# BRUSH WELLMAN INC 

## FORM 11-K

(Annual Report of Employee Stock Plans)

## Filed 6/28/1999 For Period Ending 12/31/1998

| Address | 17876 ST CLAIR AVE |
| :--- | :--- |
|  | CLEVELAND, Ohio 44110 |
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| Fiscal Year | $12 / 31$ |


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## FORM 11-K

## FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE <br> SECURITIES EXCHANGE ACT OF 1934

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1998

OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from $\qquad$ to $\qquad$

Commission file number 1-7006

# BRUSH WELLMAN INC. <br> SAVINGS AND INVESTMENT PLAN <br> (Full Title of the Plan) 

BRUSH WELLMAN INC.
17876 St. Clair Avenue
Cleveland, Ohio 44110
(Name of issuer of the securities held pursuant to the plan and the address of its principal executive office.)

# BRUSH WELLMAN INC. <br> SAVINGS AND INVESTMENT PLAN 

## REQUIRED INFORMATION

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Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Cleveland, State of Ohio, on the 28th day of June, 1999.

BRUSH WELLMAN INC. SAVINGS AND INVESTMENT PLAN

By /s/ Dennis L. Habrat
Member of the Administrative
Committee

## Report of Independent Auditors

Administrative Committee of
Brush Wellman Inc. Savings
and Investment Plan

We have audited the financial statements of Brush Wellman Inc. Savings and Investment Plan listed in the Annual Report on Form 11-K as of and for the years ended December 31, 1998 and 1997 and 1996. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements listed in the Annual Report on Form 11-K present fairly, in all material respects, the financial position of Brush Wellman Inc. Savings and Investment Plan at December 31, 1998 and 1997, the results of its operations and changes in its plan equity for the years ended December 31, 1998 and 1997 and 1996 in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets held for investment purposes as of December 31, 1998 and reportable transactions for the year ended December 31, 1998 are presented for purposes of complying with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, and are not a required part of the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

# BRUSH WELLMAN INC. <br> SAVINGS AND INVESTMENT PLAN <br> <br> STATEMENT OF FINANCIAL CONDITION <br> <br> STATEMENT OF FINANCIAL CONDITION <br> DECEMBER 31, 1998 

| ASSETS | GROWTH | INTERNATIONAL | INCOME | $\begin{gathered} \text { S\&P } 500 \\ \text { INDEX } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: |
| Brush Wellman Inc. Common Stock (cost $\$ 24,077,018$ ) |  |  |  |  |
| Janus Fund (cost $\$ 13,933,288)$ | \$19,412,400 |  |  |  |
| Templeton Foreign Fund (cost \$7,180,217) |  | \$6,375,796 |  |  |
| PFAMCO Equity Income Fund (cost \$9,537,778) |  |  | \$10,031,657 |  |
| Northern Trust Collective Stock Index Fund (cost $\$ 12,696,007$ ) |  |  |  | \$18,079,379 |
| Vanguard Asset Allocation Fund (cost \$9,901,560) |  |  |  |  |
| PIMCO Total Return Fund (cost $\$ 8,898,619$ ) |  |  |  |  |
| Northern Trust Short-Term Investment Fund (cost $\$ 7,904,531$ ) |  |  |  |  |
| Participant Promissory Notes (cost $\$ 3,706,855$ ) |  |  |  |  |
| Employee Benefits Money Market Fund (cost $\$ 54,656$ ) |  |  |  |  |
|  | 19,412,400 | 6,375,796 | 10,031,657 | 18,079,379 |
| Contribution Receivable: Company |  |  |  |  |
| $401(\mathrm{k})$ | 53,619 | 24,258 | 29,223 | 43,200 |
| Participant |  |  |  |  |
|  | 53,619 | 24,258 | 29,223 | 43,200 |
| Dividends Receivable |  |  |  |  |
| Interest Receivable |  |  |  |  |
| Other |  |  |  |  |
|  | 0 | 0 | 0 | 0 |
| TOTAL ASSETS | \$19,466,019 | \$6,400, 054 | \$10,060, 880 | \$18,122,579 |
| LIABILITIES \& PLAN EQUITY |  |  |  |  |
| Liabilities: Benefits Payable Other |  |  |  |  |
| Plan Equity | 19,466,019 | 6,400,054 | 10,060,880 | 18,122,579 |
| TOTAL LIABILITIES \& PLAN EQUITY | \$19,466,019 | \$6,400,054 | \$10,060,880 | \$18,122,579 |
| ASSETS |  | $\begin{gathered} \text { ASSET } \\ \text { ALLOCATION } \end{gathered}$ | FIXED <br> INCOME | MONEY <br> MARKET |
| Brush Wellman Inc. Common Stock (cost $\$ 24,077,018$ ) |  |  |  |  |
| Janus Fund (cost $\$ 13,933,288)$ |  |  |  |  |
| Templeton Foreign Fund (cost \$7,180,217) |  |  |  |  |
| PFAMCO Equity Income Fund (cost \$9,537,778) |  |  |  |  |
| Northern Trust Collective Stock Index Fund (cost $\$ 12,696,007$ ) |  |  |  |  |
| Vanguard Asset Allocation Fund (cost \$9,901,560) |  | \$12,128,529 |  |  |
| PIMCO Total Return Fund (cost $\$ 8,898,619$ ) |  |  | \$8,968,991 |  |
| Northern Trust Short-Term Investment Fund (cost $\$ 7,904,531$ ) |  |  |  | \$7,845,440 |
| Participant Promissory Notes (cost $\$ 3,706,855$ ) |  |  |  |  |
| Employee Benefits Money Market Fund (cost $\$ 54,656$ ) |  |  |  |  |
|  |  | 12,128,529 | 8,968,991 | 7,845,440 |
| Contribution Receivable: |  |  |  |  |
| 401 (k) |  | 28,613 | 19,837 | 13,179 |
| Participant |  |  |  |  |



## See accompanying notes to financial statements.

# BRUSH WELLMAN INC. SAVINGS AND INVESTMENT PLAN <br> <br> STATEMENT OF FINANCIAL CONDITION <br> <br> STATEMENT OF FINANCIAL CONDITION <br> DECEMBER 31, 1997 




See accompanying notes to financial statements.

# BRUSH WELLMAN INC. <br> SAVINGS AND INVESTMENT PLAN <br> STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY YEAR ENDED DECEMBER 31, 1998 



| Investment Income: |  |  |  |
| :---: | :---: | :---: | :---: |
| Dividends | \$6,093 |  | \$3,076,251 |
| Interest | 70 | \$271,362 | 1,453,536 |
| Other Income (Expense) | $(1,294)$ |  | 2,331,237 |
|  | 4,869 | 271,362 | 6,861,024 |
| Realized Gain (Loss) on |  |  |  |
| Unrealized Appreciation (Depreciation) |  |  |  |
| Contributions--Note B |  |  |  |
| Company |  |  | 2,369,035 |
| 401 (k) |  |  | 7,159,638 |
|  |  |  | 9,528,673 |
|  |  |  |  |
| Current Year Changes | $(7,113)$ |  |  |
| Loan Transfers |  | 45,379 |  |
| Withdrawals and |  |  |  |
| Terminations--Note C | 12,756 | 108,326 | 6,428,417 |
| Income and Changes in Plan Equity | $(102,492)$ | 208,415 | 9,329,578 |
| Plan Equity at Beginning of the Year | 324,315 | 3,498,440 | 99,114,227 |
| Plan Equity at End of the Year | \$221,823 | \$3,706,855 | \$108, 443,805 |

See accompanying notes to financial statements.

# BRUSH WELLMAN INC. <br> SAVINGS AND INVESTMENT PLAN <br> STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY YEAR ENDED DECEMBER 31, 1997 

|  | GROWTH | INTERNATIONAL | INCOME | $S \& P 500$ INDEX |
| :---: | :---: | :---: | :---: | :---: |
| Investment Income: |  |  |  |  |
| Dividends | \$589,960 | \$322,339 | \$244,109 | \$196,820 |
| Interest | 506 | 293 | 342 | 542 |
| Other Income (Expense) | 1,734,370 | 429,223 | 1,140,446 | 1,019,158 |
|  | 2,324,836 | 751,855 | 1,384,897 | 1,216,520 |
| Realized Gain (Loss) on Investments--Note E | 281,312 | 151,331 | 128,931 | 485,403 |
| Unrealized Appreciation (Depreciation) on Investments--Note F | $(133,969)$ | $(476,424)$ | 696,051 | 1,655,317 |
| Contributions--Note B Company |  |  |  |  |
| 401(k) | 1,495,850 | 881,985 | 768,668 | 1,073,326 |
|  | 1,495,850 | 881,985 | 768,668 | 1,073,326 |
| Investment Election Change: 7/1/96 Plan Change |  |  |  |  |
| Current Year Changes | $(100,358)$ | $(104,166)$ | 509,790 | 898,543 |
| Loan Transfers | 32,148 | 62,807 | 6,952 | $(93,106)$ |
| Unallocated Loan Payments |  |  |  |  |
| Withdrawals and |  |  |  |  |
| Income and Changes in Plan Equity | 3,617,667 | 868,360 | 3,068,984 | 4,880,010 |
| Plan Equity at Beginning of the Year | 10,368,651 | 6,029,302 | 6,514,636 | 9,625,596 |
| Plan Equity at End of the Year | \$13,986,318 | \$6,897, 662 | \$9,583,620 | \$14,505,606 |
|  | $\begin{gathered} \text { ASSET } \\ \text { ALLOCATION } \end{gathered}$ | FIXED <br> INCOME | MONEY MARKET | STOCK <br> FUND |
|  | ALLOCATION | INCOME | MARKET | FUND |
| Investment Income: |  |  |  |  |
| Dividends | \$285,646 |  |  | \$512,954 |
| Interest | 319 | 426,821 | 376,814 | 16,269 |
| Other Income (Expense) | 391,483 | 178,664 |  | 23,624 |
|  | 677,448 | 605,485 | 376,814 | 552,847 |
| Realized Gain (Loss) on |  |  |  |  |
| Investments--Note E | 154,090 | 88,134 |  | 129,878 |
| Unrealized Appreciation (Depreciation) on Investments--Note F | 1,073,388 | $(25,567)$ |  | 8,830,479 |
| Contributions--Note B |  |  |  |  |
| 401 (k) | 702,802 | 569,428 | 384,661 | 440,310 |
|  | 702,802 | 569,428 | 384,661 | 2,553,551 |
| Investment Election Change: <br> 7/1/96 Plan Change <br> Current Year Changes | 140,557 | $(347,350)$ | 151,572 | $(1,134,258)$ |
| Loan Transfers | 743 | $(32,498)$ | $(41,032)$ | $(37,296)$ |
| Unallocated Loan Payments |  |  |  |  |
| Withdrawals and <br> Terminations--Note C | 766,569 | 284,751 | 1,206,927 | 1,114,922 |
| Income and Changes in Plan Equity | 1,982,459 | 572,881 | $(334,912)$ | 9,780,279 |
| Plan Equity at Beginning of the Year | 6,890,813 | 6,666,860 | 6,787,773 | 17,972,113 |
| Plan Equity at End of the Year | \$8,873,272 | \$7,239,741 | \$6,452,861 | \$27,752,392 |


| Investment Income: |  |  |  |
| :---: | :---: | :---: | :---: |
| Dividends | \$6,170 |  | \$2,157,998 |
| Interest | 397 | \$253,118 | 1,075,421 |
| Other Income (Expense) | $(1,557)$ |  | 4,915,411 |
|  | 5,010 | 253,118 | 8,148,830 |
| Realized Gain (Loss) on |  |  |  |
| Investments--Note E | $(52,977)$ |  | 1,366,102 |
| Unrealized Appreciation (Depreciation) |  |  |  |
| Contributions--Note B |  |  |  |
| Company |  |  | 2,113,241 |
| 401 (k) |  |  | 6,317,030 |
|  |  |  | 8,430,271 |
| Investment Election Change: |  |  |  |
| Current Year Changes | $(14,330)$ |  |  |
| Loan Transfers |  | 67,743 | $(33,539)$ |
| Unallocated Loan Payments |  | 33,539 | 33,539 |
| Withdrawals and |  |  |  |
| Terminations--Note C | 14,202 | 112,842 | 4,963,691 |
| Income and Changes in Plan Equity | 86,511 | 241,558 | 24,763,797 |
| Plan Equity at Beginning of the Year | 237,804 | 3,256,882 | 74,350,430 |
| Plan Equity at End of the Year | \$324,315 | \$3,498,440 | \$99,114,227 |

See accompanying notes to financial statements.

# BRUSH WELLMAN INC. <br> SAVINGS AND INVESTMENT PLAN <br> STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY YEAR ENDED DECEMBER 31, 1996 

|  | GROWTH | INTERNATIONAL | INCOME | $\begin{gathered} \text { S\&P } 500 \\ \text { INDEX } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: |
| Investment Income: |  |  |  |  |
| Dividends | \$78,618 | \$155,189 | \$284,737 | \$196,318 |
| Interest |  |  |  | 40 |
| Other Income (Expense) | 1,103,696 | 100,887 | 823,796 | 487,760 |
|  | 1,182,314 | 256,076 | 1,108,533 | 684,118 |
| Realized Gain (Loss) on Investments--Note E | 156,231 | 72,722 | 125,283 | 235,967 |
| Unrealized Appreciation (Depreciation) on Investments--Note F | 224,826 | 567,238 | $(75,051)$ | 791,262 |
| Contributions--Note B Company |  |  |  |  |
| $401(\mathrm{k})$ | 1,235,328 | 768,459 | 633,965 | 771,948 |
|  | 1,235,328 | 768,459 | 633,965 | 771,948 |
| Investment Election Change: 7/1/96 Plan Change |  |  |  |  |
| Loan Transfers | 5,708 | 4,535 | $(34,396)$ | 5,128 |
| Unallocated Loan Payments |  |  |  |  |
| Withdrawals andTerminations--Note C |  |  |  |  |
| Income and Changes in Plan Equity | 3,101,123 | 1,255,290 | 1,734,386 | 2,571,191 |
| Plan Equity at Beginning of the Year | 7,267,528 | 4,774,012 | 4,780,250 | 7,054,405 |
| Plan Equity at End of the Year | \$10,368,651 | \$6,029,302 | \$6,514,636 | \$9,625,596 |
|  | $\begin{gathered} \text { ASSET } \\ \text { ALLOCATION } \end{gathered}$ | $\begin{gathered} \text { ASSET } \\ \text { ALLOCATION } \end{gathered}$ | FIXED <br> INCOME | MONEY <br> MARKET |
| Investment Income: |  |  |  |  |
| Dividends | \$59,791 | \$184,120 |  |  |
| Interest |  |  | 429,974 | 346,350 |
| Other Income (Expense) | 30,426 | 372,533 |  |  |
|  | 90,217 | 556,653 | 429,974 | 346,350 |
| Realized Gain (Loss) on <br> $\begin{array}{lll}\text { Investments--Note E } & 470,725 & 4,310\end{array}$ |  |  |  |  |
| Unrealized Appreciation (Depreciation) on Investments--Note F | $(312,645)$ | 39,434 | $(199,966)$ |  |
| Contributions--Note B Company |  |  |  |  |
|  | 338,277 | 282,974 | 619,396 | 423,544 |
| Investment Election Change: |  |  |  |  |
| Current Year Changes | $(272,484)$ | 168,495 | $(544,791)$ | $(57,542)$ |
| Loan Transfers | 12,176 | $(13,856)$ | 16,034 | $(93,033)$ |
| Unallocated Loan Payments |  |  |  |  |
| Withdrawals and |  |  |  | 427,521 |
| Income and Changes in Plan Equity | $(5,810,750)$ | 6,890,813 | 95,280 | 191,798 |
| Plan Equity at Beginning of the Year | 5,810,750 | 0 | 6,571,580 | 6,595,975 |



See accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS <br> BRUSH WELLMAN INC. SAVINGS AND INVESTMENT PLAN

## DECEMBER 31, 1998, DECEMBER 31, 1997 AND DECEMBER 31, 1996

NOTE A - The accounting records of the Brush Wellman Inc. Savings and Investment Plan (Plan) are maintained on the accrual basis. Investments are stated at current market value. Investment in securities traded on national securities exchanges are valued at the latest reported closing price. Investment in participant units of the Northern Trust Short-Term Investment Fund and the Employee Benefits Money Market Fund are stated at market value as determined by the Trustee. Cost is determined by the average cost method.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Plan reclassified certain capital gain distributions as investment income for the years ended December 31, 1997 and 1996.
NOTE B - The Plan is a defined contribution plan which covers certain eligible employees of Brush Wellman Inc. (Company).

The Plan provides for basic contributions on behalf of employees up to $6 \%$ of their earnings through either salary reduction or employee aftertax contributions. Basic contributions were matched by the Company at the rate of $50 \%$ of such contributions. The rate at which such basic contributions are matched by the Company may be decreased or increased (up to $100 \%$ ) by action of the Company's Board of Directors.

An employee who makes basic contributions of $6 \%$ of earnings may also make supplemental contributions of up to $9 \%$ of earnings which are not matched by Company contributions and which may be made in any combination of salary reduction and/or after-tax contributions.

An employee's contributions made to the Plan on a salary reduction basis may not exceed certain maximum amounts. The maximum amounts were $\$ 10,000$ in $1998, \$ 9,500$ in 1997 and $\$ 9,500$ in 1996. All employee and Company matching contributions are fully vested at all times.

Participants may direct that their basic, supplemental and transfer contributions (as described in the Plan) be invested in one or more of the following: Growth Fund, International Fund, Income Fund, S\&P 500 Index Fund, Asset Allocation Fund, Fixed Income Fund, Money Market Fund and the Company Stock Fund in increments of $1 \%$. All Company matching contributions are invested in the Company Stock Fund except with respect to Participants age 55 or older who may transfer such contributions to other investment funds.

The Growth Fund invests primarily in the Janus Fund. The objective of the fund is to produce capital appreciation; dividend income is a secondary source of return. The fund invests primarily in the stocks of companies and industries that are experiencing increasing demand for their products and services. There were 1,313 participants in the fund at the end of the Plan year.

The International Fund invests primarily in the Templeton Foreign Fund. The objective of the fund is to produce capital appreciation. The fund primarily invests in stocks of companies located outside of the United States. There were 869 participants in the fund at the end of the Plan year.

The Income Fund invests primarily in the PFAMCO Equity Income Fund. The objective of the fund is to seek current income from stocks in each industry that have low prices relative to their earnings and high dividend yields. The fund will usually be fully invested in stocks. There were 925 participants in the fund at the end of the Plan year.

The S\&P 500 Index Fund invests primarily in the Northern Trust Collective Stock Index Fund. The objective of the fund is to produce returns that match the returns of the Standand \& Poor's 500 Stock Index. The fund proportionately invests in each of the stocks that comprise the Standard \& Poor's 500 Stock Index. There were 1,171 participants in the fund at the end of the Plan year.

The Asset Allocation Fund invests primarily in the Vanguard Asset Allocation Fund. The objective of the fund is to maximize total returns consistent with reasonable risk using a combination of stocks, bonds, and money market investments. Prior to July 1, 1996, the Asset Allocation Fund invested primarily in the Phoenix Total Return Fund. There were 911 participants in the fund at the end of the Plan year.

The Fixed Income Fund invests primarily in the PIMCO Total Return Fund. The objective of the fund is to seek current income and capital appreciation. The fund invests in bonds with an average maturity of three to six years and will generally be invested in high quality securities including U.S. Government bonds, corporate bonds, mortgage-related securities and money market investments. There were 632 participants in the fund at the end of the Plan year.

The Money Market Fund invests primarily in the Northern Trust Short-Term Investment Fund. The objective of the fund is to maximize current income on cash reserves to the extent consistent with principal preservation and maintenance of liquidity. The fund invests in high-grade money market instruments with short maturities. There were 497 participants in the fund at the end of the Plan year.

The Company Stock Fund invests primarily in Brush Wellman Inc. Common Stock. There were 1,828 participants in the fund at the end of the Plan year.

On July 1, 1996 the Plan changed the investment choice for the Asset Allocation Fund from the Phoenix Total Return Fund to the Vanguard Asset Allocation Fund. All assets from the Phoenix Fund were transferred into the Vanguard Fund effective this date.

The Plan, as originally adopted, included a Payroll Stock Ownership Plan (PAYSOP) feature that applied through 1986. Under the PAYSOP, the Company made contributions based upon a percentage of payroll and was afforded an additional credit against federal income tax up to the amount allowable by the Internal Revenue Code. The PAYSOP contribution by the Company, which could be in Common Stock of the Company or cash used to purchase Common Stock of the Company, was a percentage of the compensation paid to all employees who made salary reduction contributions to the Plan at any time
during the year and who were members of the Plan as of the last pay period of such year. The shares of Common Stock of the Company contributed or purchased were allocated equally to all eligible participants.

A participant may borrow funds from his account, excluding his interest in the PAYSOP Fund, provided such loan is secured by the participant's interest in his account and evidenced by a promissory note executed by the participant. The promissory notes are held in trust as a separate fund, Loan Fund, of the Plan.

Prior to June 1, 1989, participants who were employees of Williams Advanced Materials Inc. could have directed a portion of their contributions to be used to purchase insurance policies that were excluded from the former Williams Advanced Materials Inc. Savings and Investment Plan assets. Life insurance policies on the lives of participants, purchased under the former Williams Advanced Materials Inc. Savings and Investment Plan prior to July 1, 1989, may continue to be held.

All costs and expenses incurred in connection with the administration of the Plan for 1998, 1997, and 1996 were paid by the Company.

Information concerning the Plan agreement and the vesting and benefit provisions is contained in the Summary Plan Description. Copies of this pamphlet are available from the Plan administrator.

NOTE C - At retirement, death or other termination, a participant (or his death beneficiary) is eligible to receive a distribution of all employee, Company matching and PAYSOP contributions credited to the employee's account plus or minus any net gain or loss thereon.

The value of distributions and withdrawals is based on the value of a participant's account on the valuation date immediately preceding the date of distribution or withdrawal and is deducted from the participant's account as of such valuation date.

Distribution to a participant or a person designated by the participant as his death beneficiary is made under one of the following methods as elected by the participant:
(i) Lump sum payment in cash; or
(ii) Lump sum payment in cash, except that a participant's interest in the Company Stock Fund and the PAYSOP Fund will be paid in full shares of Common Stock of the Company, with any fractional shares being paid in cash.

NOTE D - Shares of face value by investment as of December 31, 1998 and December 31, 1997 are as follows:

|  | Shares By Investment |  |
| :---: | :---: | :---: |
| Investment | 1998 | 1997 |
| Janus Fund | 576,891 | 561,700 |
| Templeton Fund | 759,928 | 693,232 |
| PFAMCO Equity Income Fund | 701,024 | 629,259 |
| Northern Trust Collective Stock |  |  |
| Index Fund | 803,885 | 767,899 |
| Vanguard Asset Allocation Fund | 497,479 | 421,533 |
| PIMCO Total Return Fund | 850,948 | 679,480 |
| Northern Trust Short-Term |  |  |
| Investment Fund | 7,879,421 | 6,422,213 |
| Brush Wellman Inc. Common Stock | 1,218,954 | 1,134,912 |
| Employee Benefit Money Market Fund | 54,656 | 134,905 |

In addition, $\$ 3,706,855$ and $\$ 3,498,440$ were invested in Participant Promissory Notes as of December 31, 1998 and December 31, 1997, respectively.

NOTE E: The net realized gain (loss) on sales of investments for the Plan years ended December 31, 1998, December 31, 1997 and December 31, 1996 is as follows:

|  | 1998 |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Investment | Shares | Cost | Proceeds | Gain(Loss) |
| Janus Fund | 112,076 | \$2,629,158 | \$3,180,340 | \$551,183 |
| Templeton Fund | 175,388 | 1,693,106 | 1,655,658 | $(37,448)$ |
| PFAMCO Equity Income Fund | 124,811 | 1,677,872 | 1,902,621 | 224,750 |
| Northern Trust Collective Stock Index Fund |  |  |  |  |
| Vanguard Asset Allocation Fund | 93,090 | 1,784,767 | 2,167,401 | 382,634 |
| PIMCO Total Return Fund | 218,312 | 2,242,090 | 2,349,747 | 107,657 |
| Brush Wellman Inc. Common Stock | 73,635 | 1,449,860 | 1,790,747 | 340,887 |
|  |  |  |  | \$2,678,885 |


|  | 1997 |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Investment | Shares | Cost | Proceeds | Gain |
| Janus Fund | 48,746 | \$1,077,407 | \$1,358,719 | \$281,312 |
| Templeton Fund | 92,636 | 877,911 | 1,029,242 | 151,331 |
| PFAMCO Equity Income Fund | 41,321 | 520,442 | 649,373 | 128,931 |
| Northern Trust Collective Stock Index Fund | 87,600 | 1,130,877 | 1,616,280 | 485,403 |
| Vanguard Asset Allocation Fund | 72,313 | 1,299,597 | 1,453,687 | 154,090 |
| PIMCO Total Return Fund | 169,306 | 1,673,917 | 1,762,051 | 88,134 |
| Brush Wellman Inc. Common Stock | 69,353 | 1,420,909 | 1,497,811 | 76,901 |
|  |  |  |  | \$1,366,102 |


|  | 1996 |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Investment | Shares | Cost | Proceeds | Gain(Loss) |
| Janus Fund | 32,450 | \$665,430 | \$821, 661 | \$156,231 |
| Templeton Fund | 97,393 | 879,703 | 952,425 | 72,722 |
| PFAMCO Equity Income Fund | 54,403 | 640,837 | 766,120 | 125,283 |
| Northern Trust Collective Stock |  |  |  |  |
| Index Fund | 75,307 | 872,895 | 1,108,862 | 235,967 |
| Phoenix Total Return Fund | 396,623 | 6,033,647 | 6,504,372 | 470,725 |
| Vanguard Asset Allocation Fund | 8,232 | 146,556 | 150,866 | 4,310 |
| PIMCO Total Return Fund | 142,677 | 1,416,931 | 1,470,595 | 53,664 |
| Brush Wellman Inc. Common Stock | 48,137 | 928,849 | 883,502 | $(45,347)$ |
|  |  |  |  | \$1,073,555 |

The Department of Labor requires that realized gains and losses be calculated using current cost (cost at the beginning of the Plan Year) rather than historical cost. Realized gains (losses) under the current cost method for the year ended December 31, 1998 are as follows:

|  | Realized Gain/(Loss) |
| :---: | :---: |
| Brush Wellman Inc. Common Stock | \$336,458 |
| Janus Fund | 607,915 |
| Templeton Fund | $(34,100)$ |
| PFAMCO Equity Income Fund | 261,666 |
| Northern Trust Collective Stock Index Fund | 1,254,905 |
| Vanguard Asset Allocation Fund | 453,617 |
| PIMCO Total Return Fund | 120,550 |
|  | \$3,001,011 |

NOTE F - The unrealized appreciation (depreciation) of investments for the Plan years ended December 31, 1998, December 31, 1997 and December 31, 1996 is as follows:

|  | $\begin{gathered} \text { Balance } \\ \text { January } 1 \\ 1998 \end{gathered}$ | Change | Balance December 31 1998 |
| :---: | :---: | :---: | :---: |
| Janus Fund | \$1,093,923 | \$4,385,188 | \$5,479,111 |
| Templeton Fund | 218,772 | $(1,023,193)$ | $(804,421)$ |
| PFAMCO Equity Income Fund | 1,310,444 | $(816,565)$ | 493,879 |
| Northern Trust Collective Stock Index Fund | 3,732,193 | 1,651,179 | 5,383,372 |
| Vanguard Asset Allocation Fund | 1,112,822 | 1,114,148 | 2,226,970 |
| PIMCO Total Return Fund | 301,521 | $(183,907)$ | 117,614 |
| Brush Wellman Inc. Common Stock | 5,662,239 | $(8,437,437)$ | $(2,775,198)$ |
|  |  | $(\$ 3,310,587)$ |  |
|  | $\begin{gathered} \text { Balance } \\ \text { January } 1 \\ 1997 \end{gathered}$ | Change | Balance December 31 1997 |
| Janus Fund | \$1,227, 892 | $(\$ 133,969)$ | \$1,093,923 |
| Templeton Fund | 695,196 | $(476,424)$ | 218,772 |
| PFAMCO Equity Income Fund | 614,393 | 696,051 | 1,310,444 |
| Northern Trust Collective Stock Index Fund | 2,076,876 | 1,655,317 | 3,732,193 |
| Vanguard Asset Allocation Fund | 39,434 | 1,073,388 | 1,112,822 |
| PIMCO Total Return Fund | 327,088 | $(25,567)$ | 301,521 |
| Brush Wellman Inc. Common Stock | $(3,331,250)$ | 8,993,489 | 5,662,239 |
|  |  | \$11,782,285 |  |
|  | $\begin{gathered} \text { Balance } \\ \text { January } 1 \\ 1996 \end{gathered}$ | Change | Balance December 31 1996 |
| Janus Fund | \$1,003,066 | \$224,826 | \$1,227, 892 |
| Templeton Fund | 127,958 | 567,238 | 695,196 |
| PFAMCO Equity Income Fund | 689,444 | $(75,051)$ | 614,393 |
| Northern Trust Collective Stock Index Fund | 1,285,614 | 791,262 | 2,076,876 |
| Phoenix Total Return Fund | 312,645 | $(312,645)$ | 0 |
| Vanguard Asset Allocation Fund | 0 | 39,434 | 39,434 |
| PIMCO Total Return Fund | 527,054 | $(199,966)$ | 327,088 |
| Brush Wellman Inc. Common Stock | $(2,321,868)$ | $(1,009,382)$ | $(3,331,250)$ |
|  |  | \$25,716 |  |

The Department of Labor requires that unrealized appreciation and depreciation be calculated using current cost rather that historical cost. Unrealized gains and losses under the current cost method for the year ended December 31, 1998 are as follows:

|  | CHANGE IN UNREALIZED GAIN/(LOSS) |
| :---: | :---: |
| Janus Fund | \$4,328, 456 |
| Templeton Fund | $(1,026,541)$ |
| PFAMCO Equity Income Fund | $(853,481)$ |
| Northern Trust Collective Stock Index Fund | 1,505,496 |
| Vanguard Asset Allocation Fund | 1,043,165 |
| PIMCO Total Return Fund | $(196,800)$ |
| Brush Wellman Inc. Common Stock | $(8,432,937)$ |
|  | $(\$ 3,632,642)$ |

NOTE G - The Internal Revenue Service has determined that the Plan is qualified under Internal Revenue Code Section 401(a) and that the related trust is, therefore, tax-exempt under Code Section 501(a).

Continued qualification of the Plan depends upon timely adoption and operational application of certain amendments required as a result of the Tax Reform Act of 1986 (Act). In the Company's opinion, the Plan is operating in compliance with the applicable provisions of the Act.

The Company is allowed a federal income tax deduction for its employer matching contributions to the Plan.

The Plan provides, among other things, for contributions to be made to the Plan pursuant to a qualified cash or deferred arrangement (CODA) under
Section 401(k) of the IRC. CODA contributions made to the Trust for a participant will reduce a participant's current compensation and will not be included in the gross income of the participant for federal income tax purposes in the year made. Such amounts will, however, be considered as part of the participant's gross income for purposes of Social Security taxes.

Non-CODA contributions withheld under the Plan from a participant through payroll deductions will be included in the gross income of the participant in the year withheld and are not deductible by the participant for federal income tax purposes.

A participant does not become subject to federal income taxes as a result of their participation in the Plan until the assets in their account are withdrawn by, or distributed to, the participant.

NOTE H - The Plan was restated on January 1, 1995. There have been subsequent amendments numbered 1 through 8, all generally effective before December 31, 1998. These amendments provide for certain provisions concerning member contributions, distributions, key employee testing, covered employees and changes required by current regulations.

## SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES:

| INVESTMENTS | DESCRIPTION | COST | CURRENT VALUE |
| :---: | :---: | :---: | :---: |
| Brush Wellman Inc. Common Stock | Common Stock | \$24,077,018 | \$21,301, 889 |
| Janus Fund | Mutual Fund | \$13,933,288 | \$19,412,400 |
| Templeton Fund | Mutual Fund | \$7,180,217 | \$6,375,796 |
| PFAMCO Equity Income Fund | Mutual Fund | \$9,537,778 | \$10,031,657 |
| Northern Trust Collective Stock Index Fund | Mutual Fund | \$12,696,007 | \$18,079,379 |
| Vanguard Asset Allocation Fund | Mutual Fund | \$9,901,560 | \$12,128,529 |
| PIMCO Total Return Fund | Mutual Fund | \$8,898,619 | \$8,968,991 |
| Northern Trust Short-Term Investment Fund | Bank Common/ Collective Trust | \$7,904,531 | \$7,845,440 |
| Participant Promissory Notes | Participant Loans | \$3,706,855 | \$3,706,855 |
| Employee Benefit Money Market Fund | Bank Common/ Collective Trust | \$54,656 | \$54,656 |

# BRUSH WELLMAN INC. <br> SAVINGS \& INVESTMENT PLAN <br> <br> SCHEDULE OF REPORTABLE TRANSACTIONS <br> <br> SCHEDULE OF REPORTABLE TRANSACTIONS <br> DECEMBER 31, 1998 



## CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the registration statement on Form S-8 under the Securities Exchange Act of 1933 of Brush Wellman Inc. for the year ended December 31, 1998 of our report dated June 1, 1999, with respect to the financial statements and schedules of the Brush Wellman Inc. Savings and Investment Plan included in this Annual Report (11-K) for the year ended December 31, 1998.
/s/ MILLS, POTOCZAK \& COMPANY

$$
\begin{aligned}
& \text { Cleveland, Ohio } \\
& \text { June 1, } 1999
\end{aligned}
$$

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