



July 10, 2017

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Securities Identification Code: 6464

Stock Listings: Tokyo Stock Exchange, First Section

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**Acquisition of Precision Bearing Components Group of NN Inc.
Through Acquisitions of Shares and Transfers of Subsidiaries**

Tsubaki Nakashima Co., (TSE: 6464) (“We” or “Tsubaki Nakashima”) announced today that its Board of Directors has approved a resolution to acquire (the “Acquisition”) the Precision Bearing Components Group (the “Business”) of NN, Inc. (“NN”), a company based in Tennessee, the United States (NASDAQ: NNBR). For this purpose, we entered into a purchase agreement on July 10, 2017 (Japan time). For further details, please also refer to explanatory materials separately disclosed (<http://www.tsubaki-nakashima.com/en/ir/index.html>).

1. Purpose of the Acquisition

We are aiming to be a truly global company with profitable growth and continuously rising corporate value. Our focus is on continuous Kaizen/innovation and enhancing QCDS (Quality, Cost, Delivery and Services). We announced a mid-term target of JPY 50 billion sales with JPY10 billion operating profit and a long-term goal of JPY 100 billion sales. This acquisition is a step in that direction.

The Acquisition will be implemented through (a) the acquisition by TBK Holdings, Inc, a consolidated subsidiary of Tsubaki Nakashima, of all shares of a newly formed, wholly owned subsidiary of NN Inc. (“US NewCo”) that will, prior to closing of the Acquisition, be established in the United States and succeed to the assets and liabilities related to the Business in the United States and Mexico, and (b) the acquisition by Tsubaki Nakashima Global Pte. Ltd., a consolidated subsidiary of Tsubaki Nakashima, of all shares of NN International B.V., a wholly owned subsidiary of NN Inc. that is a holding company owning, directly or indirectly, certain foreign subsidiaries of NN Inc. that engage in the Business in Europe and China, etc.

The purpose of the Acquisition is to achieve the mid-term target and long-term goal stated above.

By the Acquisition:

- We will be able to achieve higher QCDS level and enhance contribution to our customers by utilizing strength of current and acquired business.
- We will be able to further evolve “local production/local procurement” business model for customers.

- We will be able to create a complementary product portfolio which will create opportunities for the further profitable growth and higher corporate value.

The Acquisition will make it possible for us to achieve our mid-term target ahead of schedule and acquire solid platform for the long-term goal.

2. Overview of the Business

(1) Overview of the Business

① The "Business"	Precision Bearing Components Group		
② Companies /Business to be acquired and located country	US NewCo (Location : US) NN Netherlands B.V. (Location : Netherland) NN Europe S.p.A. (Location : Italy) NN Slovakia s.r.o. (Location : Slovakia) NN d.o.o. Konjic (Location : Bosnia) NN Precision Bearing Products Co., Ltd. (Location : China)		
③ Description of business	Manufacturing and sales of the precision balls, rollers and stamped metals		
④ Number of employees	Approximately 1,260		
⑤ Relationships	Capital relations	Not applicable	
	Human relations	Not applicable	
	Business relations	Not applicable	
	Related party transaction	Not applicable	
⑥ Business results over the past 3 years (USD 000s) ^(*)			
Fiscal year	FY2014	FY2015	FY2016
Sales	278,026	261,837	248,534
Operating profits	31,872	26,310	22,985
Total assets	214,291	215,163	220,152

(*) These figures are based on NN INC's 10-K, as of December 31, 2016.

(2) Purchase price and consideration

Purchase price is USD 375 MM (Cash free and debt free enterprise value) or JPY42.5Billion (1USD= 113.28JPY as of July 7, 2017) and consideration will be all cash.

Advisory fees etc.: TBD

(3) Settlement and financing

To be paid in cash by using cash on hand and bank loans.

(4) Acquisition method

Share purchase of the companies related to the Business.

3. Overview of the counterparty

(1) Name	NN, INC.
(2) Location	207 Mockingbird Lane Johnson City, Tennessee 37604 U.S.A.

(3) Representative	Richard D. Holder, Chief Executive Officer and President	
(4) Description of business	Manufacturing and sales of the precision bearing components, plastic components and assemblies	
(5) Founded in	1980	
(6) Consolidated sales	USD 833,488 thousand	
(7) Consolidated net assets	USD 315,199 thousand	
(8) Consolidated total assets	USD 1,360,386 thousand	
(9) Capital	USD 272 thousand (as of December 31, 2016)	
(10) Major shareholders and proportion (As of March 30, 2017)	Jennison Associates LLC 9.90% Dimensional Fund Advisors LP 8.33% Royal Bank of Canada 7.80%	
(11) Relationships	Capital relations	Not applicable
	Human relations	Not applicable
	Business relations	Not applicable
	Related party transaction	Not applicable

4. Overview of the subsidiaries to be transferred ^(*3)^(*4)^(*5)

Name	US NewCo (Official name has not been determined)	
Location of head office	Not yet determined	
Relationship with the Company	Capital relations	Not applicable
	Human relations	Not applicable
	Business relations	Not applicable

Name	NN International B.V.	
Location of head office	Utrecht, Netherlands	
Relationship with the Company	Capital relations	Not applicable
	Human relations	Not applicable
	Business relations	Not applicable

Name	NN Europe S.p.A.	
Location of head office	Piedmont, Italy	
Relationship with the Company	Capital relations	Not applicable
	Human relations	Not applicable
	Business relations	Not applicable

Name	NN d.o.o. Konjic	
Location of head office	Herzegovina-Neretva, Bosnia and Herzegovina	
Relationship with the Company	Capital relations	Not applicable
	Human relations	Not applicable
	Business relations	Not applicable

Name	NN Holdings B.V.	
Location of head office	Utrecht, Netherlands	
Relationship with the Company	Capital relations	Not applicable
	Human relations	Not applicable
	Business relations	Not applicable

Name	NN Slovakia, s.r.o.	
Location of head office	Zilina, Slovakia	
Relationship with the Company	Capital relations	Not applicable
	Human relations	Not applicable
	Business relations	Not applicable

Name	NN Netherlands B.V.	
Location of head office	Utrecht, Netherlands	
Relationship with the Company	Capital relations	Not applicable
	Human relations	Not applicable
	Business relations	Not applicable

Name	Kunshan NN Trading Co., Ltd.	
Location of head office	Jiangsu, China	
Relationship with the Company	Capital relations	Not applicable
	Human relations	Not applicable
	Business relations	Not applicable

Name	NN Precision Bearing Products Co., Ltd.	
Location of head office	Jiangsu, China	
Relationship with the Company	Capital relations	Not applicable
	Human relations	Not applicable
	Business relations	Not applicable

(*3) US NewCo will be established as a wholly owned subsidiary of NN Inc. in the United States and succeed to the assets and assume the liabilities related to the Business in the United States and Mexico, prior to closing of the Acquisition

(*4) The subsidiaries to be transferred, stated above, collectively engage in Precision Bearing Components Group

(*5) Detailed information have not been made available to us, and will be disclosed when it becomes available.

5. Schedule

(1) Date of BOD's approval	July 10, 2017
(2) Date of signing contracts	July 10, 2017
(3) Date of closing	Expected within 3Q of 2017 ^(*6)

(*6) The completion of the transaction is subject to regulatory approvals and other conditions precedents in the agreement.

6. Accounting treatments

Positive goodwill is expected and the approximate amount is currently being calculated.

7. Forecasts

We expect to announce the necessary information at an appropriate time in accordance with TSE disclosure rules and regulations.

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The Information with regards to the target business in the Transaction includes segment information and unaudited management accounting data of NN, Inc., and neither Tsubaki Nakashima nor any of its advisors have independently verified the accuracy and appropriateness of, and do not make any warranties with respect to, such information. The closing of the Transaction is subject to applicable regulatory approvals and other closing conditions set forth in the Purchase Agreement and is subject to certain uncertainties.

This presentation is an English translation of the material initially written in Japanese, which should be considered to be the primary version.

(Financial and Legal Advisors)

In connection with the acquisition, BofA Merrill Lynch is acting as exclusive financial advisor to Tsubaki Nakashima. Morrison & Foerster LLP/ Ito & Mitomi is retained as legal advisor to Tsubaki Nakashima.