

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 8-K

### CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of report (Date of earliest event reported): July 28, 2004

## BRUSH ENGINEERED MATERIALS INC.

(Exact Name of Registrant as Specified in Charter)

Ohio  
(State or Other Juris-  
diction of Incorporation)

1-15885  
(Commission  
File Number)

34-1919973  
(IRS Employer  
Identification No.)

17876 St. Clair Avenue  
(Address of Principal Executive Offices)

Cleveland, Ohio

44110  
(Zip Code)

Registrant's telephone number, including area code: (216) 486-4200

## **Item 5. Other Events**

On July 28, 2004, Brush Engineered Materials Inc. issued a press release regarding its earnings for the second quarter 2004. Certain financial information from that press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

### **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 hereunto duly authorized.

#### **BRUSH ENGINEERED MATERIALS INC.**

*Date: July 30, 2004*

*By: /s/ Michael C. Hasychak*

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*Vice President, Secretary  
and Treasurer*

# Exhibit 99.1

## CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands)	July 2, 2004	Dec. 31, 2003
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Assets		
Current assets		
Cash and cash equivalents	\$ 10,325	\$ 5,062
Accounts receivable	67,950	55,102
Inventories	100,030	87,396
Prepaid expenses	5,674	5,454
Deferred income taxes	51	291
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Total current assets	184,030	153,305
Other assets	16,006	18,902
Long-term deferred income taxes	1,393	704
Property, plant and equipment	537,679	535,421
Less allowances for depreciation, depletion and impairment	355,873	344,575
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	181,806	190,846
Goodwill	7,992	7,859
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	\$391,227	\$371,616
	=====	=====
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term debt	\$ 25,516	\$ 13,387
Accounts payable	16,994	16,038
Other liabilities and accrued items	38,200	37,366
Income taxes	928	1,373
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Total current liabilities	81,638	68,164
Other long-term liabilities	12,219	14,739
Retirement and post-employment benefits	50,439	49,358
Long-term debt	78,581	85,756
Minority interest in subsidiary	--	26
Shareholders' equity	168,350	153,573
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	\$391,227	\$371,616
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See notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

(Dollars in thousands except share and per share amounts)	Second Quarter Ended		First Half Ended	
	July 2, 2004	June 27, 2003	July 2, 2004	June 27, 2003
Net sales	\$ 128,639	\$ 101,805	\$ 254,501	\$ 201,323
Cost of sales	99,198	82,941	195,483	165,346
Gross margin	29,441	18,864	59,018	35,977
Selling, general and administrative expenses	19,161	16,611	38,208	33,909
Research and development expenses	1,098	928	2,366	2,036
Other-net	127	230	3,319	976
Operating profit (loss)	9,055	1,095	15,125	(944)
Interest expense	2,389	834	4,607	1,606
Income (loss) before income taxes	6,666	261	10,518	(2,550)
Minority interest	--	(22)	--	(22)
Income taxes	95	246	194	451
Net income (loss)	\$ 6,571	\$ 37	\$ 10,324	\$ (2,979)
Per share of common stock: basic	\$ 0.39	\$ 0.00	\$ 0.62	\$ (0.18)
Weighted average number of common shares outstanding	16,704,568	16,563,098	16,661,099	16,562,283
Per share of common stock: diluted	\$ 0.38	\$ 0.00	\$ 0.60	\$ (0.18)
Weighted average number of common shares outstanding	17,127,698	16,639,382	17,107,295	16,562,283

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(UNAUDITED)

	FIRST HALF ENDED	
	JULY 2,	JUNE 27,
(Dollars in thousands)	2004	2003
NET INCOME (LOSS)	\$ 10,324	\$ (2,979)
ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation, depletion and amortization	12,025	10,021
Amortization of deferred financing costs in interest expense	722	163
Derivative financial instrument ineffectiveness	(1)	58
Decrease (increase) in accounts receivable	(13,344)	(10,461)
Decrease (increase) in inventory	(12,923)	5,754
Decrease (increase) in prepaid and other current assets	293	1,666
Increase (decrease) in accounts payable and accrued expenses	4,287	1,870
Increase (decrease) in interest and taxes payable	(1,033)	105
Increase (decrease) in deferred income taxes	(709)	147
Increase (decrease) in other long-term liabilities	(374)	173
Other - net	1,771	653
NET CASH PROVIDED FROM OPERATING ACTIVITIES	1,038	7,170
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(2,959)	(3,212)
Payments for mine development	(120)	(101)
Proceeds from other investments	14	--
Proceeds from sale of property, plant and equipment	15	8
NET CASH USED IN INVESTING ACTIVITIES	(3,050)	(3,305)
Cash flows from financing activities:		
Proceeds from issuance/(repayment) of short-term debt	13,557	(4,959)
Proceeds from issuance of long-term debt	24	2,000
Repayment of long-term debt	(8,629)	(4,034)
Issuance of common stock under stock option plans	2,381	--
NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES	7,333	(6,993)
Effects of exchange rate changes	(58)	78
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,263	(3,050)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,062	4,357
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 10,325	\$ 1,307
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**SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(UNAUDITED)

**NOTE A - ACCOUNTING POLICIES**

In management's opinion, the accompanying consolidated financial statements contain all adjustments necessary to present fairly the financial position as of July 2, 2004 and December 31, 2003 and the results of operations for the three and six month periods ended July 2, 2004 and June 27, 2003. All of the adjustments were of a normal and recurring nature. Certain items in the prior year have been reclassified to conform to the 2004 consolidated financial statement presentation.

**NOTE B - INVENTORIES**

(Dollars in thousands)	JULY 2, 2004	DEC. 31, 2003
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Principally average cost:		
Raw materials and supplies	\$ 23,655	\$ 24,990
Work in process	74,631	65,212
Finished goods	28,457	20,637
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Gross inventories	126,743	110,839
Excess of average cost over LIFO		
Inventory value	26,713	23,443
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Net inventories	\$100,030	\$ 87,396
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(UNAUDITED)

**NOTE C - COMPREHENSIVE INCOME (LOSS)**

The reconciliation between net income (loss) and comprehensive income (loss) for the three and six month periods ended July 2, 2004 and June 27, 2003 is as follows:

(Dollars in thousands)	SECOND QUARTER ENDED		FIRST HALF ENDED	
	JULY 2, 2004	JUNE 27, 2003	JULY 2, 2004	JUNE 27, 2003
Net income (loss)	\$ 6,571	\$ 37	\$ 10,324	\$ (2,979)
Cumulative translation adjustment	(356)	3	(131)	(70)
Change in the fair value of derivative financial instruments	1,424	(3,065)	2,353	(1,900)
Comprehensive income (loss)	\$ 7,639	\$ (3,025)	\$ 12,546	\$ (4,949)
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**NOTE D - SEGMENT REPORTING**

(Dollars in thousands)	Metal Systems	Micro- Electronics	Total Segments	All Other	Total
Second Quarter 2004					
Revenues from external customers	\$ 77,129	\$ 51,510	\$ 128,639	\$ --	\$ 128,639
Intersegment revenues	856	391	1,247	6,185	7,432
Operating profit	1,795	4,804	6,599	2,456	9,055
Second Quarter 2003					
Revenues from external customers	\$ 60,670	\$ 37,650	\$ 98,320	\$ 3,485	\$ 101,805
Intersegment revenues	817	246	1,063	4,081	5,144
Operating profit (loss)	(2,775)	3,473	698	397	1,095
First Half 2004					
Revenues from external customers	\$ 153,087	\$ 101,414	\$ 254,501	\$ --	\$ 254,501
Intersegment revenues	2,070	687	2,757	11,482	14,239
Operating profit (loss)	4,971	10,293	15,264	(139)	15,125
First Half 2003					
Revenues from external customers	\$ 121,877	\$ 75,961	\$ 197,838	\$ 3,485	\$ 201,323
Intersegment revenues	1,718	518	2,236	7,654	9,890
Operating profit (loss)	(6,199)	6,010	(189)	(755)	(944)