

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to Section 240.14a-11c or Section 240.14a-12

BRUSH ENGINEERED MATERIALS INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**BRUSH ENGINEERED MATERIALS INC.
17876 ST. CLAIR AVENUE
CLEVELAND, OHIO 44110**

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders of Brush Engineered Materials Inc. will be held at The Forum, One Cleveland Center, 1375 East Ninth Street, Cleveland, Ohio 44114, on May 6, 2003 at 11:00 a.m., local time, for the following purposes:

- (1) To elect three directors, each to serve for a term of three years and until a successor is elected and qualified; and
- (2) To transact any other business that may properly come before the meeting.

Shareholders of record as of the close of business on March 10, 2003 are entitled to notice of the meeting and to vote at the meeting or any adjournment or postponement of the meeting.

Michael C. Hasychak Secretary

March 28, 2003

IMPORTANT -- YOUR PROXY IS ENCLOSED.

PLEASE SIGN, DATE AND RETURN YOUR PROXY IN THE ACCOMPANYING ENVELOPE.

**BRUSH ENGINEERED MATERIALS INC.
17876 ST. CLAIR AVENUE
CLEVELAND, OHIO 44110**

**PROXY STATEMENT
MARCH 28, 2003**

GENERAL INFORMATION

Your Board of Directors is furnishing this document to you in connection with our solicitation of proxies to be used at our annual meeting of shareholders to be held on May 6, 2003.

If you sign and return the enclosed proxy card, your shares will be voted as indicated on the card. Without affecting any vote previously taken, you may revoke your proxy by delivery to us of a new, later dated proxy with respect to the same shares, or by giving written notice to us before or at the annual meeting. Your presence at the annual meeting will not, in and of itself, revoke your proxy.

At the close of business on March 10, 2003, the record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting, we had outstanding and entitled to vote 16,633,843 shares of common stock.

Each outstanding share of common stock entitles its holder to one vote on each matter brought before the meeting. Under Ohio law, shareholders have cumulative voting rights in the election of directors, provided that the shareholder gives not less than 48 hours notice in writing to the President, any Vice President or the Secretary of Brush Engineered Materials that the shareholder desires that voting at the election be cumulative, and provided further that an announcement is made upon the convening of the meeting informing shareholders that notice requesting cumulative voting has been given by the shareholder. When cumulative voting applies, each share has a number of votes equal to the number of directors to be elected, and a shareholder may give all of the shareholder's votes to one nominee or divide the shareholder's votes among as many nominees as he or she sees fit. Unless contrary instructions are received on proxies given to Brush Engineered Materials, in the event that cumulative voting applies, all votes represented by the proxies will be divided evenly among the candidates nominated by the Board of Directors, except that if voting in this manner would not be effective to elect all the nominees, the votes will be cumulated at the discretion of the Board of Directors so as to maximize the number of the Board of Directors' nominees elected.

In addition to the solicitation of proxies by the use of the mails, we may solicit the return of proxies in person and by telephone, telecopy or e-mail. We will request brokerage houses, banks and other custodians, nominees and fiduciaries to forward soliciting material to the beneficial owners of shares and will reimburse them for their expenses. We will bear the cost of the solicitation of proxies.

At the annual meeting, the inspectors of election appointed for the meeting will tabulate the results of shareholder voting. Under Ohio law, our articles of incorporation and our code of regulations, properly signed proxies that are marked "abstain" or are held in "street name" by brokers and not voted on one or more of the items before the meeting will, if otherwise voted on at least one item, be counted for purposes of determining whether a quorum has been achieved at the annual meeting. Votes withheld in respect of the election of directors will not be counted in determining the election of directors.

1. ELECTION OF DIRECTORS

Our articles of incorporation and code of regulations provide for three classes of directors whose terms expire in different years. At the present time it is intended that proxies will be voted for the election of Gordon D. Harnett, David H. Hoag and William P. Madar.

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THESE NOMINEES.

If any of these nominees become unavailable, it is intended that the proxies will be voted as the Board of Directors determines. We have no reason to believe that any of the nominees will be unavailable. The three nominees receiving the greatest number of votes will be elected as directors of Brush Engineered Materials.

The following table sets forth information concerning the nominees and the directors whose terms of office will continue after the meeting:

DIRECTORS WHOSE TERMS END IN 2006	CURRENT EMPLOYMENT

Gordon D. Harnett Director since 1991 Age -- 60	Chairman of the Board, President and Chief Executive Officer, Brush Engineered Materials Inc.
Mr. Harnett has been Chairman of the Board and Chief Executive Officer of Brush Engineered Materials (and its predecessor, Brush Wellman Inc.) during the past five years. He has been President from 1991 to 2001 and since May 2002. He is a director of Lubrizol Corporation, National City Bank, Cleveland, EnPro Industries, Inc., and PolyOne Corporation.	

David H. Hoag Director since 1999 Member -- Governance Committee, Organization and Compensation Committee and Retirement Plan Review Committee Age -- 63	Retired Chairman, The LTV Corporation (Integrated Steel Producer and Metal Fabricator)
Mr. Hoag retired as Chairman of the Board of The LTV Corporation in January of 1999. He had served as its Chairman since June 1991, as Chief Executive Officer from February 1991 until September 1998 and as President from January 1991 until July 1997. The LTV Corporation filed for Chapter 11 bankruptcy protection in December of 2000. Mr. Hoag is a director of Lubrizol Corporation, NACCO Industries, Inc., PolyOne Corporation and The Chubb Corporation. He is also a member of the Boards of Trustees of Allegheny College and University Hospitals of Cleveland.	

William P. Madar Director since 1988 Member -- Governance Committee and Organization and Compensation Committee Age -- 63	Chairman of the Board, Nordson Corporation (Industrial Application Equipment Manufacturer)
Mr. Madar was elected Chairman of the Board of Nordson Corporation effective October 1997. Prior to that time, he served as Vice Chairman of Nordson Corporation from August 1996 until October 1997 and as Chief Executive Officer from February 1986 until October 1997. From February 1986 until August 1996, he also served as its President. He is a director of Lubrizol Corporation and National City Bank, Cleveland.	

DIRECTORS WHOSE TERMS END IN 2005

CURRENT EMPLOYMENT

<p>Albert C. Bersticker Director since 1993 Member -- Governance Committee and Organization and Compensation Committee Age -- 68</p>	<p>Retired Chairman and Chief Executive Officer, Ferro Corporation (Specialty Chemicals)</p>
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Mr. Bersticker was elected Chairman of Ferro Corporation in February 1996 and retired in 1999. He served as Chief Executive Officer of Ferro Corporation from 1991 until January of 1999 and as its President from 1988 until February 1996. Mr. Bersticker is a director of Oglebay Norton Company and is currently Secretary, Treasurer and a member of the Board of Directors of St. John's Medical Center in Jackson, Wyoming.

<p>Dr. Charles F. Brush, III Director since 1958 Member -- Audit Committee and Organization and Compensation Committee Age -- 79</p>	<p>Personal Investments</p>
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There has been no change in Dr. Brush's occupation during the past five years.

<p>N. Mohan Reddy, Ph.D. Director since 2000 Member -- Audit Committee and Organization and Compensation Committee Age -- 49</p>	<p>Professor The Weatherhead School of Management, Case Western Reserve University</p>
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Dr. Reddy has been a professor at the Weatherhead School of Management, Case Western Reserve University for the past five years. Dr. Reddy is a director of Keithley Instruments, Inc.

Joseph P. Keithley

Director since 1997

Member -- Governance Committee,
Organization and Compensation Committee
and Retirement Plan Review Committee

Age -- 54

Chairman, Chief Executive Officer and
President,
Keithley Instruments, Inc.
(Electronic Test and Measurement Products)

Mr. Keithley has been Chairman of the Board of Keithley Instruments, Inc. since 1991. He has served as Chief Executive Officer of Keithley Instruments, Inc. since November 1993 and as its President since May 1994. He is a director of Keithley Instruments, Inc. and Nordson Corporation.

William R. Robertson

Director since 1997

Member -- Audit Committee, Organization
and Compensation Committee and
Retirement Plan Review Committee

Age -- 61

Managing Partner,
Kirtland Capital Partners
(Private Equity Investments)

Mr. Robertson has been a Managing Partner of Kirtland Capital Partners since September 1997. Prior to that time, he was President and a director of National City Corporation from October 1995 until July 1997. He also served as Deputy Chairman and a director from August 1988 until October 1995. He is a director of Gries Financial LLC, Fairport Asset Management LLC, Fairmount Minerals, Ltd. and Instron Corporation.

John Sherwin, Jr.

Director since 1981

Member -- Audit Committee, Organization
and Compensation Committee and
Retirement Plan Review Committee

Age -- 64

President,
Mid-Continent Ventures, Inc.
(Venture Capital Company)

Mr. Sherwin has been President of Mid-Continent Ventures, Inc. during the past five years. Mr. Sherwin is a director of John Carroll University and Shorebank Cleveland and a trustee of The Cleveland Clinic Foundation and Chairman of the Cleveland Foundation effective April 1, 2003.

COMMITTEES OF THE BOARD OF DIRECTORS

During 2002 the Board of Directors maintained, among other committees, an Audit Committee, a Governance Committee, an Organization and Compensation Committee and a Retirement Plan Review Committee. Each committee has an established charter which is included on the Company's website at www.beminc.com and is available upon request to the Company's Secretary.

Our Board of Directors has affirmatively determined that each of our directors, other than Mr. Harnett, is: "Independent" within the meaning of that term as defined in New York Stock Exchange listing standard 303.01(B)(2)(a); a "Non-employee Director" within the meaning of that term as defined in Rule 16b-3(b)(3) promulgated under the Securities Exchange Act of 1934; and an "outside director" within the meaning of that term defined in the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986.

The Company's Policy Statement on Significant Corporate Governance Issues provides that the chairman of the Organization and Compensation Committee shall be the lead independent director.

The Audit Committee held three meetings in 2002. Its principal functions are provided in its charter. The charter of the Audit Committee was previously published as Appendix A of the Company's Proxy Statement dated March 19, 2001. In February 2003, a revised charter for the audit committee was adopted and is attached as Appendix A to this Proxy Statement. The revised charter reflects changes responsive to the enactment of the Sarbanes-Oxley Act of 2002 and proposed changes to the New York Stock Exchange's listing standards. The Audit Committee may consider additional changes to the charter upon final adoption of the New York Stock Exchange's listing standards and completion of rule-making by the Securities and Exchange Commission under the Sarbanes-Oxley Act of 2002.

The Governance Committee held three meetings in 2002. Its principal functions include:

- evaluation of candidates for board membership, including any nominations of qualified candidates submitted in writing by shareholders to the Secretary of Brush Engineered Materials;
- recommendations to the full Board of Directors regarding directors' compensation; and
- recommendations to the full Board of Directors regarding Board of Directors governance matters.

Any shareholder desiring to submit a candidate for consideration by the Governance Committee should send the name of the proposed candidate, together with biographical data and background information concerning the candidate, to:

Corporate Secretary Brush Engineered Materials Inc. 17876 St. Clair Avenue Cleveland, Ohio 44110

The Organization and Compensation Committee held four meetings in 2002. Its principal functions include:

- reviewing executive compensation;
- taking action where appropriate or making recommendations to the full Board of Directors with respect to executive compensation;
- recommending the adoption of executive benefit plans;
- granting stock options and other awards; and
- reviewing and recommending actions to the full Board of Directors on matters relating to management succession, retention and development plans and changes in organizational structure.

The Retirement Plan Review Committee was established during 2002 and held four meetings. Its principal functions include:

- reviewing defined benefit pension plans as to current and future costs, funded position, and actuarial and accounting assumptions used in determining benefit obligations;
- establishing and reviewing policies and strategies for the investment of defined benefit pension plan assets; and
- reviewing investment options offered under employee savings plans and the performance of those investment options.

The Board of Directors held six meetings in 2002. Eight of the directors attended at least 75% of the total meetings, and one director, Charles F. Brush III, attended less than 75% of the total meetings held by the Board of Directors and the committees on which they served during 2002.

DIRECTOR COMPENSATION

Each director who is not an officer of Brush Engineered Materials receives an annual retainer fee of \$16,500 for each calendar year. The Chairman of each committee, if not an officer, receives an additional \$1,000 on an annual basis. In addition, each director who is not an officer of Brush Engineered Materials receives a fixed meeting fee of \$17,500 on an annual basis.

Brush Engineered Materials maintains a Deferred Compensation Plan for Non-employee Directors. This plan provides each non-employee director the opportunity to defer receipt of all or a portion of the compensation payable for his services as a director. Brush Engineered Materials, in turn, transfers an amount equal to the reduction in compensation to a trust, which is invested at the director's discretion. The Deferred Compensation Plan for Non-employee Directors was amended during 2001 to allow for additional investment choices as may be approved by the Administrative Committee. Prior to the amendment, the investment choices were limited to Brush Engineered Materials common stock or in accordance with the Brush Engineered Materials investment policy. The amendment permits a director who is age 55 or older to change his election with respect to amounts previously credited to his account, and also permits a director, regardless of age, to change his election from time to time with respect to future additions to his deferred compensation account. A director may also elect to receive a distribution of part or all of his deferred compensation account in one or more distributions subject to a 10% penalty. Directors are encouraged to take all or a portion of their compensation in the form of common stock. For each of 2002 and 2003, directors elected to receive an aggregate of \$69,000 worth of Brush Engineered Materials common stock on a deferred basis under this plan.

We previously maintained a Stock Option Plan for Non-employee Directors, which authorized a one-time grant of a non-qualified option to purchase 5,000 shares of Company common stock, at fair market value at the date of grant, to each non-employee director who had never been an employee of the Company. There are no more shares available under this plan. The 1997 Stock Incentive Plan for Non-employee Directors, which replaced the Stock Option Plan for Non-employee Directors, provides newly elected directors with the same one-time stock option grant that was previously available under the Stock Option Plan for Non-employee Directors. In addition, this plan provides for an automatic grant of 500 deferred shares of common stock to each eligible director on the business day following the annual meeting of shareholders. During 2002, eight directors were credited with 500 shares each of Company common stock.

An amendment to the 1997 Stock Incentive Plan for Non-employee Directors was approved by shareholders at the 2001 annual meeting. Under the plan as amended, each non-employee director receives the grant of an option to purchase up to 2,000 shares of Brush Engineered Materials common stock annually. In 2002, eight directors received stock option grants for 2,000 shares of common stock each at an exercise price of \$12.45.

BENEFICIAL OWNERSHIP TABLE

The following table sets forth, as of February 14, 2003, information with respect to the beneficial ownership of Brush Engineered Materials common stock by each person known by Brush Engineered Materials to be the beneficial owner of more than 5% of the common stock, by each director and executive officer of Brush Engineered Materials, and by all directors and executive officers of Brush Engineered Materials as a group. Unless otherwise indicated in the notes to this table, the shareholders listed in the table have sole voting and investment power with respect to shares beneficially owned by them. Shares that are subject to stock options that may be exercised within 60 days of February 14, 2003 are reflected in the number of shares shown and in computing the percentage of Brush Engineered Materials common stock beneficially owned by the person who owns those options.

	NUMBER OF SHARES -----	PERCENT OF CLASS -----
NON-OFFICER DIRECTORS		
Albert C. Bersticker.....	17,873(1)(2)	*
Dr. Charles F. Brush III.....	230,797(1)(2)(3)	1.3%
David H. Hoag.....	18,462(1)(2)	*
Joseph P. Keithley.....	13,115(1)(2)	*
William P. Madar.....	29,689(1)(2)	*
N. Mohan Reddy.....	17,357(1)(2)	*
William R. Robertson.....	35,252(1)(2)(4)	*
John Sherwin, Jr.....	22,043(1)(2)(5)	*
NAMED EXECUTIVE OFFICERS		
Gordon D. Harnett.....	328,426(1)	1.9%
Daniel A. Skoch.....	85,278(1)	*
John D. Grampa.....	46,948(1)	*
All directors and executive officers as a group (including the Named Executive Officers) (11 persons).....	845,240(1)(2)(3)(4)(5)	4.9%
OTHER PERSONS		
SSB Citi Fund Management LLC 388 Greenwich Street New York, New York 10013.....	3,313,668(6)	19.4%
Joseph L. Harrosh 40900 Grimmer Boulevard Fremont, California 94538.....	1,543,200(7)	9.0%
Dimensional Fund Advisors, Inc. 1299 Ocean Avenue Santa Monica, California 90401.....	1,183,104(8)	6.9%
Brush Engineered Materials Inc. Savings and Investment Plan.....	1,119,772(9)	6.5%
Paradigm Capital Management, Inc. Nine Elk Street Albany, New York 12207.....	865,800(10)	5.1%

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- * Less than 1% of common stock.
- (1) Includes shares covered by outstanding options exercisable within 60 days as follows: Mr. Harnett 304,000; Mr. Skoch 82,000 and Mr. Grampa 42,000; 4,000 for each of Messrs. Brush, Madar and Sherwin; and 9,000 for each of Messrs. Bersticker, Hoag, Keithley, Reddy and Robertson. Also includes 20,245 restricted shares granted to Mr. Harnett in 2000 pursuant to the 1995 Stock Incentive Plan, as amended, which are subject to forfeiture if Mr. Harnett is not continuously employed in his current capacity for a period of three years ending on September 1, 2003.

- (2) Includes deferred shares under the Deferred Compensation Plan for Non-employee Directors and 1997 Stock Incentive Plan for Non-employee Directors as follows: Mr. Bersticker 8,373; Dr. Brush 9,941; Mr. Hoag 8,462; Mr. Keithley 3,115; Mr. Madar 24,489; Mr. Reddy 8,357; Mr. Robertson 15,752; and Mr. Sherwin 5,601.
- (3) Includes 40,000 shares owned by the Charles F. Brush III Charitable Remainder Unitrust of which Dr. Brush is trustee and 3,000 shares owned by the estate of Dr. Brush's wife, as to all of which Dr. Brush disclaims beneficial ownership.
- (4) Includes 500 shares owned by Mr. Robertson's wife of which Mr. Robertson disclaims beneficial ownership.
- (5) Includes 4,647 shares owned by Mr. Sherwin's wife and children of which Mr. Sherwin disclaims beneficial ownership.
- (6) According to a Schedule 13G filed with the Securities and Exchange Commission on January 9, 2003, as of December 31, 2002, Citigroup Inc. had shared voting power and shared dispositive power over 3,313,668 shares; Salomon Smith Barney Holdings Inc. had shared voting power and shared dispositive power over 3,313,668 shares; and SSB Citi Fund Management LLC, formerly SSBC Fund Management Inc., had shared voting power and shared dispositive power over 2,614,462 shares. SSB Citi Fund Management LLC is a wholly owned subsidiary of Salomon Smith Barney Holdings Inc. Salomon Smith Barney Holdings Inc. is a wholly owned subsidiary of Citigroup Inc. Each reported that it is an Investment Advisor under either the Investment Advisors Act of 1940 or a similar state law.
- (7) According to a Schedule 13G filed with the Securities and Exchange Commission on February 5, 2003, reporting ownership as of December 31, 2002.
- (8) Dimensional Fund Advisors, Inc. an Investment Advisor registered under the Investment Advisors Act of 1940, reported on a Schedule 13G filed with the Securities and Exchange Commission on February 3, 2003 that, as of December 31, 2002, it had sole voting and dispositive power with respect to 1,183,104 shares. Dimensional Fund Advisors possesses voting and dispositive power by virtue of its role as investment advisor to four investment companies registered under the Investment Company Act of 1940 and as investment manager for commingled group trusts and separate accounts. The shares over which Dimensional Fund Advisors exercises voting and dispositive power are owned by the four investment companies and other group trusts and separate accounts and Dimensional Fund Advisors disclaims ownership of these shares.
- (9) Fidelity Management Trust Company, trustee for the Brush Engineered Materials Inc. Savings and Investment Plan, holds the shares in trust. All participants share voting power with the trustee of the Plan with respect to shares attributable to their accounts.
- (10) Paradigm Capital Management, Inc., an Investment Advisor registered under the Investment Advisors Act of 1940, reported on a Schedule 13G filed with the Securities and Exchange Commission on March 12, 2003 that, as of December 31, 2002, it had sole voting and dispositive power with respect to 865,800 shares.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires our directors and officers and persons who own 10% or more of our common stock to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Securities and Exchange Commission. Directors, officers and 10% or greater shareholders are required by Securities and Exchange Commission regulations to furnish us with copies of all Forms 3, 4 and 5 they file.

Based solely on our review of copies of forms that we have received, and written representations by our directors, officers and 10% or greater shareholders, all of our directors, officers and 10% or greater shareholders complied with all filing requirements applicable to them with respect to transactions in our equity securities during the fiscal year ended December 31, 2002 with one exception. Because timely notification of the automatic deferral and investment of one director's meeting fee was not received from the trustee under our Deferred Compensation Plan for Non-employee Directors, one Form 4 we filed on behalf of Dr. Reddy was late.

SUMMARY COMPENSATION TABLE

The following table sets forth the before-tax compensation for the years shown for Mr. Harnett and the other executive officers.

NAME AND PRINCIPAL POSITION -----	YEAR ----	ANNUAL COMPENSATION (1) -----		AWARDS (1) -----	ALL OTHER COMPENSATION (\$)(2)(3)(4) -----
		SALARY (\$)(2) -----	BONUS (\$) -----	SECURITIES UNDERLYING OPTIONS (#) -----	
Gordon D. Harnett	2002	585,000	46,800	35,000	89,208
Chairman of the Board, President	2001	583,366	--	35,000	19,275
and Chief Executive Officer	2000	498,850	442,500 (2)	37,000	25,117
Daniel A. Skoch	2002	258,000	30,960	15,000	20,769
Senior Vice President	2001	257,808	--	12,000	11,351
Administration	2000	234,057	156,240 (2)	10,000	7,497
John D. Grampa	2002	240,000	28,800	15,000	3,231
Vice President Finance	2001	239,231	--	10,000	10,283
and Chief Financial Officer	2000	199,326	122,000 (2)	8,000	5,980
William R. Seelbach (5)	2002	148,178	--	15,000	337,223
President	2001	334,702	--	18,000	13,218
	2000	301,703	176,726 (2)	11,000	10,403

(1) Several columns and headings to this table have been omitted because no compensation was reportable thereunder.

(2) Salary for 2002, 2001 and 2000 includes compensation the executive elected to replace with options to purchase property other than Brush Engineered Materials securities under the Company's Key Employee Share Option Plan as follows: Mr. Harnett, \$23,100, \$31,050 and \$19,731; Mr. Skoch, \$3,480, \$13,694 and \$3,843; Mr. Grampa, \$20,000, \$30,000 and \$20,000; and Mr. Seelbach, \$0, \$26,680 and \$13,170.

Bonus for 2000 includes compensation the executive elected to replace with options to purchase property other than Brush Engineered Materials securities under the Company's Key Employee Share Option Plan as follows: Mr. Harnett, \$20,302; Mr. Skoch, \$949; and Mr. Seelbach, \$4,057.

All Other Compensation for 2002, 2001 and 2000 includes amounts in connection with options to purchase property other than Brush Engineered Materials securities under the Company's Key Employee Share Option Plan as follows: Mr. Harnett, \$5,775, \$14,175 and \$20,017; Mr. Skoch, \$870, \$6,251 and \$2,397; Mr. Grampa, \$700, \$5,183 and \$880; and Mr. Seelbach, \$0, \$8,118 and \$5,303.

The Key Employee Share Option Plan provides for options covering property with an initial value equal to the amount of compensation they replace, divided by 75%, and with an exercise price equal to the difference between that amount and the amount of compensation replaced. Thus, the executive may receive the increase or decrease in market value of the entire amount of the property covered by the option, including the exercise price.

(3) Except as noted in (2), (4) and (5), amounts in All Other Compensation consist of Company matching contributions to the Brush Engineered Materials Inc. Savings and Investment Plan.

(4) All Other Compensation for 2002 for Messrs. Harnett and Skoch includes the dollar value, projected on an actuarial basis, of the benefit to the executive officer of life insurance policy premiums paid by the Company under "split-dollar" insurance agreements entered into in January, 2002 as follows: Mr. Harnett, \$62,883, and Mr. Skoch, \$16,899. Insurance policy premiums paid by the Company under the agreements are to be repaid to the Company upon termination of the agreement and are treated as "below-market loans" for purposes of Section 7872 of the Internal Revenue Code. The premiums paid by the Company are secured by the cash surrender value of the insurance policies. Actual premiums paid by the Company were \$260,004 for Mr. Harnett and \$39,951 for Mr. Skoch. It is not contemplated that the Company will pay any insurance policy premiums under the agreements in the future.

(5) Mr. Seelbach served as the Company's President from May 2001 until May 2002. All Other Compensation for 2002 for Mr. Seelbach includes \$335,000, the total payments to which he was entitled under his separation agreement with the Company, in accordance with his previously disclosed employment agreement.

OPTION EXERCISES IN LAST FISCAL YEAR

The following table provides information about stock options exercised by the executive officers who are included in the Summary Compensation Table and the value of each officer's unexercised options at December 31, 2002:

NAME	NUMBER OF SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 2002 EXERCISABLE/UNEXERCISABLE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT DECEMBER 31, 2002, EXERCISABLE/UNEXERCISABLE
----	-----	-----	-----	-----
Gordon D. Harnett.....	--	--	304,000/0	\$ 0
Daniel A. Skoch.....	--	--	82,000/0	\$ 0
John D. Grampa.....	--	--	42,000/0	\$ 0
William R. Seelbach.....	--	--	0/0	\$ 0

OPTION GRANTS IN LAST FISCAL YEAR

The following table provides information about stock option grants during 2002 to the executive officers who are included in the Summary Compensation Table. There was one grant of options to the named executive officers during the year.

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	INDIVIDUAL GRANTS			POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
		PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE (\$/SH)	EXPIRATION DATE	5%	10%
----	-----	-----	-----	-----	-----	-----
Gordon D. Harnett.....	35,000	14.68	\$12.15	2/5/12	\$267,437	\$677,739
Daniel A. Skoch.....	15,000	6.29	\$12.15	2/5/12	\$114,616	\$290,460
John D. Grampa.....	15,000	6.29	\$12.15	2/5/12	\$114,616	\$290,460
William R. Seelbach (1).....	15,000	6.29	\$12.15	2/5/12	\$114,616	\$290,460

(1) Mr. Seelbach served as the Company's President from May 2001 until May 2002. These unvested options were forfeited in connection with his separation from the Company.

LONG-TERM INCENTIVE PLANS -- AWARDS IN LAST FISCAL YEAR

No performance restricted shares or performance shares were awarded during 2002 pursuant to the 1995 Stock Incentive Plan, as amended.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides certain aggregated information relating to the Company's equity compensation plans (including individual compensation plans, if any) as of December 31, 2002:

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (a)	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (b)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (a)) (c)
-----	-----	-----	-----
Equity Compensation Plans Approved by Security Holders...	1,394,688	\$17.82	550,986
Equity Compensation Plans Not Approved by Security Holders.....	0	0	0
-----	-----	-----	-----
Total.....	1,394,688	\$17.82	550,986
	=====	=====	=====

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Organization and Compensation Committee of the Board of Directors is composed of all the independent, non-employee directors of the Board. The Committee is responsible for developing and making policy recommendations to the Board with respect to the Company's executive compensation. In addition, the Committee, pursuant to authority delegated by the Board, determines on an annual basis the compensation to be paid to the Chief Executive Officer, elected executive officers and certain other senior management positions.

COMPENSATION PHILOSOPHY -- PAY FOR PERFORMANCE

The Committee's compensation philosophy is to recognize superior results with superior monetary rewards. Where results are below expectations, pay will directly reflect the less-than-targeted performance.

TOTAL COMPENSATION STRATEGY

The executive compensation strategy is to attract and retain qualified executives and to provide appropriate incentives to achieve the long-term success of the Company and to enhance shareholder value over the long term. The Company employs a total compensation strategy, taking into consideration base pay, annual performance compensation and long-term incentives. Base salary is generally established at competitive levels, and greater weight is put on the performance-driven portions of the compensation package.

As part of the total compensation strategy, the Committee has given consideration to the increased retention and motivational issues caused by the challenging and controversial environmental and legal disputes facing the Company.

BASE SALARY

Base salaries are established by the Committee based on an executive's job responsibilities, level of experience, individual performance and contribution to the business. Due to the adverse market conditions the Company experienced in 2002, no salary increases were granted to the CEO or other executive officers.

ANNUAL PERFORMANCE COMPENSATION

A Management Performance Compensation Plan provides for annual, single-sum cash payments that are based on achieving preestablished financial objectives and qualitative performance factors. Qualitative factors include performance against certain strategic measures, primarily related to environmental, health and safety achievements.

An annual performance compensation target opportunity is established for each executive by the Committee based on job responsibilities, level of experience, overall business performance and individual contribution to the business, as well as analyses of competitive industry practice. The Chief Executive Officer is measured primarily on a preestablished financial objective and to a limited extent on qualitative performance factors. In 2002, the Company's minimum financial objective based on earnings per share was not achieved. As a result, neither the Chief Executive Officer nor the other executive officers received any payout based on financial objectives. There were, however, payouts on the qualitative performance factors established at the beginning of the year. The Chief Executive Officer was awarded a payment of \$46,800 by the Committee which was based substantially on the accomplishments related to improved health and safety measurements.

LONG-TERM INCENTIVES

Long-term Cash Incentive Plan. In early 2002, the Committee replaced its prior long-term cash incentive plan with a new two-year cash incentive plan with management objectives based on financial measures with a performance period from January 1, 2002 through December 31, 2003. The plan was limited to officers and a small number of senior managers. The financial opportunity varied according to the level of the participant's organizational responsibility. The Chief Executive Officer could attain 150% of his base pay

as in effect on January 1, 2002, for achieving the targeted objective, and 225% for exceeding the maximum objective. The other participants had a lesser opportunity ranging anywhere from 20% to 50% at target and 30% to 75% at maximum. The financial measurement for this plan was the corporate or business unit's two-year improvement in "economic profit," a blend of operating profit and reduction in working capital. The plan also contains a special retention feature which allows for a minimum payout of 25% of the target opportunity, but only if the participant continues employment through the performance period.

Stock Options. Stock options are typically granted annually to executives and other selected employees whose contributions and skills are important in the long-term success of the Company. The options are granted with the exercise price equal to the market price of the Company's stock on the day of grant, vest over a period of up to four years and expire after ten years.

In 2002, a total of 141 selected employees were awarded options. The overall number of option shares granted was approximately 1.45% of total shares outstanding.

The Committee established a range of potential option awards for the Chief Executive Officer and the other executive officers. The specific number of stock options granted to an executive was determined by the Committee based upon the individual's level of responsibility, recommendations by management, and a subjective judgment by the Committee of the executive's contribution to the performance of the Company. The number of options currently held by each executive was not taken into consideration. In 2002, the Committee granted the Chief Executive Officer a stock option covering 35,000 shares of Brush Engineered Materials common stock.

DEDUCTIBILITY OF COMPENSATION IN EXCESS OF \$1 MILLION A YEAR

Section 162(m) of the U.S. Internal Revenue Code of 1986 limits deductibility of compensation in excess of \$1 million paid to the Company's Chief Executive Officer and to each of the other four highest-paid executive officers. However, some "performance-based" compensation is specifically exempt from the deduction limit. While the Committee generally takes actions to ensure the deductibility of its executive officers' compensation, the Committee retains the flexibility to make payments or awards whether or not such payments or awards qualify for tax deductibility under Section 162(m).

The foregoing report has been furnished by the Organization and Compensation Committee of the Board of Directors.

William P. Madar (Chairman)
Albert C. Bersticker
Dr. Charles F. Brush, III

David H. Hoag
Joseph P. Keithley
N. Mohan Reddy, Ph.D.

William R. Robertson
John Sherwin, Jr.

CUMULATIVE SHAREHOLDER RETURN AND PERFORMANCE PRESENTATION

As in previous years, the following graph sets forth the cumulative shareholder return on Brush Engineered Materials common stock as compared to the cumulative total return of the S&P 500 Index and a Self-constructed Index consisting of Brush Engineered Materials, Cabot Corporation, Carpenter Technology Corporation, Chase Industries Inc., Olin Corporation, Precision Castparts Corporation and Worthington Industries, Inc. for the five-year period ending December 31, 2002. It should be noted that Chase Industries was purchased by Olin Corporation on September 27, 2002. This year we have included the S&P Small-cap 600 Index of which Brush is a component company, as we believe it provides a comparative benchmark that more closely reflects the diverse mix of the Company's businesses. (1)(2)

[PERFORMANCE GRAPH]

	1997	1998	1999	2000	2001	2002
	----	-----	-----	-----	-----	-----
Brush Engineered Materials.....	\$100	\$74	\$74	\$91	\$63	\$24
S&P 500.....	\$100	\$129	\$156	\$141	\$125	\$97
Current Self-constructed Index.....	\$100	\$77	\$74	\$164	\$164	\$140
S&P Small-cap 600.....	\$100	\$99	\$111	\$124	\$132	\$113

(1) Brush Engineered Materials through its wholly owned subsidiaries, is a leading international producer and supplier of beryllium, beryllium-containing alloys, beryllia ceramic, engineered material systems, precious metal and specialty alloy products. Most competitors are either divisions or subsidiaries of larger corporations, or privately held companies. Brush Engineered Materials does not fit easily into any standardized peer company listing. The Self-constructed Index consists of specialty engineered materials producers that either compete directly with Brush Engineered Materials for major portions of their business, operate using similar production technologies or serve similar markets.

(2) Assumes that the value of Brush Engineered Materials common stock and each index was \$100 on December 31, 1997 and that all applicable dividends were reinvested.

PENSION AND RETIREMENT BENEFITS

The Brush Engineered Materials Inc. Pension Plan ("qualified pension plan") is a defined benefit plan under which Messrs. Harnett, Skoch and Grampa are currently accruing benefits. Mr. Seelbach left the Company on May 31, 2002 and under the qualified pension plan his accrued benefit was \$678 per month as of that date. Mr. Seelbach is not eligible to receive a benefit under the Company's Supplemental Retirement Benefit Plan ("supplemental plan") as he did not meet the service requirement in order to receive a benefit prior to leaving the Company. During 2002, as reported in last year's proxy statement, Messrs. Harnett and Skoch received compensation in exchange for their agreement to forego benefits under the supplemental plan in the amounts of \$519,500 and \$74,374 respectively. As a result, their retirement benefit will be limited to that amount provided by the qualified pension plan, subject to the statutory benefit and compensation limits. The Internal Revenue Code limits benefits in the qualified pension plan to that based on compensation not in excess of \$200,000 in both 2002 and 2003. Mr. Grampa is the only executive officer currently eligible to receive a benefit under the Company's supplemental plan.

The following table shows the estimated annual pension benefits under the qualified pension plan for Messrs. Harnett and Skoch. The amounts shown are those which would be payable, as a single life annuity, for retirement at age 65 based on various periods of service:

AGE 65 RETIREMENT BENEFIT

FINAL AVERAGE ANNUAL PAY AT AGE 65	YEARS OF SERVICE AT AGE 65					
	10 YEARS	15 YEARS	20 YEARS	25 YEARS	30 YEARS	35 YEARS
\$ 150,000	\$ 18,583	\$ 27,874	\$ 37,166	\$ 46,457	\$ 55,749	\$ 65,040
200,000	25,726	38,589	51,451	64,314	77,177	90,040

The following table shows the estimated total annual pension benefits under the qualified pension plan and the Company's supplemental plan for Mr. Grampa. The amounts shown are those which would be payable, as a single life annuity, for retirement at age 65 based on various periods of service:

AGE 65 RETIREMENT BENEFIT

FINAL AVERAGE ANNUAL PAY AT AGE 65	YEARS OF SERVICE AT AGE 65					
	10 YEARS	15 YEARS	20 YEARS	25 YEARS	30 YEARS	35 YEARS
\$ 150,000	\$ 18,583	\$ 27,874	\$ 37,166	\$ 46,457	\$ 55,749	\$ 65,040
200,000	25,726	38,589	51,451	64,314	77,177	90,040
300,000	40,011	60,017	80,023	100,029	120,034	140,040
400,000	54,297	81,446	108,594	135,743	162,891	190,040

The compensation covered by the qualified pension plan and the supplemental plan is regular base salary, sales commissions and certain performance compensation. The compensation covered by these plans is the same as the amounts shown in the salary and bonus columns of the Summary Compensation Table on page

9. "Final Average Annual Pay at Age 65" is based on the employee's highest compensation for any five consecutive calendar years of employment. Credited service for pension benefit purposes for Messrs. Harnett, Skoch and Grampa is 11, 19 and 4, respectively.

EMPLOYMENT AGREEMENTS

We have entered into severance agreements with various senior executives, including Messrs. Harnett, Skoch and Grampa, to help ensure the continuity and stability of our senior management. If, a "change in control" of the Company as defined in these agreements, the executive's employment is terminated by the Company or one of its affiliates except for cause, or he resigns within one month after the first anniversary of the change, or the nature and scope of his duties worsens or certain other adverse changes occur and the Board of Directors so decides, then severance benefits will apply. Severance benefits include rights to a lump sum payment of three times salary; incentive compensation; cash in lieu of benefits under the Company's Supplemental Retirement Benefit Plan; any special awards; the continuation of retiree medical and life

insurance benefits for three years; and a lump sum payment equal to the sum of the present value of any bonus he would have received under any long-term incentive plan (assuming attainment of the plan target rate), any retirement benefits he would have earned during the next three years and the cash value of certain other benefits. All equity incentive awards also vest, and all stock options become fully exercisable, if the severance benefits are applicable. A termination or demotion following the commencement of discussions with a third party which ultimately result in a change in control will also activate severance benefits. Payments and benefits under the severance agreements are subject to reduction in order to avoid the application of the excise tax on "excess parachute payments" under the Internal Revenue Code, but only if the reduction would increase the net after-tax amount received by the executive.

Under these agreements, each executive agrees not to compete with the Company during employment or for one year thereafter; not to solicit any of our employees, agents or consultants to terminate their relationship with us; and to protect our confidential business information. Each executive also assigns to us any intellectual property rights he may otherwise have to any discoveries, inventions or improvements made while in our employ or within one year thereafter. Brush Engineered Materials must secure its performance under the severance agreements through a trust which is to be funded upon the change in control, and amounts due but not timely paid earn interest at the prime rate plus 4%. The Company must pay attorneys' fees and expenses incurred by an executive in enforcing his rights under his severance agreement. The severance agreements may have the effect of inhibiting a change in control of the Company.

AUDIT COMMITTEE REPORT

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the Company's systems of internal controls. In fulfilling its oversight responsibilities, the Committee reviewed the audited financial statements in the Annual Report with management, and discussed the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee under generally accepted auditing standards. In addition, the Committee has discussed with the independent auditors the auditors' independence from management and the Company, including the matters in the written disclosures required by the Independence Standards Board, and considered the compatibility of nonaudit services with the auditors' independence.

The Committee discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits. The Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. The Committee held three meetings during 2002.

In reliance on these reviews and discussions, the Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2002 for filing with the Securities and Exchange Commission.

William R. Robertson (Chairman) Dr. Charles F. Brush, III N. Mohan Reddy, Ph.D.

John Sherwin, Jr.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT FEES

Ernst & Young has billed the Company \$393,550, in the aggregate, for professional services rendered by Ernst & Young for the audit of the Company's annual financial statements for the fiscal year ended December 31, 2002 and the reviews of the interim financial statements included in the Company's Forms 10-Q filed during the fiscal year ended December 31, 2002.

FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES

There were no billings by Ernst & Young for professional services described in Paragraph (c)(4)(ii) of Rule 2-01 of Regulation S-X rendered by Ernst & Young during the fiscal year ended December 31, 2002.

ALL OTHER FEES

Ernst & Young has billed the Company \$251,515, in the aggregate, for all services rendered by Ernst & Young, other than those covered above under "Audit Fees" and "Financial Information Systems Design and Implementation Fees," during the fiscal year ended December 31, 2002. "All Other Fees" include fees of \$121,905 for audit-related services, such as benefit plan audits, statutory audits and accounting and reporting technical advice, and \$129,610 for tax-related services.

SHAREHOLDER PROPOSALS

We must receive by November 28, 2003, any proposal of a shareholder intended to be presented at the 2004 annual meeting of Brush Engineered Materials' shareholders and to be included in our proxy, notice of meeting and proxy statement related to the 2004 annual meeting pursuant to Rule 14a-8 under the Securities and Exchange Act of 1934. These proposals should be submitted by certified mail, return receipt requested. Proposals of shareholders submitted outside the processes of Rule 14a-8 under the Exchange Act in connection with the 2004 annual meeting must be received by us on or before the date determined in accordance with our code of regulations or they will be considered untimely under Rule 14a-4(c) of the Exchange Act. Under our code of regulations, proposals generally must be received by us no fewer than 60 and no more than 90 days before an annual meeting. However, if the date of a meeting is more than ten days from the anniversary of the previous year's meeting and we do not give notice of the meeting at least 75 days in advance, proposals must be received ten days from the date of our notice. Our proxy related to the 2004 annual meeting of Brush Engineered Materials' shareholders will give discretionary authority to the proxy holders to vote with respect to all proposals submitted outside the processes of Rule 14a-8 received by us after the date determined in accordance with our code of regulations.

OTHER MATTERS

We do not know of any matters to be brought before the meeting except as indicated in the notice. However, if any other matters properly come before the meeting for action of which we did not have notice prior to March 12, 2003, or that applicable laws otherwise permit proxies to vote on a discretionary basis, it is intended that the person authorized under solicited proxies may vote or act thereon in accordance with his own judgment.

By order of the Board of Directors, Brush Engineered Materials Inc. Michael C. Hasychak Secretary

Cleveland, Ohio
March 28, 2003

APPENDIX A

BRUSH ENGINEERED MATERIALS INC.

AUDIT COMMITTEE CHARTER

(AS ADOPTED BY THE BOARD OF DIRECTORS ON FEBRUARY 4, 2003)

PURPOSES

This Charter governs the operations of the Audit Committee of the Board of Brush Engineered Materials Inc. The Audit Committee has been created by the Board to (a) assist the Board in fulfilling the Board's oversight responsibilities to the shareholders, potential shareholders and other constituencies with respect to (i) the integrity of the Company's financial statements, (ii) the Company's financial reporting process and compliance with ethics policies and legal and other regulatory requirements, (iii) the independent auditors' qualifications and independence, (iv) the Company's systems of internal accounting and financial controls and (v) the performance of the independent auditors and of the Company's internal audit function; and (b) prepare the Audit Committee's report, made pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"), to be included in the Company's annual proxy statement (the "Audit Committee Report").

COMPOSITION OF THE AUDIT COMMITTEE

Number. The Audit Committee is appointed by the Board and is comprised of at least three members.

Qualifications. Each Audit Committee member is to have all of the following qualifications:

- 1) Each Audit Committee member must meet the independence criteria of (a) the rules of the New York Stock Exchange, Inc., as such requirements are interpreted by the Board in its business judgment and (b) Section 301 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the Securities and Exchange Commission ("SEC").
- 2) Each Audit Committee member must be financially literate or become financially literate within a reasonable period of time after his or her appointment to the Audit Committee. Additionally, at least one member of the Audit Committee is to have accounting or related financial management expertise sufficient to meet the criteria of a financial expert within the meaning of Section 407 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the SEC. The Board shall determine, in its business judgment, whether a member is financially literate and whether at least one member has the requisite accounting or financial expertise and meets the financial expert criteria.
- 3) Each Audit Committee member is to receive as compensation from the Company only director's fees (which includes all forms of compensation paid to directors of the Company for service as a director or member of a Board Committee).
- 4) If an Audit Committee member simultaneously serves on the audit committee of more than three companies that are required to file reports pursuant to Sections 13 or 15(d) of the Securities Exchange Act of 1934, as amended, (including the Company), the Board must determine that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee. The Company will be required to disclose any such determination in its annual proxy statement.

Appointment. The Board will appoint the members and the Chairman of the Audit Committee based on nominations made by the Company's Governance Committee. Audit Committee members serve at the pleasure of the Board and for such term or terms as the Board may determine.

RESPONSIBILITIES AND DUTIES OF THE AUDIT COMMITTEE

The Audit Committee is responsible to oversee the Company's financial reporting process on behalf of the Board. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the accounting and reporting policies that are used by the

Company. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's interim financial statements.

In performing its responsibilities, the Audit Committee shall:

- 1) Retain the Independent Auditors: The Audit Committee has the sole authority to (a) retain and terminate the Company's independent auditors, subject to applicable shareholder ratification, (b) approve all audit engagement fees, terms and services, and (c) approve any non-audit engagements with the Company's independent auditors. The Audit Committee is to exercise this authority in a manner consistent with Sections 201 and 202 of the Sarbanes-Oxley Act of 2002. The Audit Committee may delegate the authority to grant any pre-approvals required by such sections to one or more members of the Audit Committee as it designates, subject to the delegated member or members reporting any such pre-approvals to the Audit Committee at its next scheduled meeting.
- 2) Review and discuss the Auditors' Quality Control: The Audit Committee is to, at least annually, obtain and review and discuss a report by the independent auditors describing (a) the audit firm's internal quality control procedures, (b) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and (c) any steps taken to deal with any such issues.
- 3) Review and discuss the Independence of the Auditors: In connection with the retention of the Company's independent auditors, the Audit Committee is to at least annually review and discuss the information provided by management and the auditors relating to the independence of the audit firm, including, among other things, information related to the non-audit services provided and expected to be provided by the auditors. The Audit Committee is responsible for (a) ensuring that the independent auditors submit at least annually to the Audit Committee a formal written statement delineating all relationships between the auditors and the Company consistent with Independence Standards Board Standard No. 1, a copy of which is attached as Annex A hereto, (b) actively engaging in a dialogue with the auditors with respect to any disclosed relationship or services that may impact the objectivity and independence of the auditors and (c) taking appropriate action in response to the auditors' report to satisfy itself of the auditors' independence. In connection with the Audit Committee's evaluation of the auditors' independence, the Audit Committee is to also review and evaluate the lead partner of the independent auditors and take such steps as may be required by law with respect to the regular rotation of the lead audit partner and the reviewing audit partner of the independent auditors, and consider whether or not there should be rotation of the independent audit firm itself.
- 4) Set Hiring Policies: The Audit Committee is to set clear hiring policies for employees or former employees of the independent auditors, which include the restrictions set forth in Section 206 of the Sarbanes-Oxley Act of 2002.
- 5) Review and Discuss the Audit Plan: The Audit Committee is to review and discuss with the independent auditors the plans for, and the scope of, the annual audit and other examinations, including the adequacy of staffing and compensation.
- 6) Review and Discuss Conduct of the Audit: The Audit Committee is to review and discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, as well as any audit problems or difficulties and management's response, including (a) any restriction on audit scope or on access to requested information, (b) any disagreements with management and (c) significant issues discussed with the independent auditors' national office. The Audit Committee is to decide all unresolved disagreements between management and the independent auditors regarding financial reporting.
- 7) Review and Discuss Financial Statements and Disclosures: The Audit Committee is to review and discuss with appropriate officers of the Company and the independent auditors the annual audited and quarterly financial statements of the Company, including (a) the Company's disclosures under

"Management's Discussion and Analysis of Financial Condition and Results of Operations," and (b) the disclosures regarding internal controls and other matters required to be reported to the Audit Committee by Section 302 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the SEC.

8) Review and Discuss Earnings Press Releases: The Audit Committee is to review and discuss earnings and other financial press releases (including any use of "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies (which review may occur after issuance and may be done generally as a review of the types of information to be disclosed and the form of presentation to be made).

9) Review and Discuss Internal Audit Plans: The Audit Committee is to review and discuss with the Director of Internal Auditing and appropriate members of the staff of the internal auditing department the plans for and the scope of their ongoing audit activities, including adequacy of staffing and compensation. The Audit Committee is to review and approve management's appointment, termination or replacement of the Chief Internal Auditor.

10) Review and Discuss Internal Audit Reports: The Audit Committee is to review and discuss with the Chief Internal Auditor and appropriate members of the staff of the internal auditing department the annual report of the audit activities, examinations and results thereof of the internal auditing department.

11) Review and Discuss the Systems of Internal Accounting Controls: The Audit Committee is to review and discuss with the independent auditors, the Chief Internal Auditor, the General Counsel and, if and to the extent deemed appropriate by the Audit Committee, members of their respective staffs the adequacy of the Company's internal accounting controls, the Company's financial, auditing and accounting organizations and personnel, and the Company's policies and compliance procedures with respect to business practices which shall include the disclosures regarding internal controls and matters required to be reported to the Audit Committee by Section 302 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the SEC.

12) Review and Discuss the Recommendations of Independent Auditors: The Audit Committee is to review and discuss with the Chief Internal Auditor and the appropriate members of the staff of the internal auditing department recommendations made by the independent auditors and the Chief Internal Auditor, as well as such other matters, if any, as such persons or other officers of the Company may desire to bring to the attention of the Audit Committee.

13) Review and Discuss the Audit Results: The Audit Committee is to review and discuss with the independent auditors (a) the report of their annual audit, or proposed report of their annual audit, (b) the accompanying management letter, if any, (c) the reports of their reviews of the Company's interim financial statements conducted in accordance with Statement on Auditing Standards No. 71, and (d) the reports of the results of such other examinations outside of the course of the independent auditors' normal audit procedures that the independent auditors may from time to time undertake. The foregoing is to include the reports required by Section 204 of the Sarbanes-Oxley Act of 2002 and, as appropriate, (a) a review of major issues regarding

(i) accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles and (ii) the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies, (b) a review of analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements and

(c) a review of the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

14) Obtain Assurances under Section 10A(b) of the Exchange Act: The Audit Committee is to obtain assurance from the independent auditors that in the course of conducting the audit there have been

no acts detected or that have otherwise come to the attention of the audit firm that require disclosure to the Audit Committee under Section 10A (b) of the Exchange Act.

15) Discuss Risk Management Policies: The Audit Committee is to discuss policies with respect to risk assessment and risk management to assess and manage the Company's exposure to risk. The Audit Committee should discuss the Company's major financial risk exposures and the steps management has taken to monitor and control these exposures. The Audit Committee should periodically review the Company's contingency plans for protection of vital information and business conduct in the event of an operations interruption.

16) Obtain Reports Regarding Conformity With Legal Requirements and the Company's Code of Business Conduct and Ethics: The Audit Committee is to periodically obtain reports from management, the Company's Chief Internal Auditor and the independent auditor that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics. The Audit Committee is to review and discuss reports and disclosures of insider and affiliated party transactions. The Audit Committee should advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics. The Audit Committee should periodically review the Company's policies and procedures to fulfill compliance requirements pertaining to its code of ethics, employee health and safety, environmental protection and other laws and regulations.

17) Establish Procedures for Complaints Regarding Financial Statements or Accounting Policies: The Audit Committee is to establish procedures, in consultation with the Company's independent auditors and the appropriate officers of the Company, for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters as required by Section 301 of the Sarbanes-Oxley Act of 2002. The Audit Committee is to discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any complaints or concerns regarding the Company's financial statements or accounting policies.

18) Discuss With General Counsel Matters Regarding Financial Statements or Compliance Policies: The Audit Committee should discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies. The Audit Committee is to receive reports from the Company's counsel of evidence of a material violation of securities laws or breaches of fiduciary duties.

19) Review and Discuss Other Matters: The Audit Committee should review and discuss such other matters that relate to the accounting, auditing and financial reporting practices and procedures of the Company as the Audit Committee may, in its own discretion, deem desirable in connection with the review functions described above.

20) Make Board Reports: The Audit Committee should report its activities regularly to the Board in such manner and at such times as the Audit Committee and the Board deem appropriate, but in no event less than once a year. This report is to include the Audit Committee's conclusions with respect to its evaluation of the independent auditors.

21) Maintain Flexibility. The Audit Committee, in carrying out its responsibilities, policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Audit Committee should take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee should meet in person or telephonically at least quarterly, or more frequently as it may determine necessary, to comply with its responsibilities as set forth herein. The Chair of the Audit

Committee is, in consultation with the other members of the Audit Committee, the Company's independent auditors and the appropriate officers of the Company, responsible for calling meetings of the Audit Committee, approve and/or establish agendas therefor and supervising the conduct thereof. The Audit Committee may also take any action permitted hereunder by unanimous written consent.

The Audit Committee may request any officer or employee of the Company or the Company's outside legal counsel or independent auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Audit Committee should meet with the Company's management, the internal auditors and the independent auditors periodically in separate private sessions to discuss any matter that the Audit Committee, management, the independent auditors or such other persons believe should be discussed privately.

RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE

The Audit Committee is to have the resources and authority appropriate to discharge its responsibilities and carry out its duties as required by law, including the authority to engage outside auditors for special audits, reviews and other procedures and to engage independent counsel and other advisors, experts or consultants. The Audit Committee may also, to the extent it deems necessary or appropriate, meet with the Company's investment bankers or financial analysts who follow the Company.

AUDIT COMMITTEE REPORT

The Audit Committee will prepare, with the assistance of management, the independent auditors and outside legal counsel, the Audit Committee Report.

ANNUAL REVIEW OF CHARTER

The Audit Committee will conduct and review with the Board annually an evaluation of this Charter and recommend any changes to the Board. The Audit Committee may conduct this charter evaluation in such manner as the Audit Committee, in its business judgment, deems appropriate.

ANNUAL PERFORMANCE EVALUATION

The Audit Committee will conduct and review with the Board annually an evaluation of the Audit Committee's performance with respect to the requirements of this Charter. This evaluation should also set forth the goals and objectives of the Audit Committee for the upcoming year. The Audit Committee may conduct this performance evaluation in such manner as the Audit Committee, in its business judgment, deems appropriate.

Consistent with the New York Stock Exchange listing requirements, this Charter will be included on the Company's website and will be made available upon request sent to the Company's Secretary. This Charter will also be periodically published in the proxy statement relating to the Company's annual meeting of shareholders.

INDEPENDENCE STANDARDS BOARD (ISB)

ISB Standard No. 1, Independence Discussions With Audit Committees

This standard applies to any auditor intending to be considered an independent accountant with respect to a specific entity within the meaning of the Securities Acts ("the Acts") administered by the Securities and Exchange Commission. At least annually, such an auditor shall:

- a) disclose to the audit committee of the company (or the board of directors if there is not an audit committee), in writing, all relationships between the auditor and its related entities and the company and its related entities that in the auditor's professional judgment may reasonably be thought to bear on independence;
- b) confirm in the letter that, in its professional judgment, it is independent of the company within the meaning of the Acts; and
- c) discuss the auditor's independence with the audit committee.

The above communications are required with respect to audits of companies with fiscal years ending after July 15, 1999, with earlier application encouraged. Auditors and audit committees of first-time registrants shall have these communications prior to the company's initial offering of securities to the public. These communications shall cover all audits of financial statements for periods subsequent to the effective date of this standard, included in a registration statement for an initial public offering of securities, whether performed by the current or a predecessor auditor.

DETACH CARD

EXHIBIT 99(a)

**BRUSH ENGINEERED MATERIALS INC. -- PROXY
SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned appoints Gordon D. Harnett, or if he is unable or unwilling to act, then Michael C. Hasychak, with full power of substitution, to vote and act for and in the name of the undersigned as fully as the undersigned could vote and act if personally present at the annual meeting of shareholders of Brush Engineered Materials Inc. to be held on May 6, 2003 and at any adjournment or postponement thereof:

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ALL NOMINEES IN PROPOSAL 1.

1. ELECTION OF DIRECTORS.		
FOR all nominees listed below	[]	WITHHOLD AUTHORITY []
(except as indicated to the contrary below)		to vote for the nominees listed below

Nominees: Gordon D. Harnett, David H. Hoag and William P. Madar.

**INSTRUCTIONS: TO WITHHOLD AUTHORITY TO VOTE FOR ANY NOMINEES, WRITE THOSE
NOMINEES' NAMES IN THE SPACE PROVIDED BELOW.**

2. In accordance with his judgment upon any other matter properly presented.

(CONTINUED, AND TO BE SIGNED ON OTHER SIDE)

DETACH CARD

SHARES

(Continued from the other side)

THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED OR, IF DIRECTIONS ARE NOT INDICATED, WILL BE VOTED "FOR" THE ELECTION OF DIRECTORS.

Dated....., 2003

.....

Signature

.....

Signature

.....

Title

NOTE: Please sign exactly
as the name appears hereon.
When signing as attorney,
executor, administrator,
trustee or guardian, please
add your title as such.

**PLEASE SIGN, DATE AND RETURN YOUR PROXY
PROMPTLY IN THE ENCLOSED ENVELOPE, WHICH
REQUIRES NO POSTAGE.**

DETACH CARD

CONFIDENTIAL VOTING INSTRUCTIONS

TO FIDELITY MANAGEMENT TRUST COMPANY, TRUSTEE UNDER THE BRUSH ENGINEERED MATERIALS INC. PAYSOP

Pursuant to section 6.8 of the Brush Engineered Materials Inc. Savings and Investment Plan, the undersigned, as a participant in the Plan, hereby directs the Trustee to vote (in person or by proxy) all shares of Common Stock of Brush Engineered Materials Inc. credited to the undersigned's PAYSOP Contribution Account under the Plan on the record date for the annual meeting of shareholders of Brush Engineered Materials Inc. to be held on May 6, 2003 and at any adjournment or postponement thereof, on the following matters as checked below.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ALL NOMINEES IN PROPOSAL 1.

1. ELECTION OF DIRECTORS.

FOR all nominees listed below ☐
(except as indicated to the contrary below)

WITHHOLD AUTHORITY ☐
to vote for the nominees listed below

Nominees: Gordon D. Harnett, David H. Hoag and William P. Madar.

INSTRUCTIONS: TO WITHHOLD AUTHORITY TO VOTE FOR ANY NOMINEES, WRITE THOSE NOMINEES' NAMES IN THE SPACE PROVIDED BELOW.

2. In accordance with his judgment upon any other matter properly presented.

(CONTINUED, AND TO BE SIGNED ON OTHER SIDE)

DETACH CARD

(Continued from the other side)

PLEASE SIGN EXACTLY AS THE NAME APPEARS BELOW. THE TRUSTEE SHALL NOT VOTE SHARES OF THE COMPANY FOR WHICH IT DOES NOT RECEIVE INSTRUCTIONS.

THIS CONFIDENTIAL VOTING INSTRUCTIONS CARD WILL BE SEEN ONLY BY AUTHORIZED PERSONNEL OF THE TRUSTEE. THE SHARES REPRESENTED BY THIS CARD WILL BE VOTED AS DIRECTED, OR IF DIRECTIONS ARE NOT INDICATED BUT THIS CARD IS EXECUTED AND RETURNED, WILL BE VOTED "FOR" THE ELECTION OF DIRECTORS.

Dated....., 2003

.....
Signature

.....
Signature

.....
Title

NOTE: Please sign exactly
as the name appears hereon.
When signing as attorney,
executor, administrator,
trustee or guardian, please
add your title as such.

**PLEASE SIGN, DATE AND RETURN YOUR VOTING
CARD PROMPTLY IN THE ENCLOSED ENVELOPE,
WHICH REQUIRES NO POSTAGE.**

DETACH CARD

CONFIDENTIAL VOTING INSTRUCTIONS

TO FIDELITY MANAGEMENT TRUST COMPANY, TRUSTEE UNDER THE BRUSH ENGINEERED MATERIALS INC. SAVINGS AND INVESTMENT PLAN.

Pursuant to section 6.8 of the Brush Engineered Materials Inc. Savings and Investment Plan, the undersigned, as a participant in the Plan, hereby directs the Trustee to vote (in person or by proxy) all shares of Common Stock of Brush Engineered Materials Inc. credited to the undersigned's account (other than shares credited under the PAYSOP Contribution Account) under the Plan on the record date for the annual meeting of shareholders of Brush Engineered Materials Inc. to be held on May 6, 2003 and at any adjournment or postponement thereof, on the following matters as checked below.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ALL NOMINEES IN PROPOSAL 1.

1. ELECTION OF DIRECTORS.

FOR all nominees listed below ☐
(except as indicated to the contrary below)

WITHHOLD AUTHORITY ☐
to vote for the nominees listed below

Nominees: Gordon D. Harnett, David H. Hoag and William P. Madar.

INSTRUCTIONS: TO WITHHOLD AUTHORITY TO VOTE FOR ANY NOMINEES, WRITE THOSE NOMINEES' NAMES IN THE SPACE PROVIDED BELOW.

2. In accordance with his judgment upon any other matter properly presented.

(CONTINUED, AND TO BE SIGNED ON OTHER SIDE)

DETACH CARD

(Continued from the other side)

PLEASE SIGN EXACTLY AS THE NAME APPEARS BELOW. THE TRUSTEE SHALL VOTE SHARES OF THE COMPANY FOR WHICH IT DOES NOT RECEIVE INSTRUCTIONS IN THE SAME PROPORTION AS IT VOTES THE SHARES FOR WHICH IT RECEIVES VOTING INSTRUCTIONS.

THIS CONFIDENTIAL VOTING INSTRUCTIONS CARD WILL BE SEEN ONLY BY AUTHORIZED PERSONNEL OF THE TRUSTEE. THE SHARES REPRESENTED BY THIS CARD WILL BE VOTED AS DIRECTED, OR IF DIRECTIONS ARE NOT INDICATED BUT THIS CARD IS EXECUTED AND RETURNED, WILL BE VOTED "FOR" THE ELECTION OF DIRECTORS.

Dated....., 2003

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Signature

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Signature

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Title

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as the name appears hereon.
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executor, administrator,
trustee or guardian, please
add your title as such.

**PLEASE SIGN, DATE AND RETURN YOUR VOTING
CARD PROMPTLY IN THE ENCLOSED ENVELOPE,
WHICH REQUIRES NO POSTAGE.**