 7.1 attached hereto is substituted in lieu thereof.

9. Effectiveness. This Amendment shall become effective when the Administrative Agent shall have received counterparts or signatures pages executed by the Borrower, the Domestic Guarantors, the Administrative Agent and the Lenders.

10. Representations and Warranties of the Borrower and the Guarantors. As an inducement to the Administrative Agent, the Euro Loan Agent and the Lenders to enter into this Amendment, the Borrower and the Domestic Guarantors hereby represent and warrant to the Administrative Agent, the Euro Loan Agent and the Lenders that, on and as of the date hereof:

(a) the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct, except for (1) representations and warranties that expressly relate to an earlier date, which remain true and correct as of said earlier date, and (2) representations and warranties that have become untrue or incorrect solely because of changes permitted by the terms of the Credit Agreement and the other Loan Documents, and

(b) no Default or Event of Default has occurred and is continuing.

---

11. Effect of Amendment; Continuing Effectiveness of Credit Agreement and Loan Documents.

(a) Neither this Amendment nor any other indulgences that may have been granted to the Borrower or any of the Domestic Guarantors by the Administrative Agent, the Euro Loan Agent or any Lender shall constitute a course of dealing or otherwise obligate the Administrative Agent, the Euro Loan Agent or any Lender to modify, expand or extend the agreements contained herein, to agree to any other amendments to the Credit Agreement or to grant any consent to, waiver of or indulgence with respect to any other noncompliance with any provision of the Loan Documents.

(b) This Amendment shall constitute a Loan Document for all purposes of the Credit Agreement and the other Loan Documents. Any noncompliance by the Borrower or any Domestic Guarantor with any of the covenants, terms, conditions or provisions of this Amendment shall constitute an Event of Default. Except to the extent amended hereby, the Credit Agreement, the other Loan Documents and all terms, conditions and provisions thereof shall continue in full force and effect in all respects.

12. Counterparts. This Amendment may be executed in multiple counterparts or copies, each of which shall be deemed an original hereof for all purposes. One or more counterparts or copies of this Amendment may be executed by one or more of the parties hereto, and some different counterparts or copies executed by one or more of the other parties. Each counterpart or copy hereof executed by any party hereto shall be binding upon the party executing same even though other parties may execute one or more different counterparts or copies, and all counterparts or copies hereof so executed shall constitute but one and the same agreement. Each party hereto, by execution of one or more counterparts or copies hereof, expressly authorizes and directs any other party hereto to detach the signature pages and any corresponding acknowledgment, attestation, witness or similar pages relating thereto from any such counterpart or copy hereof executed by the authorizing party and affix same to one or more other identical counterparts or copies hereof so that upon execution of multiple counterparts or copies hereof by all parties hereto, there shall be one or more counterparts or copies hereof to which is(are) attached signature pages containing signatures of all parties hereto and any corresponding acknowledgment, attestation, witness or similar pages relating thereto.

13. Miscellaneous.

(a) This Amendment shall be governed by, construed and enforced in accordance with the laws of the State of Tennessee, without reference to the conflicts or choice of law principles thereof.

(b) The headings in this Amendment and the usage herein of defined terms are for convenience of reference only, and shall not be construed as amplifying, limiting or otherwise affecting the substantive provisions hereof.

(c) Any reference herein to any instrument, document or agreement, by whatever terminology used, shall be deemed to include any and all amendments,

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modifications, supplements, extensions, renewals, substitutions and/or replacements thereof as the context may require.

(d) When used herein, (1) the singular shall include the plural, and vice versa, and the use of the masculine, feminine or neuter gender shall include all other genders, as appropriate, (2) "include", "includes" and "including" shall be deemed to be followed by "without limitation" regardless of whether such words or words of like import in fact follow same, and (3) unless the context clearly indicates otherwise, the disjunctive "or" shall include the conjunctive "and."

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

BORROWER:

NN, INC.,
a Delaware corporation

By: /s/ David L. Dyckman

Name: David L. Dyckman
Title: Vice President and Chief Financial Officer

NN EUROBALL ApS, a Denmark limited liability company

By: /s/ David L. Dyckman

Name: David L. Dyckman
Title: Board Member

DOMESTIC GUARANTORS:

INDUSTRIAL MOLDING GP, LLC,
a Delaware limited liability company

By: /s/ David L. Dyckman

Name: David L. Dyckman
Title: Manager

INDUSTRIAL MOLDING LP, LLC,
a Tennessee limited liability company

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

Name: William C. Kelly, Jr.
Title: Manager

INDUSTRIAL MOLDING GROUP, L.P.,
a Tennessee limited partnership

By: Industrial Molding GP, LLC, a Delaware limited liability company, its general partner

By: /s/ David L. Dyckman

Name: David L. Dyckman
Title: Manager

DELTA RUBBER COMPANY,
a Connecticut corporation

By: /s/ David L. Dyckman

Name: David L. Dyckman
Title: Vice President

KUGELFERTIGUNG ELTMANN GmbH, a German Company

By: /s/ Dirk Offergeld

Name: Dirk Offergeld
Title: Director

By: /s/ Wolfgang Bartel

Name: Wolfgang Bartel
Title: Director

[Signatures Continued Next Page]

NN NETHERLANDS B.V., a Dutch company

By: /s/ David L. Dyckman

Name: David L. Dyckman
Title: Board Member

NN EUROBALL IRELAND LIMITED, an Irish company

By: /s/ Roderick R. Baty

Name: Roderick R. Baty
Title: Board Member

NN HOLDINGS, B.V., a Dutch company

By: /s/ David L. Dyckman

Name: David L. Dyckman
Title: Board Member/Shareholder Representative

LENDERS:

AMSOUTH BANK, as a Lender

By: /s/ William H. Keller

Name: William H. Keller
Title: Senior Vice President

FIRST TENNESSEE BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Vincent K. Hickam

Name: Vincent K. Hickam
Title: Executive Vice President

[Signatures Continued Next Page]

UNION PLANTERS BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Edwin Andrew Moats

Name: Edwin Andrew Moats
Title: Assistant Vice President

INTEGRA BANK, N.A., as a Lender

By: /s/ Jeffrey S. Nurkiewicz

Name: Jeffrey S. Nurkiewicz
Title: Senior Vice President

SUNTRUST BANK, as a Lender and Euro Loan Agent

By: /s/ Scott Folsom

Name: Scott Folsom
Title: Senior Vice President

Exhibit 10.2

AMENDMENT NO. 3 TO CREDIT AGREEMENT AND WAIVER

THIS AMENDMENT NO. 3 TO CREDIT AGREEMENT AND WAIVER (this "Amendment"), dated as of March 31, 2004, is made and entered into on the terms and conditions hereinafter set forth, by and among NN, INC., a Delaware corporation ("Domestic Borrower"), NN EUROPE ApS, a Denmark limited liability company (successor by name change to NN Euroball ApS) ("Euro Borrower"; Domestic Borrower and Euro Borrower are sometimes hereinafter individually and collectively referred to as the "Borrower"), all subsidiaries (except for the Euro Borrower) of the Domestic Borrower who are now or hereafter become parties to the Credit Agreement, as hereinafter defined (the "Domestic Guarantors"), the several lenders who are now or hereafter become parties to the Credit Agreement (the "Lenders"), AMSOUTH BANK, an Alabama state bank, individually and as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), and SUNTRUST BANK, as documentation agent and euro loan agent for the Lenders (in such capacity, the "Euro Loan Agent").

RECITALS:

1. Pursuant to that certain Credit Agreement dated as of May 1, 2003, by and among the Borrower, the Domestic Guarantors, the Administrative Agent, the Lenders and the Euro Loan Agent, as amended by that certain Amendment No.1 to Credit Agreement dated August 1, 2003, and that certain Amendment No. 2 to Credit Agreement dated March 12, 2004, by and among the Borrower, the Domestic Guarantors, the Administrative Agent, the Lenders and the Euro Loan Agent (as the same heretofore may have been and/or hereafter may be amended, restated, supplemented, extended, renewed, replaced or otherwise modified from time to time, the "Credit Agreement"), the Lenders have agreed to make the Loans available to the Borrower, all as more specifically described in the Credit Agreement. Capitalized terms used but not otherwise defined in this Agreement have the same meanings as in the Credit Agreement.

2. The parties hereto desire to amend the Credit Agreement in certain respects, as more particularly hereinafter set forth.

AGREEMENTS:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Indebtedness. Clause (i) of Section 9.1 of the Credit Agreement is hereby amended to provide as follows:

(i) Indebtedness of the Borrower or a Subsidiary of the Borrower that is owed to the Borrower or a Subsidiary of the Borrower and that is described in clauses (d), (e), (h), or (m) of Section 9.4;

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2. Investments. Clause (m) of Section 9.4 of the Credit Agreement is hereby amended to provide as follows:

(m) Investments by the Domestic Borrower or any of its Subsidiaries in the Euro Borrower that are used to make Investments in NN Italy or the Euro Borrower's Subsidiaries that are Domestic Guarantors and used by such Subsidiaries to fund their operations or used to pay the Euro Obligations.

3. Restricted Payments. Clause (d) of Section 9.5 of the Credit Agreement is hereby amended to provide as follows:

(d) Subsidiaries of the Euro Borrower may declare and deliver dividends and make distributions payable to the Euro Borrower so long as such amounts are (i) distributed as a dividend by Euro Borrower to Domestic Borrower, (ii) used by the Euro Borrower to make Investments in any of its Subsidiaries that are Guarantors or NN Italy, to the extent permitted under Section 9.4, or (iii) used to pay the Euro Obligations.

4. Waiver. Lenders hereby waive any Default or Event of Default resulting from any noncompliance with Sections 9.1 and 9.4 of the Credit Agreement in connection with loans in the aggregate amount of €7,150,000 from NN Italy and NN Ireland to Euro Borrower made on or before the date hereof, the proceeds of which were used (together with (euro) 326,000 already on hand with Euro Borrower) as follows:

€2,422,000 Investment in NN Slovakia, s.r.o.;
€4,654,000 repayment of Euro Obligations; and
€400,000 Investment in Kugelfertigung Eltmann GmbH.

5. Effectiveness. This Amendment shall become effective when the Administrative Agent shall have received counterparts or signatures pages executed by the Borrower, the Domestic Guarantors, the Administrative Agent and the Requisite Lenders.

6. Representations and Warranties of the Borrower and the Guarantors. As an inducement to the Administrative Agent, the Euro Loan Agent and the Lenders to enter into this Amendment, the Borrower and the Domestic Guarantors hereby represent and warrant to the Administrative Agent, the Euro Loan Agent and the Lenders that, on and as of the date hereof:

(a) the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct, except for (1) representations and warranties that expressly relate to an earlier date, which remain true and correct as of said earlier date, and (2) representations and warranties that have become untrue or incorrect solely because of changes permitted by the terms of the Credit Agreement and the other Loan Documents, and

(b) except as set forth in Section 4 hereof, no Default or Event of Default has occurred and is continuing.

---

7. Effect of Amendment; Continuing Effectiveness of Credit Agreement and Loan Documents.

(a) Neither this Amendment nor any other indulgences that may have been granted to the Borrower or any of the Domestic Guarantors by the Administrative Agent, the Euro Loan Agent or any Lender shall constitute a course of dealing or otherwise obligate the Administrative Agent, the Euro Loan Agent or any Lender to modify, expand or extend the agreements contained herein, to agree to any other amendments to the Credit Agreement or to grant any consent to, waiver of or indulgence with respect to any other noncompliance with any provision of the Loan Documents.

(b) This Amendment shall constitute a Loan Document for all purposes of the Credit Agreement and the other Loan Documents. Any noncompliance by the Borrower or any Domestic Guarantor with any of the covenants, terms, conditions or provisions of this Amendment shall constitute an Event of Default. Except to the extent amended hereby, the Credit Agreement, the other Loan Documents and all terms, conditions and provisions thereof shall continue in full force and effect in all respects.

8. Counterparts. This Amendment may be executed in multiple counterparts or copies, each of which shall be deemed an original hereof for all purposes. One or more counterparts or copies of this Amendment may be executed by one or more of the parties hereto, and some different counterparts or copies executed by one or more of the other parties. Each counterpart or copy hereof executed by any party hereto shall be binding upon the party executing same even though other parties may execute one or more different counterparts or copies, and all counterparts or copies hereof so executed shall constitute but one and the same agreement. Each party hereto, by execution of one or more counterparts or copies hereof, expressly authorizes and directs any other party hereto to detach the signature pages and any corresponding acknowledgment, attestation, witness or similar pages relating thereto from any such counterpart or copy hereof executed by the authorizing party and affix same to one or more other identical counterparts or copies hereof so that upon execution of multiple counterparts or copies hereof by all parties hereto, there shall be one or more counterparts or copies hereof to which is(are) attached signature pages containing signatures of all parties hereto and any corresponding acknowledgment, attestation, witness or similar pages relating thereto.

9. Miscellaneous.

(a) This Amendment shall be governed by, construed and enforced in accordance with the laws of the State of Tennessee, without reference to the conflicts or choice of law principles thereof.

(b) The headings in this Amendment and the usage herein of defined terms are for convenience of reference only, and shall not be construed as amplifying, limiting or otherwise affecting the substantive provisions hereof.

(c) Any reference herein to any instrument, document or agreement, by whatever terminology used, shall be deemed to include any and all amendments,

---

modifications, supplements, extensions, renewals, substitutions and/or replacements thereof as the context may require.

(d) When used herein, (1) the singular shall include the plural, and vice versa, and the use of the masculine, feminine or neuter gender shall include all other genders, as appropriate, (2) "include", "includes" and "including" shall be deemed to be followed by "without limitation" regardless of whether such words or words of like import in fact follow same, and (3) unless the context clearly indicates otherwise, the disjunctive "or" shall include the conjunctive "and."

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

BORROWER:

NN, INC.,
a Delaware corporation

By: /s/ David L. Dyckman

Name: David L. Dyckman
Title: Vice President and Chief Financial Officer

NN EUROPE ApS, a Denmark limited liability company (successor by name change to NN Euroball ApS)

By: /s/ David L. Dyckman

Name: David L. Dyckman
Title: Board Member

DOMESTIC GUARANTORS:

INDUSTRIAL MOLDING GP, LLC,
a Delaware limited liability company

By: /s/ David L. Dyckman

Name: David L. Dyckman
Title: Manager

INDUSTRIAL MOLDING LP, LLC,
a Tennessee limited liability company

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

Name: William C. Kelly, Jr.
Title: Manager

[Signatures Continued Next Page]

INDUSTRIAL MOLDING GROUP, L.P.,
a Tennessee limited partnership

By: Industrial Molding GP, LLC, a Delaware limited liability company, its general partner

By: /s/ David L. Dyckman

Name: David L. Dyckman
Title: Manager

DELTA RUBBER COMPANY,
a Connecticut corporation

By: /s/ David L. Dyckman

Name: David L. Dyckman
Title: Vice President

KUGELFERTIGUNG ELTMANN GmbH, a German Company

By: /s/ Dirk Offergeld

Name: Dirk Offergeld
Title: Plant Manager

By: /s/ Wolfgang Werner
Name: Wolfgang Werner
Title: Financial Controller

NN NETHERLANDS B.V., a Dutch company

By: /s/ David L. Dyckman
Name: David L. Dyckman
Title: Managing Director

[Signatures Continued Next Page]

NN EUROBALL IRELAND LIMITED, an Irish company

By: /s/ Robert R. Sams
Name: Robert R. Sams
Title: Board Member

NN HOLDINGS, B.V., a Dutch company

By: /s/ David L. Dyckman
Name: David L. Dyckman
Title: Board Member

NN SLOVAKIA, s.r.o.

By: /s/ Nicola Tramsoni
Name: Nicola Tramsoni
Title: Director

LENDERS:

AMSOUTH BANK, as a Lender

By: /s/ Robert T. Page
Name: Robert T. Page
Title: Vice President

FIRST TENNESSEE BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Vincent K. Hickam
Name: Vincent K. Hickam
Title: Executive Vice President

[Signatures Continued Next Page]

UNION PLANTERS BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Kathleen L. Nelson
Name: Kathleen L. Nelson
Title: Senior Vice President

INTEGRA BANK, N.A., as a Lender

By: /s/ Jeffrey S. Nurkiewicz

Name: Jeffrey S. Nurkiewicz
Title: Senior Vice President

SUNTRUST BANK, as a Lender and Euro Loan Agent

By: /s/ Scott Folsom

Name: Scott Folsom
Title: Senior Vice President

Exhibit 31.1

CERTIFICATIONS

I, Roderick R. Baty, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2004

/s/ Roderick R. Baty

Roderick R. Baty
Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, David L. Dyckman, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (d) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2004

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

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NN, Inc. (the "Company") on Form 10-Q for the interim period ended March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and date indicated below, hereby certifies pursuant to 18 U.S.C. ss.1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge: (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2004

/s/ Roderick R. Baty

Roderick R. Baty
Chairman, President and Chief
Executive Officer

[A signed original of this written statement required by Section 906 has been provided to NN, Inc. and will be retained by NN, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NN, Inc. (the "Company") on Form 10-Q for the interim period ended March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and date indicated below, hereby certifies pursuant to 18 U.S.C. ss.1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge: (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2004

/s/ David L. Dyckman

David L. Dyckman
Chief Financial Officer

[A signed original of this written statement required by Section 906 has been provided to NN, Inc. and will be retained by NN, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]