

BRUSH WELLMAN INC

FORM 10-K405

(Annual Report (Regulation S-K, item 405))

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ [X]

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]**

For the fiscal year ended December 31, 1996

OR

☐ []

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]**

For the transition period from _____ to _____

Commission file number 1-7006

BRUSH WELLMAN INC.

(Exact name of Registrant as specified in charter)

OHIO

(State or other jurisdiction of
incorporation or organization)

34-0119320

(I.R.S. Employer
Identification No.)

17876 ST. CLAIR AVENUE, CLEVELAND, OHIO
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

44110
(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE 216-486-4200

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class

Name of each exchange on which registered

COMMON STOCK, PAR VALUE \$1 PER SHARE NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to

Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒ [X]

The aggregate market value of Common Stock, par value \$1 per share, held by non-affiliates of the registrant (based upon the closing sale price on the New York Stock Exchange) on March 10, 1997 was approximately \$277,558,553.

As of March 10, 1997, there were 16,286,119 shares of Common Stock, par value \$1 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the annual report to shareholders for the year ended December 31, 1996 are incorporated by reference into Parts I and II.

Portions of the proxy statement for the annual meeting of shareholders to be held on May 6, 1997 are incorporated by reference into Part III.

PART I

ITEM 1. BUSINESS

Brush Wellman Inc. ("Company") manufactures and sells engineered materials for use by manufacturers and others who perform further operations for eventual incorporation into capital, aerospace/defense or consumer products. These materials typically comprise a small portion of the final product's cost. They are generally premium priced and are often developed or customized for the customer's specific process or product requirements. The Company's product lines are supported by research and development activities, modern processing facilities and a global distribution network.

Customers include manufacturers of electrical/electronic connectors, telecommunication equipment, computers, automobiles, lasers, satellites, appliances, spacecraft, aircraft, oil field instruments and equipment, sporting goods, and defense contractors and suppliers to all of the foregoing industries.

The Company operates in a single business segment with product lines comprised of beryllium-containing materials and other specialty materials.

The Company is a fully integrated producer of beryllium, beryllium alloys (primarily copper beryllium), and beryllia ceramic, each of which exhibits its own unique set of properties. The Company holds extensive mineral rights and mines the beryllium bearing ore, bertrandite, in central Utah. Beryllium is extracted from both bertrandite and imported beryl ore. In 1996, 73% of the Company's sales were of products containing the element beryllium (73% in 1995 and 70% in 1994). Beryllium-containing products are sold in competitive markets throughout the world through a direct sales organization and through owned and independent distribution centers. NGK Metals Corporation of Reading, Pennsylvania and NGK Insulators, Ltd. of Nagoya, Japan compete with the Company in the beryllium alloys field. Beryllium alloys also compete with other generally less expensive materials, including phosphor bronze, stainless steel and other specialty copper and nickel alloys. General Ceramics Inc. is a domestic competitor in beryllia ceramic. Other competitive materials include alumina, aluminum nitride and composites. While the Company is the only domestic producer of the metal beryllium, it competes with other fabricators as well as with designs utilizing other materials.

Sales of other specialty materials, principally metal systems and precious metal products, were 27% of total sales in 1996 (27% in 1995 and 30% in 1994). Precious metal products are produced by Williams Advanced Materials Inc. (hereinafter referred to as "WAM"), a subsidiary of the Company comprised of businesses acquired in 1986, 1989 and 1994. WAM's major product lines include sealing lid assemblies, vapor deposition materials, contact ribbon products for various segments of the semiconductor markets, clad and precious metal preforms, ultra fine wire and restorative dental products. WAM also specializes in precious metal refining and recovery.

WAM's principal competitors are Semi-Alloys and Johnson Matthey in the sealing lid assembly business and Materials Research Corporation in the vapor deposition materials product line. The products are sold directly from WAM's facilities in Buffalo, New York and Singapore as well as through sales representatives.

Technical Materials, Inc. (hereinafter referred to as "TMI"), a subsidiary of the Company, produces specialty metal systems, consisting principally of narrow metal strip, such as copper alloys, nickel alloys and stainless steels into which strips of precious metal are inlaid. TMI also offers a number of other narrow metal strip material systems, including electron beam welded dual metal, contour milling and skiving, thick and thin selective solder coatings, selective electroplated products and bonded aluminum strips on nickel-iron alloys for semiconductor leadframes. Divisions of Cookson, Texas Instruments and Metallon are competitors for the sale of inlaid strip. Strip with selective electroplating is a competitive alternative as are other design approaches. The products are sold directly and through sales representatives.

Circuits Processing Technology, Inc. (hereinafter referred to as "CPT"), a subsidiary of the Company was acquired during 1996. CPT is a producer of high reliability thick film circuits and other types of complex circuits supporting all aspects of hybrid circuit requirements for both Defense and the commercial marketplace. CPT's competition are thin film deposition processors such as M.I.C.

SALES AND BACKLOG

The backlog of unshipped orders as of December 31, 1996, 1995 and 1994 was \$94,428,000, \$95,718,000 and \$95,354,000, respectively. Backlog is generally represented by purchase orders that may be terminated under certain conditions. The Company expects that, based on recent experience, substantially all of its backlog of orders at December 31, 1996 will be filled during 1997.

Sales are made to approximately 5,400 customers. Government sales, principally subcontracts, accounted for about 1.2% of consolidated sales in 1996 as compared to 1.3% in 1995 and 3.2% in 1994. Sales outside the United States, principally to Western Europe, Canada and Japan, accounted for approximately 29% of sales in 1996, 34% in 1995 and 33% in 1994. Financial information as to sales, identifiable assets and profitability by geographic area set forth on page 16 Note M to the consolidated financial statements in the annual report to shareholders for the year ended December 31, 1996 is incorporated herein by reference.

RESEARCH & DEVELOPMENT

Active research and development programs seek new product compositions and designs as well as process innovations. Expenditures for research and development amounted to \$8,309,000 in 1996, \$7,814,000 in 1995 and \$8,754,000 in 1994. A staff of 50 scientists, engineers and technicians was employed in this effort during 1996. Some research and development projects were externally sponsored and expenditures related to those projects (approximately \$166,000 in 1996, \$36,000 in 1995 and \$102,000 in 1994) are excluded from the above totals.

AVAILABILITY OF RAW MATERIALS

The more important raw materials used by the Company are beryllium (extracted from both imported beryl ore and bertrandite mined from the Company's Utah properties), copper, gold, silver, nickel, platinum and palladium. The availability of these raw materials, as well as other materials used by the Company, is adequate and generally not dependent on any one supplier. Certain items are supplied by a preferred single source, but alternatives are believed readily available.

PATENTS AND LICENSES

The Company owns patents, patent applications and licenses relating to certain of its products and processes. While the Company's rights under the patents and licenses are of some importance to its operations, the Company's businesses are not materially dependent on any one patent or license or on the patents and licenses as a group.

ENVIRONMENTAL MATTERS

The inhalation of airborne beryllium particulate may present a health hazard to certain individuals. For decades the Company has operated its beryllium facilities under stringent standards of inplant and outplant discharge. These standards, which were first established by the Atomic Energy Commission over forty years ago, were, in general, subsequently adopted by the United States Environmental Protection Agency and the Occupational Safety and Health Administration. The Company's experience in sampling, measurement, personnel training and other aspects of environmental control gained over the years, and its investment in environmental control equipment, are believed to be of material importance to the conduct of its business.

EMPLOYEES

As of December 31, 1996 the Company had 1,926 employees.

FORWARD-LOOKING INFORMATION

The portions of narrative set forth in this Item 1 and elsewhere in this Annual Report on Form 10-K that are not historical in nature are forward-looking statements. The Company's actual future performance may differ from that contemplated by the forward-looking statements as a result of a variety of factors that include, in addition to those mentioned elsewhere herein, the condition of the markets which the Company serves, the success of the Company's strategic plans, the timely and successful completion of pending capital expansions and the conclusion of pending litigation matters in accordance with the Company's expectation that there will be no materially adverse effects.

ITEM 2. PROPERTIES

The material properties of the Company, all of which are owned in fee except as otherwise indicated, are as follows:

CLEVELAND, OHIO - A structure containing 110,000 square feet on an 18 acre site housing corporate and administrative offices, data processing and research and development facilities.

ELMORE, OHIO - A complex containing approximately 676,000 square feet of building space on a 385 acre plant site. This facility employs diverse chemical, metallurgical and metalworking processes in the production of beryllium, beryllium oxide, beryllium alloys and related products. Beryllium ore concentrate from the Delta, Utah plant is used in all beryllium-containing products.

SHOEMAKERSVILLE (READING), PENNSYLVANIA - A 123,000 square foot plant on a ten acre site that produces thin precision strips of beryllium copper and other alloys and beryllium copper rod and wire.

NEWBURYPORT, MASSACHUSETTS - A 30,000 square foot manufacturing facility on a four acre site that produces alumina, beryllia ceramic and direct bond copper products.

TUCSON, ARIZONA - A 45,000 square foot plant on a ten acre site for the manufacture of beryllia ceramic parts from beryllium oxide powder supplied by the Elmore, Ohio facility.

DELTA, UTAH - An ore extraction plant consisting of 86,000 square feet of buildings and large outdoor facilities situated on a two square mile site. This plant extracts beryllium from bertrandite ore from the Company's mines as well as from imported beryl ore.

JUAB COUNTY, UTAH - The Company holds extensive mineral rights in Juab County, Utah from which the beryllium bearing ore, bertrandite, is mined by the open pit method. A substantial portion of these rights is held under lease. Ore reserve data set forth on page 23 of this Form 10-K annual report for the year ended December 31, 1996 is incorporated herein by reference.

FREMONT, CALIFORNIA - A 16,800 square foot leased facility for the fabrication of precision electron beam welded, brazed and diffusion bonded beryllium structures.

THEALE (READING), ENGLAND - A 19,700 square foot leased facility principally for distribution of beryllium alloys.

STUTTGART, WEST GERMANY - A 24,750 square foot leased facility principally for distribution of beryllium alloys.

FUKAYA, JAPAN - A 35,500 square foot facility on 1.8 acres of land in Saitama Prefecture principally for distribution of beryllium alloys.

LINCOLN, RHODE ISLAND - A manufacturing facility consisting of 124,000 square feet located on seven and one-half acres. This facility produces metal strip inlaid with precious metals and related metal systems products.

BUFFALO, NEW YORK - A complex of approximately 97,000 square feet on a 3.8 acre site providing facilities for manufacturing, refining and laboratory services relating to high purity precious metals.

OCEANSIDE, CALIFORNIA - A 12,000 square foot leased facility on .75 acres of leased land. Over two-thirds of the facility is comprised of clean rooms which meet the Mil. Stds. 209D requirements, for the production of thick-film circuits and other complex circuits.

SINGAPORE, SINGAPORE - A 4,500 square foot leased facility for the assembly and sale of precious metal hermetic sealing lids.

Production capacity is believed to be adequate to fill the Company's backlog of orders and to meet the current level of demand. However, the Company is currently re-evaluating production capacity in light of anticipated sales increases from development of new applications for the Company's products and expanding international presence. In May 1996, the Board of Directors approved a plan for a major expansion and upgrading of alloy strip capabilities involving the investment of \$110 million at the Company's Elmore, Ohio facility. The goal of this investment is to increase strip production capacity, reduce production costs, improve quality, reduce delivery lead times, and optimize working capital utilization.

ITEM 3. LEGAL PROCEEDINGS

(a) ENVIRONMENTAL PROCEEDINGS.

PENDING CLAIMS. The Company received a complaint on July 26, 1994, service of which was waived on September 29, 1994, in GLIDDEN COMPANY ET AL. V. AMERICAN COLOR AND CHEMICAL ET AL., No. 94-C-3970, filed in the United States District Court for the Eastern District of Pennsylvania. The plaintiffs are five companies which, pursuant to orders issued by the U.S. Environmental Protection Agency (the "U.S. EPA") under the Comprehensive, Environmental, Response Compensation and Liability Act ("CERCLA"), have been spending funds to secure, maintain and conduct an investigation of the Berks Landfill in Sinking Springs, Pennsylvania ("Berks Site"). The plaintiffs are alleged to have disposed of wastes at the Berks Site, which operated from 1950 through October 1, 1986. The 22 defendants (4 of which were added in 1997) consist of former owners or operators of the Berks Site and alleged transporters and/or generators of waste disposed of at the Berks Site. It is believed that hundreds of other entities disposed of waste at the Berks Site during its long period of operation. The plaintiffs seek to recover their past and future costs pursuant to rights of contribution under CERCLA and the Pennsylvania Hazardous Sites Cleanup Act. Plaintiffs allege that, as of September 1994, they had spent \$335,000 to secure and maintain the Berks Site and that they expected to spend \$1.7 million for a remedial investigation/feasibility study and a risk assessment. The remedial investigation and risk assessment have been submitted to the U.S. EPA and approved. A draft feasibility study was prepared, submitted to the U.S.

EPA and revised in response to the U.S. EPA's comments. Although no final remedy has been proposed, the revised feasibility study presents eight alternative remedies with estimated present worth costs ranging from zero (no action alternative) up to \$14.7 million. The Company's remediation expenses at the Berks Site will be affected by a number of uncertainties, including the method and extent of remediation, the percentage of waste disposed of at the Berks Site attributable to the Company relative to that attributable to other parties, and the financial capabilities of the other Potentially Responsible Persons ("PRPs"). Discovery is proceeding pursuant to a case management order.

On or about September 25, 1992, the Company was served with a third-party complaint, filed in the United States District Court for the Eastern District of Pennsylvania, alleging that the Company, along with 159 other third-party defendants, is jointly and severally liable under CERCLA, 42 U.S.C. Sections 9607(a) and 9613(b), for response costs incurred in connection with the clean-up of hazardous substances in soil and groundwater at the Douglassville Site ("Douglassville Site") located in Berks County, Pennsylvania: UNITED STATES OF AMERICA V. BERKS ASSOCIATES INC. ET AL. V. AAMCO TRANSMISSIONS ET AL., Case No. 91-4868. Third-party complaints adding further parties were filed subsequently. Prior to the commencement of litigation, the Company had responded to a request for information from the U.S. EPA by denying that it arranged to send any substances to the Douglassville Site. Although the Company has no documents in its own files relating to the shipment of any waste to the Douglassville Site, documents maintained by third-party plaintiffs suggest that 8,344 gallons of waste oil from the Company may have been taken there. According to a consultant retained by third-party plaintiffs, approximately 153 million gallons of waste were sent to the Douglassville Site. The Company denies liability. The Company participated in court-ordered settlement proceedings, which resulted in a DE MINIMIS settlement offer by the United States. The Company has accepted that offer and is awaiting notice from the government showing the final settlement calculation.

The Company was identified as one of the potentially responsible parties under CERCLA at the Spectron Superfund Site in Elkton, Maryland ("Elkton Site"). The Company reached a settlement with the U.S. EPA resolving the Company's liability under the Administrative Orders by Consent dated August 21, 1989 and October 1, 1991. Compliance with the terms of these Orders costs approximately \$8,480,000, of which the Company's proportionate share was \$20,461. On September 29, 1995, the U.S. EPA sent a "Special Notice for Negotiations for Remedial Investigation/Feasibility Study" to approximately 700 PRPs including the Company. The U.S. EPA estimates that the final remedy for the Elkton Site will cost in the aggregate approximately \$45 million. In October 1995, the terms of several proposed DE MINIMIS settlement/buyout options designed to resolve all remaining liability with respect to the Elkton Site were circulated among a group of PRPs including the Company. The Company indicated its willingness to pursue resolution of its liability through a DE MINIMIS settlement/buyout. No litigation has been initiated by the U.S. EPA with respect to this matter.

CLAIMS CONCLUDED SINCE THE END OF THIRD QUARTER 1996. The Company had learned in April 1993 that the Ohio Environmental Protection Agency had referred to the Ohio Attorney General's Office (the "OAG") for consideration the initiation of enforcement proceedings against the Company respecting alleged violations of various environmental laws at its facility in Elmore, Ohio. On October 19, 1994, the Court of Common Pleas for Ottawa County, Ohio entered a consent decree resolving alleged violations relating to air emission standards. Negotiations between the OAG and the Company regarding alleged hazardous

waste and solid waste violations, including matters discovered during the course of such negotiations, resulted in a preliminary agreement pursuant to which the Company was required to pay a total of \$227,000 and undertake a specific pollution prevention project in lieu of paying additional penalties. This agreement was finalized in a consent decree entered by the Court of Common Pleas for Ottawa County on November 12, 1996: STATE OF OHIO V. BRUSH WELLMAN INC. The Company has made the required payments and currently is implementing the pollution prevention project in accordance with a schedule set out in the Consent Decree.

(b) BERYLLIUM EXPOSURE CLAIMS. The inhalation of excessive amounts of airborne beryllium particulate may present a health hazard to certain individuals. For decades the Company has operated its beryllium facilities under stringent standards of inplant and outplant discharge. These standards, which were first developed by the Atomic Energy Commission over forty years ago, were, in general, substantially adopted by the U.S. EPA and the Occupational Safety and Health Administration (OSHA). The Government has continued to review these standards, and governmental agencies continue to debate their adequacy. For example, the Department of Energy has recently concluded that, in its opinion, current beryllium standards may not be adequate to protect its own workers, and has commenced gathering data, views and other relevant information to develop a possible revised standard for occupational exposure to beryllium at Department of Energy facilities. Moreover, some of the private litigants mentioned below have made similar claims. In contrast, the American Conference of Governmental Industrial Hygienists, a professional organization devoted to the administrative and technical aspects of occupational and environmental health, has proposed retention of the current occupational exposure standards and addition of a new standard to limit high short-term exposures.

There were a number of new cases filed against the Company in 1996. Many of these cases were brought by present or former employees of the Company who were found to have asymptomatic or subclinical forms of chronic beryllium disease after participating in a blood-testing program voluntarily initiated by the Company for all of its employees.

PENDING CLAIMS. The Company is currently a defendant in the following eleven product liability cases in which the plaintiffs allege injury resulting from exposure to beryllium and beryllium-containing materials, other than as employees of the Company, and are claiming recovery based on various legal theories. Nine of these cases were previously reported in the Company's annual report on Form 10-K for the year ended December 31, 1995. Two cases were filed after the end of third quarter 1996: BALLINGER ET AL. V. BRUSH WELLMAN INC., filed in the U.S. District Court of Colorado on November 7, 1996; and GARY FOSTER ET AL. V. BRUSH WELLMAN INC. ET AL., filed in the U.S. District Court, Eastern District of Tennessee, on February 19, 1997. The Company believes that resolution of these cases will not have a material adverse effect on the Company. Defense for each of the cases identified in the table below is being conducted by counsel selected by the Company and retained, with reservations of rights, by the Company's insurance carriers.

NAME OF PLAINTIFF	DATE LAWSUIT INSTITUTED	FORUM	RELIEF REQUESTED
Richard Neiman and Spouse	November 1990	Court of Common Pleas, Montgomery County, Pennsylvania	Damages in excess of \$20,000 for personal injury and in excess of \$20,000 for loss of consortium
Geraldine G. Ruffin, individually and as executrix	September 1991; notice of appeal filed by plaintiffs May 1995	New Jersey Superior Court -- Appellate Division (appeal from trial court summary judgment entered in favor of the Company on March 31, 1995)	Compensatory and punitive damages of an unspecified amount
McKinley Houk	October 1992	United States District Court, Eastern District of Tennessee	Compensatory damages of \$5 million and punitive damages of \$3 million
William Ray Vance and Spouse	October 1992	United States District Court, Eastern District of Tennessee	Compensatory damages of \$3 million for personal injury, \$1 million for loss of consortium and combined punitive damages of \$5 million
David Taggart and Spouse	October 1992	Court of Common Pleas, Chester County, Pennsylvania	Compensatory damages in excess of \$25,000 each for personal injury and loss of consortium against Williams Advanced Materials, Inc., a subsidiary of the Company
Harry Robbins and Spouse	June 1993	Court of Common Pleas, Montgomery County, Pennsylvania	Both plaintiffs individually seek compensatory damages in excess of \$50,000. Mr. Robbins also seeks punitive damages in excess of \$50,000
Troy Murphy Morgan, Corky Dean McCarter and Spouse, Richard Emory Myers, Sr. and Spouse and Kathlene Beatty	June 1994	United States District Court, Eastern District of Tennessee	Aggregate claims, including compensatory and punitive damages, in the amount of \$19 million
George F. Faccio and Spouse	July 1995	United States District Court, District of Arizona	Compensatory and punitive damages of an unspecified amount
Robert Gallo and Spouse	August 1995	Court of Common Pleas, Berks County, Pennsylvania	Both plaintiffs seek compensatory damages in unspecified amounts. Mr. Gallo also seeks punitive damages of an unspecified amount
Ballinger et al.	November 1996	United States District Court, Colorado	Compensatory damages of an unspecified amount and punitive damages of an unspecified amount.
Foster et al.	February 1997	United States District Court, Eastern District of Tennessee	There are several defendants. Gary Foster seeks compensatory damages from each corporate defendant of \$5 million. His spouse seeks compensatory damages from each defendant of \$1 million. Both plaintiffs seek punitive damages from each defendant of \$10 million.

During the fourth quarter of 1996, settlement agreements were reached in the HOUK and VANCE cases, but the settlements have not yet been finalized. A substantial portion of the settlement payments for both these cases will be paid by insurance.

Nine Company employees and their spouses had filed law suits against the Company and certain of its employees in the Superior Court of Pima County, Arizona: COLE ET AL. V. BRUSH WELLMAN INC. ET AL.; CRUZ ET AL. V. BRUSH WELLMAN INC. ET AL.; HAYNES-KERN ET AL. V. BRUSH WELLMAN INC. ET AL.; MATULIN ET AL. V. BRUSH WELLMAN INC. ET AL.; FIMBRES ET AL. V. BRUSH WELLMAN INC. ET AL.; FLORES ET AL. V. BRUSH WELLMAN INC. ET AL.; KOFIRA ET AL. V. BRUSH WELLMAN INC. ET AL.; MALDONADO ET AL. V. BRUSH WELLMAN INC. ET AL.; and STOECKER ET AL. V. BRUSH WELLMAN INC. ET AL. Six of these suits were instituted on June 10, 1994; one was instituted on December 13, 1994; and two were instituted on February 28, 1995. The plaintiffs claimed that, during their employment with the Company, they contracted chronic beryllium disease as a result of exposure to beryllium and beryllium-containing products. The plaintiffs sought compensatory and punitive damages of an unspecified amount based on allegations that the Company intentionally misrepresented the potential danger of exposure to beryllium and breached an agreement to pay certain benefits should the plaintiffs contract chronic beryllium disease. On July 5, 1996, Rudy Gamez, an employee of the Company, filed a suit in the Superior Court of Pima County, Arizona (GAMEZ ET AL. V. BRUSH WELLMAN INC. ET AL.), based upon similar claims and seeking similar relief. The first nine cases noted above were dismissed by the trial court and currently are on appeal following a summary judgment entered in favor of the Company on August 26, 1996. However, the Company's motion for summary judgment did not cover the GAMEZ case, which was filed after the Company had filed its summary judgment motion. The GAMEZ case remains pending at the trial court. Defense of all of these cases is being conducted by counsel retained by the Company. The Company believes that resolution of these cases will not have a material adverse effect on the Company.

In August 1994 and April 1995, the Company notified the State Compensation Fund, a workers' compensation fund in the State of Arizona, of the filing of certain of the above-mentioned employee suits and requested that the State Compensation Fund defend such suits pursuant to the Company's State Compensation Fund policies. The State Compensation Fund denied coverage and defense of such suits, but, after discussion, indicated that it would defend some of the employee lawsuits under a reservation of rights. Pursuant to that commitment, the State Compensation Fund has reimbursed the Company for a substantial portion of the costs incurred by the Company in defending the first nine employee lawsuits noted above at the trial court level.

In view of the dispute with respect to coverage, however, the State Compensation Fund filed a declaratory judgment action against the Company and certain of its employees in the Superior Court of Pima County, Arizona, for which service of process occurred on August 21, 1995: STATE COMPENSATION FUND V. BRUSH WELLMAN INC. ET AL. The Company filed an answer and counterclaim to the effect that, INTER ALIA, the State Compensation Fund had a duty to defend and indemnify the Company. The Company sought an award of not only the costs of defending the underlying actions, but also the costs incurred with respect to the coverage litigation and punitive damages. On May 13, 1996, the Court entered an order granting the State Compensation Fund's motions for partial summary judgment, which, among other things, sought a declaration of no duty to defend or indemnify the Company against claims for breach of contract and claims for intentional tort. These rulings did not completely dispose of the State Compensation Fund's claims and did not address the Company's counterclaim. As of September 1, 1996, the State Compensation Fund refused to reimburse the Company for any further defense costs that the Company might incur. The State Compensation Fund has also indicated that it plans to seek reimbursement of defense costs already paid. Further proceedings in this action have been stayed pending a ruling on the employees' appeals from the dismissal of their lawsuits by the Superior Court of Pima County, Arizona, in the underlying cases noted above.

In September 1995 and January 1996, the Company notified the Argonaut Insurance Company that it was requesting the defense of two of the aforementioned employee lawsuits. Argonaut denied coverage, and, in April 1996, it filed a declaratory judgment action against the Company and certain of its employees in the Superior Court of Pima County, Arizona: ARGONAUT INSURANCE COMPANIES V. BRUSH WELLMAN INC. ET AL. Subsequently, in September 1996, Argonaut and the Company agreed that Argonaut would dismiss its declaratory judgment action (with the right to refile it later), that they would not litigate any coverage issues between themselves until the State Compensation Fund's declaratory judgment action has been completely resolved and that both parties would be bound by the resolution of the coverage issues in the State Compensation Fund's declaratory judgment action.

The Company was a defendant in three cases brought by three of the Company's current employees and filed in the Court of Common Pleas for Cuyahoga County, Ohio: WATT ET AL. V. BRUSH WELLMAN INC., filed August 1, 1995; SLEEK ET AL. V. BRUSH WELLMAN INC., filed November 1, 1995; and DAMRON ET AL. V. BRUSH WELLMAN INC., filed July 12, 1996. The plaintiffs in all three cases alleged that they contracted chronic beryllium disease as a result of exposure to beryllium or beryllium dust. The complaints included claims by the employees for employer intentional tort, fraud and misrepresentation and claims by family members for loss of consortium. The plaintiffs sought compensatory damages in excess of \$25,000 and punitive damages in excess of \$25,000. Pursuant to an interim arrangement between the Company and certain insurance carriers, approximately one-half of the Company's defense costs are payable by the carriers, subject to a full reservation of rights.

On October 4, 1996, the plaintiffs in the WATT, SLEEK and DAMRON cases voluntarily dismissed their claims. On January 22, 1997, the plaintiffs in these three cases refiled a suit against the Company in the Court of Common Pleas of Cuyahoga County, Ohio, along with four other current and former employees of the Company and their family members: MIA JOHNSON, EXECUTRIX OF ESTATE OF ETHEL JONES, ET AL. V. BRUSH WELLMAN INC. The plaintiffs allege that they contracted chronic beryllium disease as a result of exposure to beryllium or beryllium dust. The complaints include claims by the employees for employer intentional tort and claims by family members for loss of consortium. Each plaintiff seeks compensatory damages in excess of \$25,000 and punitive damages in excess of \$25,000.

The Company is also a defendant in separate suits filed by five current employees and two former employees of the Company and, in some of the cases, their family members in the Court of Common Pleas for Cuyahoga County, Ohio: WHITAKER ET AL. V. BRUSH WELLMAN INC., filed August 23, 1996; MUSSER ET AL. V. BRUSH WELLMAN INC., filed October 25, 1996; JACOBS ET AL. V. BRUSH WELLMAN INC., filed December 31, 1996; STARIN V. BRUSH WELLMAN INC., filed December 31, 1996; BERLIN V. BRUSH WELLMAN INC., filed January 24, 1997; and KNEPPER ET AL. V. BRUSH WELLMAN INC., filed January 23, 1997. The WHITAKER case is a putative class action filed by two current employees of the Company and their spouses, on behalf of all current and former employees of the Company from 1949 to date of the suit and their family members. The complaints in all of these cases allege that the employees contracted chronic beryllium disease at the workplace and include claims by the employees for employer intentional tort and, except in the STARIN and BERLIN cases, claims by family members. The plaintiffs in the WHITAKER case seek compensatory damages in the amount of \$100 million and punitive damages in the amount of \$200 million together with certain injunctive relief. The plaintiffs in the JACOBS and STARIN cases seek compensatory damages in excess of \$25,000 and punitive damages in excess of \$25,000. The plaintiffs in the KNEPPER case seek damages in the amount of \$5 million. The plaintiff in the BERLIN case seeks compensatory damages in excess of \$25,000 and punitive damages in the amount of \$1 million. The plaintiffs in the MUSSER case seek compensatory damages in excess of \$25,000 and punitive damages in excess of \$25,000.

On October 4, 1996, the Company moved for the dismissal of the entire complaint in the WHITAKER case or partial summary judgment disposing of the claims of one of the plaintiffs. On January 7, 1997, the court denied these motions. The Company has filed a motion for judgment on the pleadings in the MUSSER case and a motion to dismiss in the KNEPPER case, and these motions are pending before the court. On February 18, 1997, the plaintiffs in the WHITAKER, MIA JOHNSON, MUSSER, JACOBS, STARIN and BERLIN cases submitted a motion to the Court of Common Pleas for Cuyahoga County, Ohio, to consolidate the cases. On March 20, 1997, the court ordered the consolidation of the WHITAKER and MIA JOHNSON cases.

The Company has sought reimbursement of defense costs incurred to date on the MIA JOHNSON, WHITAKER, MUSSER, JACOBS and KNEPPER cases pursuant to the interim arrangement with certain insurance carriers mentioned above. The Company believes that the insurance carriers will pay approximately one-half of the defense costs in the MUSSER case. The Company is awaiting a response from these insurance carriers on the costs submitted for the defense of the remaining claims brought by its Ohio employees and their families.

An action was filed by the Arizona State Compensation Fund against the Company on December 11, 1996 in the Superior Court of Pima County, Arizona, seeking a declaratory judgment that the Fund is not required to defend or indemnify the Company against claims made in the WHITAKER putative class action, despite the fact that the WHITAKER putative class action purports to include the Company's employees in Arizona and their families: STATE COMPENSATION FUND V. BRUSH WELLMAN INC. The parties have agreed not to initiate any motion or other proceedings in the case until April 10, 1997.

CLAIMS CONCLUDED SINCE THE END OF THIRD QUARTER 1996. In a suit brought by an employee of the Company against a number of defendants, including a customer of the Company, for personal injury resulting from exposure to beryllium-containing materials, the customer filed a third-party complaint against the Company on December 12, 1996 in the Superior Court of New Jersey, Hunterdon County, seeking indemnification: MICHAEL LINDSTEDT V. NATIONAL BERYLLIUM CORP. ET AL., SPECTRA-PHYSICS, INC. V. BRUSH WELLMAN INC. The third-party complaint was dismissed on February 21, 1997.

The Company was also a defendant in a product liability case filed on December 23, 1994 in the Superior Court of Orange County, California by Mr. Roberts, an employee of a customer of the Company, and his spouse: ROBERTS ET AL. V. BRUSH WELLMAN INC. In the complaint, Mr. Roberts alleged injury resulting from exposure to beryllium and beryllium-containing materials. Both plaintiffs sought compensatory damages of unspecified amounts and Mr. Roberts also sought punitive damages of an unspecified amount. This case was settled for a non-material amount, over 90% of which was paid by insurance. The case was dismissed by the court on March 19, 1997.

(c) ASBESTOS EXPOSURE CLAIMS. A subsidiary of the Company (the "Subsidiary") is a co-defendant in twenty-nine cases making claims for asbestos-induced illness allegedly relating to the former operations of the Subsidiary, then known as The S.K. Wellman Corp. Twenty-eight of these cases have been reported in prior filings with the S.E.C. In all but a small portion of these cases, the Subsidiary is one of a large number of defendants in each case. The plaintiffs seek compensatory and punitive damages, in most cases of unspecified sums. Each case has been referred for defense pursuant to liability insurance coverage and has been accepted for defense without admission or denial of carrier liability. Two hundred thirty-two similar cases previously reported have been dismissed or disposed of by pretrial judgment, one by jury verdict of no liability and twelve others by settlement for nominal sums. In one pending case, a Delaware subsidiary of the Subsidiary, formerly known as The S.K. Wellman Company, is a defendant along with several other defendants. The Company believes that resolution of the pending cases referred to in this paragraph will not have a material effect upon the Company.

The Subsidiary is a party to an agreement with the predecessor owner of its operating assets, Pneumo Abex Corporation (formerly Abex Corporation), and five insurers, regarding the handling of these cases. Under the agreement, the insurers share expenses of defense, and the Subsidiary, Pneumo Abex Corporation and the insurers share payment of settlements and/or judgments. In certain of the pending cases, both expenses of defense and payment of settlements and/or judgments are subject to a limited, separate reimbursement agreement with MLX Corp., the parent of the company that purchased the Subsidiary's operating assets in 1986.

(d) OTHER MISCELLANEOUS CLAIMS.

PENDING CLAIMS. The Company is also a defendant in a personal injury case filed in the Court of Common Pleas for Ottawa County, Ohio, by an employee of the Company and his spouse: MATHIAS ET AL. V. BRUSH WELLMAN INC., filed January 24, 1997. The plaintiffs seek compensatory damages in excess of \$25,000 and punitive damages in excess of \$25,000 for an alleged acid spill.

CLAIMS CONCLUDED SINCE THE END OF THIRD QUARTER 1996. A subsidiary of the Company, Williams Advanced Materials, Inc., settled for a non-material amount a lawsuit filed on December 6, 1994 in the Circuit Court of Dade County, Florida, and subsequently removed to the United States District Court for the Southern District of Florida, Dade County, Florida: JACOBSEN V. CERAMCO, INC., ET AL.. Williams Advanced Materials, Inc. was a co-defendant in the law suit along with eight other defendants. In his complaint, the plaintiff alleged that he had contracted silicosis from being exposed to silicon dental products and sought damages in excess of \$15,000. The case was dismissed on October 15, 1996.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table provides information as to the executive officers of the Company.

NAME ----	AGE ---	POSITIONS AND OFFICES -----
Gordon D. Harnett	54	Chairman of the Board, President, Chief Executive Officer and Director
Michael D. Anderson	45	Vice President Beryllium Products
Carl Cramer	48	Vice President Finance, Chief Financial Officer
Stephen Freeman	50	Vice President Alloy Products
Craig B. Harlan	59	Vice President International - Europe
Alfonso T. Lubrano	47	President - Technical Materials, Inc.
John J. Paschall	59	President - Williams Advanced Materials Inc.
Robert H. Rozek	62	Senior Vice President International
Andrew J. Sandor	57	Vice President Alloy Technology
Daniel A. Skoch	47	Vice President Administration and Human Resources

MR. HARNETT was elected Chairman of the Board, President, Chief Executive Officer and Director of the Company effective January 22, 1991. He had served as a Senior Vice President of The B. F. Goodrich Company from November, 1988.

MR. ANDERSON was elected Vice President Beryllium Products effective March 5, 1996. He had served as Director Sales and Marketing-Beryllium Products since November, 1994, Director of Marketing-Ceramics since February, 1994 and Director of Marketing since April, 1989.

MR. CRAMER was elected Vice President - Finance and Chief Financial Officer in December 1994. Prior to that, he served as President of U.S. Operations and Director for the Americas and Australasia for the Swedish multinational, Esselte Meto.

MR. FREEMAN was elected Vice President Alloy Products effective February 7, 1995. He had served as Vice President Sales and Marketing since August 3, 1993. He had served as Vice President Sales and Marketing-Alloy Products since July, 1992. Prior to that, he had served as Management Consultant for Adastra, Inc.

MR. HARLAN was elected Vice President International-Europe effective June 7, 1994. He had served as Vice President Business Development since August, 1993. He had served as Senior Vice President, Sales and Marketing since October, 1991. He had served as Vice President/General Manager, Alloy Division since January 1, 1987.

MR. LUBRANO was elected President - Technical Materials, Inc. effective April, 1995 and Vice President and General Manager effective March, 1992. Prior to that, he served as Vice President and Business Director of Engelhard Corporation from 1987.

MR. PASCHALL was elected President - Williams Advanced Materials Inc. effective November, 1991. He had served as Vice President Operations - Williams Advanced Materials Inc. since April, 1989.

MR. ROZEK was elected Senior Vice President International effective March 5, 1996. He had served as Senior Vice President International and Beryllium Products since March 7, 1995. Prior to that, he has served as Vice President International effective October 1991 and Vice President Corporate Development effective February 27, 1990.

MR. SANDOR was elected Vice President Alloy Technology effective March 5, 1996. He had served as Vice President Operations since October, 1991. He had served as Senior Vice President since September, 1989.

MR. SKOCH was elected Vice President Administration and Human Resources effective March 5, 1996. He had served as Vice President Human Resources since July, 1991. Prior to that he was Corporate Director - Personnel.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock is traded on the New York Stock Exchange. As of March 10, 1997 there were 2,507 shareholders of record. Information as to stock price and dividends declared set forth on page 17 in Note N to the consolidated financial statements in the annual report to shareholders for the year ended December 31, 1996 is incorporated herein by reference. The Company's ability to pay dividends is generally unrestricted, except that it is obligated to maintain a specified level of tangible net worth pursuant to an existing credit facility.

As previously stated on page 2 of this annual report on Form 10-K, the Company acquired Circuits Processing Technology, Inc. ("CPT") on October 2, 1996 pursuant to an Agreement and Plan of Merger dated October 2, 1996 (the "Merger Agreement") by and among the Company, CPT Acquisition, Inc. a California corporation and a direct wholly owned subsidiary of the Company ("Merger Sub"), and CPT, a California corporation. Pursuant to the Merger Agreement, as consideration for the merger of Merger Sub with and into CPT (the "Merger"), the Company issued and sold 368,421 shares of the Company's Common Stock, par value \$1 per share (the "Merger Shares"), to four individuals, who were the holders of all of the issued and outstanding shares of common stock of CPT (the "CPT Holders") immediately prior to the effective time of the Merger.

At the effective time of the Merger, Merger Sub was merged into CPT (with CPT as the surviving corporation), the separate corporate existence of Merger Sub ceased and each share of common stock of Merger Sub issued and outstanding immediately prior to the effective time of the Merger, by virtue of the Merger and without any action on the part of the holders thereof, was converted into and became one fully-paid and non-assessable share of common stock of CPT. As a result of the Merger, CPT became a wholly owned subsidiary of the Company.

The Merger Shares were issued and sold by the Company to the CPT Holders pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), provided by Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. The Company relied upon the representations of the four CPT Holders that they were acquiring the Merger Shares solely for their own account, for investment purposes and without any intention or view towards the distribution of such shares in violation of the Securities Act. In addition, the Company relied upon the representations of the CPT Holders that each such holder was an "accredited investor", as such term is defined in Rule 501(a) of Regulation D under the Securities Act. The Merger Agreement gives the CPT Holders rights to register the Merger Shares in certain circumstances specified therein.

ITEM 6. SELECTED FINANCIAL DATA

Selected Financial Data on page 23 of the annual report to shareholders for the year ended December 31, 1996 is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

1996 TO 1995 COMPARISON

Worldwide sales in 1996 were a record \$376.3 million surpassing the previous record of \$369.6 million achieved in 1995. The revenue growth came primarily from domestic beryllium alloy products and specialty metal systems. The resulting profits grew faster than sales, as earnings per share were \$1.52 in 1996, an improvement of 21% over last year.

Worldwide sales of beryllium alloys increased in 1996 over 1995. Domestically, sales of beryllium copper precision strip, rod and wire were higher as shipments to the automotive electronics and telecommunications markets grew. In electronic applications, these alloys frequently offer a superior combination of reliability, conductivity and formability over competitive materials. In other applications, depending upon their composition, beryllium alloys' performance characteristics include good thermal conductivity, strong wear resistance and high strength and hardness. Sales of bulk products (bar, tube, plate, custom fabricated parts) also increased in 1996, capitalizing on these characteristics to further penetrate the aerospace, plastic tooling and various industrial markets. The recreation and leisure market emerged as a potentially large application for bulk products; however, with a limited customer base, sales into this market may be seasonal and inconsistent from year to year.

International sales of beryllium alloys declined in 1996 compared to 1995 as a result of softening economic conditions in Germany and other portions of western Europe. The sales growth in Japan and the Pacific rim slowed down from recent years, but modest improvements were still recorded. The strong dollar in 1996 also contributed to the reported international sales decline, as foreign currency sales are translated into fewer dollars compared to 1995. The domestic beryllium alloy growth more than offset the international decline.

In 1996, the Company embarked upon a \$110 million project to modernize and expand its beryllium alloy production capabilities at its Elmore, Ohio facility. A three-year project, its objectives are to improve quality and turnaround time, lower costs, increase capacity and provide an even safer work environment. While the automotive market potential for the Company's precision strip products is the main impetus behind the project, virtually all beryllium alloy products and markets served should benefit upon the project's completion.

Sales of specialty metal systems grew in 1996 over 1995. The gains came primarily from the telecommunications market, with some additional contribution from the automotive market as well. Semiconductor shipments were quite strong in the first part of the year, but a major market slow down, which continued through year end, adversely affected second half sales.

Precious metal sales were down in 1996 from last year's levels, but sales in the second half of 1996 were higher than in the second half of 1995. An anticipated decline in frame lid assemblies occurred due to a major customer's re-design to a non-precious metal material in the second quarter of 1995. Efforts to broaden the product offering have been successful through the continued development of physical/vapor deposition products and services and high temperature braze alloys. Fine wire sales remained minor. International sales declined in the current year, reflecting the drop-off in frame lid assembly sales.

Beryllium sales slowed slightly in 1996 as compared to 1995. Defense applications remain the largest portion of these sales, but at significantly lower levels resulting from reduced government defense spending in recent years. Commercial applications, particularly those using AlBeMet (R) (a beryllium aluminum alloy) are beginning to develop. AlBeMet(R)'s high stiffness and low density provide excellent properties for a variety of aerospace and telecommunications applications.

Ceramic sales slipped in 1996 from 1995 levels due to a slowdown in shipments of base business beryllia ceramic to the telecommunications and automotive industries. The growth in direct bond copper products was not sufficient to compensate as these products continue to experience development delays.

Circuits Processing Technology, Inc. ("CPT") was acquired in late October 1996 by the Company and contributed a minor amount to sales and profits. CPT, which produces thick film circuits using a proprietary etching process, gives the Company an additional entree into the micro-electronics market.

International operations consist of distribution centers in Germany, England and Japan, a marketing office in Singapore and a small precious metal finishing facility in Singapore. Sales by these operations totaled \$74.8 million in 1996 compared to \$91.2 million in 1995. Sales by the international operations are predominantly in their respective local currencies with the balance in U.S. dollars. Direct exports to unaffiliated customers total \$33.6 million in 1996 and \$36.1 million in 1995. The majority of these sales are to Canada and western Europe and are denominated in U.S. dollars. International markets served are essentially the same as in the U.S.

As outlined in Note G to the Consolidated Financial Statements, the Company has a foreign currency hedge program to protect against adverse currency movements. Should the dollar strengthen significantly, the decrease in value of foreign currency transactions will be partially offset by gains on the hedge contracts. As of December 31, 1996, outstanding hedge contracts totaled \$25 million, the same as the previous year end.

Cost of sales declined by \$1.0 million in 1996 from 1995 on higher sales, resulting in a \$7.7 million improvement in gross profit. Improved operating efficiencies, including higher yields on certain products, better utilization of available capacity, effective use of recycled materials and strong cost control measures, increased the gross margin to 28.9% of sales in 1996 from 27.3% in 1995. Stable prices and product mix helped to offset the negative margin impact of the stronger dollar. The lower copper cost in 1996, as compared to 1995, is passed through to the customer and thus had no impact on gross margin.

Selling, administrative and general expenses of \$65.0 million represent a 4% increase over the prior year. Expenses associated with the first phase of implementing an enterprise-wide information system caused a portion of the increase. The project will carry over into 1997 and beyond. Additional administrative and legal expenses were incurred to support and structure the \$110 million modernization and expansion project and the related financial arrangements. Compensation plans carried higher costs in 1996 and certain sales volume related expenses increased in 1996 as well.

Research and development (R&D) expenses grew to \$8.3 million or 2.2% of sales in 1996 from \$7.8 million or 2.1% of sales in 1995. The increase is predominantly from efforts to develop a new high quality, low cost precision beryllium copper strip. The new product will be designed to augment the Company's current offerings to the electronics markets. The R&D staffing was also increased. Expenditures on non-beryllium alloy R&D were flat.

Other-net expense was \$1.0 million in 1996 and \$1.3 million in 1995. Foreign currency gains, including realized gains on hedge contracts, were \$1.2 million higher in the current year than the last. In 1996, goodwill and other intangible assets totaling \$1.1 million associated with the Fremont, California facility were written off. While this operation is profitable, its scope of operations, including product offerings, research capabilities and production capacity, has been significantly reduced since its acquisition in 1989.

Interest expense fell to \$1.1 million in 1996 from \$1.7 million in 1995. These figures are net of capitalized interest associated with long-term capital projects of \$1.0 million in 1996 and \$0.4 million in 1995. The weighted average interest rate was essentially unchanged year on year.

Income before income taxes was \$33.2 million in 1996, a 20.9% improvement from 1995. Slightly higher sales and significantly improved margins were responsible for the increase.

An effective tax rate of 26.2% of pre-tax earnings was used in 1996, an increase from the 24.6% rate in 1995. Increased pre-tax earnings, reduced foreign tax benefits and a reduction in the allowable tax benefits from the Company-owned life insurance program as a result of a change in the tax law caused the higher rates. Adjustments to the statutory tax rate are detailed in Note I to the Consolidated Financial Statements.

Comparative earnings per share were \$1.52 in 1996 and \$1.26 in 1995.

1995 TO 1994 COMPARISON

Worldwide sales in 1995 were \$369.6 million compared to \$345.9 million in 1994. All product lines, except precious metals, increased over the prior year with beryllium alloys and specialty metal systems increasing significantly.

Sales of beryllium alloy products increased in both the domestic and international markets. The focused marketing efforts -- teams dedicated towards particular markets and/or end use applications -- helped support the domestic growth. Successful examples of these efforts include the continued penetration into the automotive electronics market and a significant increase in shipments of products used in aircraft bearings and bushings. Telecommunications and computers also remain important markets for beryllium alloys as do appliances, especially in Europe. Favorable economic conditions in portions of western Europe, particularly in the first half of the year, helped fuel an addition in sales there. Sales in Asia grew as a result of increased market share and development of new applications. The sales trend in general for beryllium alloy strip products is for customers to move toward the lower price alloys such as the Company's Alloy 174. The sales increase in 1995 over 1994 was also due, in part, to favorable foreign currency exchange rates and the pass-through effect of higher commodity costs, particularly copper.

Beryllium sales increased slightly in 1995 over 1994, but were still somewhat lower than in the recent years prior to 1994. A large portion of beryllium sales continues to be for defense/ aerospace applications and 1995 sales were enhanced by shipments for defense programs in Europe and growth in new domestic defense applications in avionics. The two targets for growth are new defense/aerospace systems, particularly upgrades of current defense systems, and commercial applications. Research and development, marketing and manufacturing efforts were re-deployed to concentrate on specific applications in these and related markets.

Ceramic sales grew in 1995 as compared to 1994. The increase is primarily a result of the continued development of products utilizing the direct bond copper technology. These sales were not profitable due to new process development and other start-up costs.

Sales of specialty metal systems increased in 1995 over 1994. Most products experienced gains in 1995 with Cerdip sales increasing significantly. Sales improved as a result of developing new product applications, increasing market share and continued expansion into the international markets. Major applications for these products continue to be automotive electronics and telecommunications.

Precious metal sales declined significantly in 1995 as compared to 1994. Frame lid assembly sales were reduced due to a customer's re-design of a major microprocessor application. The re-design had been anticipated by management and resources have been directed towards developing alternative products and markets. Sales of physical/vapor deposition products, which service the hybrid microelectronics, recordable CD, telecommunications and specialty coatings markets, continue to increase. A small acquisition in late 1994 gave the Company

access to the ultra-fine wire market.

Sales from International operations totaled \$91.2 million in 1995 compared to \$83.5 million in 1994. International sales of beryllium alloy increased while sales of frame lid assemblies from Singapore declined. Direct export sales to unaffiliated customers totaled \$36.1 million in 1995 and \$31.4 million in 1994. The majority of these sales were to Canada and western Europe.

Gross margin was 27.3% in 1995 as compared to 26.6% in 1994. The increase in international sales, which generally carry higher margins, contributed to this improvement as did the favorable exchange rates. The direct bond copper start-up costs and a shift in the remaining frame lid assembly business to smaller and costlier pieces offset a portion of this increase. Certain manufacturing expenses, including maintenance at the Elmore, Ohio facility, were higher in 1995 than 1994. Commercial applications of beryllium, particularly those products containing AlBeMet (R), also have lower margins than traditional defense applications, although restructuring efforts have reduced certain overhead costs. The pass-through effect of higher commodity costs in beryllium alloy sales reduced the margin percent while having no bearing on the actual margin measured in dollars.

Selling, administrative and general expenses were \$62.7 million (17.0% of sales) in 1995 compared to \$55.5 million (16.0% of sales) in 1994. Most expense categories were higher. Causes of the increases include the alloy products re-design effort and start-up costs associated with the Singapore subsidiary established to provide marketing support in South Asia. Distribution and other sales-related expenses grew due to higher volumes of beryllium alloy products. The exchange rate effect on the international operations' expenses was also unfavorable.

Research and development (R&D) expenses were \$7.8 million in 1995 compared to \$8.8 million in 1994. The decrease was due to focusing beryllium products' research efforts on selected key applications. R&D expenses supporting all other products either increased or were flat with the prior year. The R&D efforts for new process and product development are coordinated with the Company's overall marketing strategies and growth plans.

Other-net expense was \$1.3 million in 1995 and \$2.6 million in 1994. This category included such expenses as amortization of intangible assets and other non-operating items. The decrease in net expense was due, in part, to lower foreign currency exchange losses in 1995.

Interest expense fell to \$1.7 million in 1995 from \$2.1 million in 1994 due to a lower average level of debt outstanding and an increase in capitalized interest associated with active capital expenditure projects.

Income before income taxes rose to \$27.4 million in 1995 from \$23.0 million in 1994. Higher sales and the resulting gross margin, along with a favorable foreign currency effect, combined to improve earnings. This improvement was partially offset by the increase in selling, general and administrative expenses.

In 1995, an effective tax rate of 24.6% of pre-tax earnings was employed compared to 19.4% of pre-tax earnings in 1994. Higher domestic and foreign pre-tax earnings accounted for the increase.

Comparative earnings per share were \$1.26 in 1995 and \$1.14 in 1994.

FINANCIAL POSITION

CAPITAL RESOURCES AND LIQUIDITY

Cash flow from operations was \$45.0 million in 1996, a \$5.4 million improvement from 1995. Total depreciation, depletion and amortization was \$23.0 million in 1996 compared to \$20.9 million in 1995. The December 31, 1996 cash balance of \$31.7 million represents a \$2.2 million increase from the prior year end while total debt increased \$4.8 million. The accounts receivable balance was flat year on year; however, with higher sales in the fourth quarter 1996 than fourth quarter 1995, the average days sales outstanding improved.

The \$110 million modernization and expansion project begun in 1996 will be financed in part by two operating leases totaling approximately \$75 million (see Note F to the Consolidated Financial Statements). While the leases will also finance the construction phase of the project, lease payments are not scheduled to begin until the underlying assets are placed in service in 1997 and 1998.

Capital expenditures for property, plant and equipment, excluding items under lease, were \$26.8 million while mine development payments totaled an additional \$3.7 million. Major expenditures included a new plating line at the Providence, Rhode Island facility and completion of the new rod mill at the Elmore, Ohio facility. The Company also began construction of a new facility in Lorain, Ohio that will produce a specialty family of alloys in rod, bar and tube form. The facility is scheduled to be operational in mid-1997. To finance the majority of this project, the Company issued \$8.3 million of tax-advantaged industrial revenue development bonds. Unexpended bond proceeds of \$7.9 million are restricted for use on the Lorain project and are included as cash and cash equivalents on the consolidated balance sheets as of December 31, 1996.

Short-term debt at December 31, 1996 of \$25.7 million includes \$6.6 million of the current portion of long-term debt. The balance is denominated in precious metals and foreign currencies to provide hedges against current assets so denominated. Credit lines amounting to \$70.5 million are available for additional borrowing. The domestic and international lines are uncommitted, unsecured and reviewed annually. The precious metal facility is committed, secured and renewed annually.

Long-term debt was \$18.9 million or 8.6% of total capital at December 31, 1996. Long-term financial resources available to the Company include \$60 million of medium-term notes and \$50 million under a revolving credit agreement.

Approximately 359,000 shares of Common Stock at a cost of \$6.7 million were re-purchased in

early 1996 under a program initiated during the fourth quarter 1995. The program was suspended in the second quarter 1996. Common Stock was used to acquire CPT in the fourth quarter 1996. Dividends paid on outstanding shares totaled \$6.5 million, an increase of \$1.0 million from last year. The quarterly dividend per share increased to \$0.11 from \$0.10 in the third quarter 1996 following a two cents per share increase in the third quarter 1995.

Funds being generated from operations plus the available borrowing capacity are believed adequate to support operating requirements, capital expenditures, remediation projects, dividends and small acquisitions. Excess cash, if any, is invested in money market instruments and other high quality investments.

Cash flow from operating activities in 1995 was \$39.6 million. Cash balances increased \$9.1 million during the year while total debt increased less than \$1 million. Capital expenditures were \$24.2 million in 1995. The Company re-purchased \$2.8 million of Common Stock and paid \$5.5 million dividends. As of December 31, 1995, long-term debt was \$17.0 million or 8% of total capital.

ORE RESERVES

The Company's reserves of beryllium-bearing bertrandite ore are located in Juab County, Utah. An ongoing drilling program has generally added to proven reserves. Proven reserves are the measured quantities of ore commercially recoverable through the open pit method. Probable reserves are the estimated quantities of ore known to exist, principally at greater depths, but prospects for commercial recovery are indeterminable. Ore dilution that occurs during mining approximates 7%. About 87% of beryllium in ore is recovered in the extraction process. The Company augments its proven reserves of bertrandite ore through the purchase of imported beryl ore (approximately 4% beryllium) which is also processed at the Utah extraction plant.

	1996	1995	1994	1993	1992
	-----	-----	-----	-----	-----
Proven bertrandite ore reserves at year-end (thousands of dry tons)	6,763	6,927	6,747	6,786	6,787
Grade % beryllium	0.249%	0.249%	0.251%	0.251%	0.251%
Probable bertrandite ore reserves at year-end (thousands of dry tons)	7,432	7,346	7,559	7,594	7,482
Grade % beryllium	0.217%	0.281%	0.279%	0.279%	0.281%
Bertrandite ore processed (thousands of dry tons, diluted)	97	96	79	92	91
Grade % beryllium, diluted	0.236%	0.232%	0.240%	0.232%	0.234%

INFLATION AND CHANGING PRICES

The prices of certain major raw materials, including copper, nickel and gold purchased by the Company, decreased during 1996. Such changes in costs are generally reflected in selling price adjustments. The prices of labor and other factors of production generally increase with inflation. Additions to capacity, while more expensive over time, usually result in greater productivity or improved yields. However, market factors, alternative materials and competitive pricing affect the Company's ability to offset wage and benefit increases. The Company employs the last-in, first-out (LIFO) inventory valuation method domestically to more closely match current costs with revenues.

ENVIRONMENTAL MATTERS

As indicated in Note L to the Consolidated Financial Statements, the Company maintains an active program of environmental compliance. For projects involving remediation, estimates of the probable costs are made and the Company has reserved \$4.0 million at December 31, 1996 (\$3.3 million at December 31, 1995). This reserve covers existing and currently foreseen projects.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The report of independent auditors and the following consolidated financial statements of the Company included in the annual report to shareholders for the year ended December 31, 1996 are incorporated herein by reference:

Consolidated Balance Sheets - December 31, 1996 and 1995.

Consolidated Statements of Income - Years ended December 31, 1996, 1995 and 1994.

Consolidated Statements of Shareholders' Equity - Years ended December 31, 1996, 1995 and 1994.

Consolidated Statements of Cash Flows - Years ended December 31, 1996, 1995 and 1994.

Notes to Consolidated Financial Statements.

Report of Independent Auditors.

Quarterly Data on page 17 of the annual report to shareholders for the years ended December 31, 1996 and December 31, 1995 is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information under Election of Directors on pages 2 through 5 of the Proxy Statement dated March 17, 1997 is incorporated herein by reference. Information with respect to Executive Officers of the Company is set forth earlier on pages 14 and 15 of this Form 10-K annual report.

ITEM 11. EXECUTIVE COMPENSATION

The information under Executive Officer Compensation on pages 8 through 12 of the Proxy Statement dated March 17, 1997 is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information under Common Stock Ownership of Certain Beneficial Owners, Directors and Management on pages 6 and 7 of the Proxy Statement dated March 17, 1997 is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information under Related Party Transactions on page 16 of the Proxy Statement dated March 17, 1997 is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES AND REPORTS ON FORM 8-K

(A) 1. Financial Statements and Supplemental Information

Included in Part II of this Form 10-K annual report by reference to the annual report to shareholders for the year ended December 31, 1996 are the following consolidated financial statements:

Consolidated Balance Sheets - December 31, 1996 and 1995.

Consolidated Statements of Income - Years ended December 31, 1996, 1995 and 1994.

Consolidated Statements of Shareholders' Equity - Years ended December 31, 1996, 1995 and 1994.

Consolidated Statements of Cash Flows - Years ended December 31, 1996, 1995 and 1994.

Notes to Consolidated Financial Statements.

Report of Independent Auditors.

(A) 2. Financial Statement Schedules

The following consolidated financial information for the years 1996, 1995 and 1994 is submitted herewith:

Schedule II - Valuation and qualifying accounts.

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(a) 3. EXHIBITS

- (3a) Articles of Incorporation of the Company as amended February 28, 1989 (filed as Exhibit 3a to the Company's Form 10-K Annual Report for the year ended December 31, 1994), incorporated herein by reference.
- (3b) Regulations of the Company as amended April 27, 1993 (filed as Exhibit 3b to the Company's Form 10-K Annual Report for the year ended December 31, 1994), incorporated herein by reference.
- (4a) Credit Agreement dated as of December 13, 1994 between the Company and National City Bank acting for itself and as agent for three other banking institutions (filed as Exhibit 4a to the Company's Form 10-K Annual Report for the year ended December 31, 1994), incorporated herein by reference.
- (4b) First Amendment to Amended and Restated Credit Agreement dated December 30, 1996 between Brush Wellman Inc. and National City Bank acting for itself and as agent for three other banking institutions.
- (4c) Rights Agreement between the Company and Society National Bank (formerly Ameritrust Company National Association) as amended February 28, 1989 (filed as Exhibit 4b to the Company's Form 10-K Annual Report for the year ended December 31, 1994), incorporated herein by reference.
- (4d) Issuing and Paying Agency Agreement dated as of February 1, 1990, including a specimen form of a medium term note issued thereunder, between the Company and First Trust N.A. (formerly with Morgan Guaranty Trust Company of New York) (filed as Exhibit 4c to the Company's Form 10-K Annual Report for the year ended December 31, 1994), incorporated herein by reference.
- (4e) Pursuant to Regulation S-K, Item 601 (b)(4), the Company agrees to furnish to the Commission, upon its request, a copy of the instruments defining the rights of holders of long-term debt of the Company that are not being filed with this report.
- (10a)* Employment Agreement entered into by the Company and Mr. Gordon D. Harnett on March 20, 1991.

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this report.

- (10b)* Form of Employment Agreement entered into by the Company and Messrs. Brophy, Hanes, Harlan, Rozek and Sandor on February 20, 1989 (filed as Exhibit 10b to the Company's Form 10-K Annual Report for the year ended December 31, 1994), incorporated herein by reference.
- (10c)* Form of Amendment to the Employment Agreement (dated February 20, 1989) entered into by the Company and Messrs. Brophy, Hanes, Harlan, Rozek and Sandor dated February 28, 1991.
- (10d)* Form of Employment Agreement entered into by the Company and Mr. Daniel A. Skoch on January 28, 1992, Mr. Stephen Freeman dated August 3, 1993, and Mr. Carl Cramer dated December 6, 1994 (filed as Exhibit 10d to the Company's Form 10-K Annual Report for the year ended December 31, 1991), incorporated herein by reference.
- (10e)* Form of Trust Agreement between the Company and Key Trust Company of Ohio, N.A. (formerly Ameritrust Company National Association) on behalf of Messrs. Brophy, Hanes, Harlan, Rozek and Sandor dated February 20, 1989, Mr. Harnett dated March 20, 1991 and Mr. Skoch dated January 28, 1992, Mr. Freeman dated August 3, 1993, and Mr. Cramer dated December 6, 1994 (filed as Exhibit 10e to the Company's Form 10-K Annual Report for the year ended December 31, 1994), incorporated herein by reference.
- (10f) Form of Indemnification Agreement entered into by the Company and Mr. G. D. Harnett on March 20, 1991 (filed as Exhibit 10f to the Company's Form 10-K Annual Report for the year ended December 31, 1994), incorporated herein by reference.
- (10g) Form of Indemnification Agreement entered into by the Company and Messrs. J. H. Brophy, A. J. Sandor, C. B. Harlan, H. D. Hanes, and R. H. Rozek on June 27, 1989, Mr. D. A. Skoch on January 28, 1992, Mr. S. Freeman dated August 3, 1993, Mr. C. Cramer on December 6, 1994 and Messrs. M. D. Anderson, A. T. Lubrano, S. A. Moyer and J. J. Paschall on January 19, 1996 (filed as Exhibit 10g to the Company's Form 10-K Annual Report for the year ended December 31, 1994), incorporated herein by reference.
- (10h) Form of Indemnification Agreement entered into by the Company and Messrs. C. F. Brush III, F. B. Carr, W. P. Madar, G. C. McDonough, R. M. McInnes, H. G. Piper and J. Sherwin Jr. on

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this report.

June 27, 1989, Mr. A. C. Bersticker on April 27, 1993, Mr. D. L. Burner on May 2, 1995 and Mr. James P. Mooney on October 1, 1996 (filed as Exhibit 10h to the Company's Form 10-K Annual Report for the year ended December 31, 1994), incorporated herein by reference.

- (10i)* Directors' Retirement Plan as amended January 26, 1993 (filed as Exhibit 10i to the Company's Form 10-K Annual Report for the year ended December 31, 1992), incorporated herein by reference.
- (10j)* Deferred Compensation Plan for Nonemployee Directors effective January 1, 1992 (filed as Exhibit I to the Company's Proxy Statement dated March 6, 1992, Commission File No. 1- 7006), incorporated herein by reference.
- (10k)* Form of Trust Agreement between the Company and National City Bank dated January 1, 1992 on behalf of Nonemployee Directors of the Company (filed as Exhibit 10k to the Company's Form 10-K Annual Report for the year ended December 31, 1992), incorporated herein by reference.
- (10l)* Incentive Compensation Plan adopted December 16, 1991, effective January 1, 1992 (filed as Exhibit 10l to the Company's Form 10-K Annual Report for the year ended December 31, 1991), incorporated herein by reference.
- (10m)* Supplemental Retirement Plan as amended and restated December 1, 1992 (filed as Exhibit 10n to the Company's Form 10-K Annual Report for the year ended December 31, 1992), incorporated herein by reference.
- (10n)* Amendment Number 3, adopted February 8, 1995, to Supplemental Retirement Benefit Plan as amended and restated December 1, 1992 (filed as Exhibit 10o to the Company's Form 10-K Annual Report for the year ended December 31, 1994), incorporated herein by reference.
- (10o)* Amendment Number 2, adopted January 1, 1996, to Supplemental Retirement Benefit Plan as amended and restated December 1, 1992.
- (10p)* Form of Trust Agreement between the Company and Key Trust Company of Ohio, N.A. (formerly Society National Bank) dated January 8, 1993 pursuant to the December 1, 1992 amended Supplemental Retirement Benefit Plan (filed as

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this report.

Exhibit 10p to the Company's Form 10-K Annual Report for the year ended December 31, 1992), incorporated herein by reference.

- (10q)* 1979 Stock Option Plan, as amended pursuant to approval of shareholders on April 21, 1982 (filed as Exhibit 15A to Post- Effective Amendment No. 3 to Registration Statement No. 2- 64080), incorporated herein by reference.
- (10r)* 1984 Stock Option Plan as amended by the Board of Directors on April 18, 1984 and February 24, 1987 (filed as Exhibit 4.4 to Registration Statement No. 33-28605), incorporated herein by reference.
- (10s)* 1989 Stock Option Plan (filed as Exhibit 4.5 to Registration Statement No. 33-28605), incorporated herein by reference.
- (10t)* 1990 Stock Option Plan for Nonemployee Directors (filed as Exhibit 4.6 to Registration Statement No. 33-35979), incorporated herein by reference.
- (10u)* 1995 Stock Incentive Plan (filed as Exhibit A to the Company's Proxy Statement dated March 13, 1995, Commission File No. 1- 7006), incorporated herein by reference.
- (10v) Lease dated as of October 1, 1996, between Brush Wellman Inc. and Toledo-Lucas County Port Authority.
- (10w) Master Lease Agreement dated December 30, 1996 between Brush Wellman Inc. and National City Bank acting for itself and as agent for certain participants.
- (11) Statement re: calculation of per share earnings for the years ended December 31, 1996, 1995 and 1994.
- (13) Portions of the Annual Report to shareholders for the year ended December 31, 1996.
- (21) Subsidiaries of the registrant.
- (23) Consent of Ernst & Young LLP.
- (24) Power of Attorney.
- (27) Financial Data Schedule.

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this report.

(99) Form 11-K Annual Report for the Brush Wellman Inc. Savings and Investment Plan for the year ended December 31, 1996.

(b) REPORTS ON FORM 8-K

There were no reports on Form 8-K filed during the fourth quarter of the year ended December 31, 1996.

*Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this report.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

March 27, 1997

BRUSH WELLMAN INC.

By: /s/ Gordon D. Harnett

By: /s/ Carl Cramer

Gordon D. Harnett
Chairman of the Board,
President and Chief Executive Officer

Carl Cramer
Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

GORDON D. HARNETT* ----- Gordon D. Harnett	Chairman of the Board, President, Chief Executive Officer and Director (Principal Executive Officer)	March 27, 1997
CARL CRAMER ----- Carl Cramer	Vice President and Chief Financial Officer	March 27, 1997
ALBERT C. BERSTICKER* ----- Albert C. Bersticker	Director	March 27, 1997
CHARLES F. BRUSH, III* ----- Charles F. Brush, III	Director	March 27, 1997
DAVID L. BURNER* ----- David L. Burner	Director	March 27, 1997
FRANK B. CARR* ----- Frank B. Carr	Director	March 27, 1997
WILLIAM P. MADAR* ----- William P. Madar	Director	March 27, 1997
GERALD C. MCDONOUGH* ----- Gerald C. McDonough	Director	March 27, 1997
ROBERT M. MCINNES* ----- Robert M. McInnes	Director	March 27, 1997
JAMES P. MOONEY* ----- James P. Mooney	Director	March 27, 1997
HENRY G. PIPER* ----- Henry G. Piper	Director	March 27, 1997
JOHN SHERWIN, JR.* ----- John Sherwin, Jr.	Director	March 27, 1997

*The undersigned, by signing his name hereto, does sign and execute this report on behalf of each of the above-named officers and directors of Brush Wellman Inc., pursuant to Powers of Attorney executed by each such officer and director filed with the Securities and Exchange Commission.

By: /s/ Carl Cramer

Carl Cramer
Attorney-in-Fact

March 27, 1997

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

BRUSH WELLMAN INC. AND SUBSIDIARIES

Years ended December 31, 1996, 1995 and 1994

COL. A	COL. B	COL. C		COL. D	COL. E
DESCRIPTION	Balance at Beginning of Period	ADDITIONS		Deduction- Describe	Balance at End of Period
		(1) Charged to Costs and Expenses	(2) Charged to Other Accounts-Describe		
Year ended December 31, 1996					
Deducted from assets accounts:					
Allowance for doubtful accounts receivable	\$1,014,704	\$ 29,455	\$0	\$89,870 (A)	\$ 954,289
Inventory reserves and obsolescence	\$1,600,000	\$2,656,779	\$0	\$2,538,984 (B)	\$1,717,795
Year ended December 31, 1995					
Deducted from assets accounts:					
Allowance for doubtful accounts receivable	\$1,036,797	\$ 203,213	\$0	\$225,306 (A)	\$1,014,704
Inventory reserves and obsolescence	\$1,466,039	\$1,590,856	\$0	\$1,456,895 (B)	\$1,600,000
Year ended December 31, 1994					
Deducted from assets accounts:					
Allowance for doubtful accounts receivable	\$ 904,913	\$ 254,042	\$0	\$122,158 (A)	\$1,036,797
Inventory reserves and obsolescence	\$3,187,135	\$ 0	\$0	\$1,721,096 (B)	\$1,466,039
Allowance for deferred tax assets	\$1,540,000	\$ 0	\$0	\$1,540,000 (C)	\$ 0

Note A - Bad debts written-off.

Note B - Inventory write-off.

Note C - Net operating loss carryforwards utilized or expired.

EXHIBIT 4b

FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT, dated as of December 30, 1996 ("Amendment"), by and among Brush Wellman Inc., an Ohio corporation ("Borrower"), the banks that are parties to this Amendment (the "Banks"), and National City Bank, as agent for the Banks (in that capacity, "NCB-Agent"),

WITNESSETH THAT:

WHEREAS, Borrower, the Banks and NCB-Agent entered into an Amended and Restated Credit Agreement, dated as of December 13, 1994 (together with all Exhibits and Schedules thereto, the "Credit Agreement"), under which the Banks, subject to certain conditions, agreed to lend to Borrower up to \$50,000,000 from time to time in accordance with the terms thereof; and

WHEREAS, the parties desire to amend the Credit Agreement as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. Effect of Amendment; Definitions. The Credit Agreement shall be and hereby is amended as provided in Section 2 hereof. Except as expressly amended in Section 2 hereof, the Credit Agreement shall continue in full force and effect in accordance with its respective provisions on the date hereof. As used in the Credit Agreement, the terms "Credit Agreement", "Agreement", "this Agreement", "herein", "hereinafter", "hereto", "hereof", and words of similar import shall, unless the context otherwise requires, mean the Credit Agreement as amended and modified by this Amendment.

2. Amendments. (A) Subsection 3B.02 of the Credit Agreement shall be amended by deleting the same and substituting in lieu thereof the following:

"3B.02 LEVERAGE. Borrower will not suffer or permit the Companies' Funded Indebtedness at any time to exceed an amount equal to the Leverage Multiplier (as hereinafter defined) times the Companies' EBITDA for the four consecutive fiscal quarters most recently ended, all as determined on a consolidated basis. As used herein, "Leverage Multiplier" means (i) from the date of this Agreement to December 31, 1998, inclusive, 3.00, and (ii) on and after January 1, 1999, 2.75."

(B) Subsection 3B.03 of the Credit Agreement is hereby deleted and shall be left intentionally blank.

(C) Subsection 3B.04 of the Credit Agreement shall be amended by deleting the same and substituting in lieu thereof the following:

"3B.04 INTEREST COVERAGE. Borrower will not at any time suffer or permit the ratio (the "Interest Coverage Ratio") of (a) the aggregate of the EBITDA of the Companies for the four consecutive fiscal quarters most recently ended, to (b) the aggregate Interest Expense of the Companies for that period, to be less than 5.00 to 1.00, all as determined on a consolidated basis."

(D) Subsection 3B.05 of the Credit Agreement shall be amended by deleting the same and substituting in lieu thereof the following:

"3B.05 FUNDED INDEBTEDNESS. Borrower will not suffer or permit the Funded Indebtedness of the Companies, at any time, to exceed an amount equal to the Required Multiplier (as hereinafter defined) times the sum of the Funded Indebtedness of the Companies plus the Tangible Net Worth of the Companies, all as determined on a consolidated basis. As used herein, "Required Multiplier" means (i) from the date of this Agreement to December 31, 2000, inclusive, 0.50, and (ii) on and after January 1, 2001, 0.45 (provided, however, that Borrower acknowledges and agrees that the inclusion in this Subsection of dates that are beyond the current Expiration Date is not intended to supersede Subsection 2A.05, does not constitute an extension of the Expiration Date to or beyond those dates, and does not obligate the Banks to extend the Expiration Date to or beyond those dates).

(E) Subsection 3D.01(iv) of the Credit Agreement shall be amended by deleting the same and substituting in lieu thereof the following:

"(iv) any Guaranty by Borrower of Funded Indebtedness of any Company otherwise permitted by this Agreement,"

(F) Subsection 3D.02 of the Credit Agreement shall be amended by deleting the same and substituting in lieu thereof the following:

"3D.02 BORROWINGS. No Company will create, assume or have outstanding at any time any Indebtedness for Borrowed Money or any Funded Indebtedness of any kind if after giving effect to such Indebtedness for Borrowed Money or Funded Indebtedness, Borrower would be in non-compliance with any of the

financial standards set forth in Subsections 3B.01 to 3B.05, inclusive."

(G) Subsection 3D.03(vi) of the Credit Agreement shall be amended by deleting the same and substituting in lieu thereof the following:

"(vi) any lease, other than any capitalized lease (it being agreed that a capitalized lease is a lien rather than a lease for the purposes of this Agreement) or the Master Lease Agreement or the Port Authority Lease, so long as the aggregate annual rentals under all such leases of all the Companies do not exceed six million five hundred thousand dollars (\$6,500,000),"

(H) Subsection 3D.04 of the Credit Agreement shall be amended by deleting the same and substituting in lieu thereof the following:

"3D.04 EQUITY TRANSACTIONS. No Company will

(i) be a party to any merger or consolidation, or

(ii) be or become a party to any joint venture or partnership, or make or keep any investment in any other stocks or other equity securities of any kind or otherwise acquire all or substantially all of the assets of another person, except that this clause (ii) shall not apply to (A) Borrower's existing investments in the stocks and other equity securities of existing or future Subsidiaries, (B) any other investment reflected in Borrower's Most Recent 4A.04 Financial Statements, or (C) acquisitions of assets of persons or equity investments made in persons, other than Subsidiaries, after the date of this Agreement in an aggregate amount, excluding investments permitted by Subsection 3D.01, not to exceed forty-five million dollars (\$45,000,000) in the aggregate during any fiscal year of Borrower, provided, that of that amount not more than twenty million dollars (\$20,000,000) in the aggregate is paid by the Companies in cash during any fiscal year, or

(iii) lease as lessor, sell, sell-leaseback or otherwise transfer (whether in one transaction or a series of transactions) all or any substantial part of its fixed assets (other than in respect of the Port Authority Lease and chattels that shall have become obsolete or no longer useful in its present business with a fair market value not exceeding ten million dollars (\$10,000,000) in the aggregate during any fiscal year), or the capital stock of any Subsidiary of

Borrower (other than the sale of all of the capital stock of one or more Subsidiaries of Borrower that own assets with a fair market value not exceeding ten million dollars (\$10,000,000) in the aggregate during any fiscal year so long as no Bank, within ten (10) Banking Days of receipt of notice of the proposed sale, notifies Borrower in writing that such Bank believes the proposed sale could have a Material adverse effect on the consolidated financial condition of the Companies);

PROVIDED, that if no Default or Potential Default shall then exist and if none would thereupon begin to exist, this Subsection 3D.04 shall not apply (A) to any merger or consolidation of any Subsidiary of Borrower with any other Subsidiary of Borrower so long as a Subsidiary of Borrower is the surviving entity or to any merger or consolidation of any wholly owned Subsidiary of Borrower with Borrower so long as Borrower is the surviving corporation, or (B) to any dissolution and liquidation of a Subsidiary of Borrower, or any transfer of assets between Subsidiaries of Borrower or from any Subsidiary of Borrower to Borrower."

(I) Subsection 5A.04 of the Credit Agreement shall be amended by deleting the same and substituting in lieu thereof the following:

"5A.04 CROSS-DEFAULT. If, in respect of any existing or future Indebtedness for Borrowed Money (regardless of maturity) or Funded Indebtedness now owing or hereafter incurred by Borrower or any Subsidiary of Borrower, there should occur or exist under its original provisions (except for any amendment made prior to the date of this Agreement but without giving effect to any amendment, consent or waiver after the date of this Agreement) any event, condition or other thing which constitutes, or which with the giving of notice or the lapse of any applicable grace period or both would constitute, a default which accelerates (or permits any creditor or creditors or representative thereof to accelerate) the maturity of any Indebtedness for Borrowed Money or Funded Indebtedness; or if any Indebtedness for Borrowed Money (regardless of maturity) or Funded Indebtedness (other than any payable on demand) shall not be paid in full at its stated maturity; or if any Indebtedness for Borrowed Money or Funded Indebtedness payable on demand shall not be paid in full on demand therefor."

(J) Section 9 of the Credit Agreement shall be amended as follows:

(1) The definition of "Funded Indebtedness" is amended by deleting the same and inserting the following in lieu thereof:

"FUNDED INDEBTEDNESS of a person shall mean, without duplication:

(a) all Indebtedness for Borrowed Money of such person and all other obligations of such person for the deferred purchase price of property or services (including, without limitation, all obligations contingent or otherwise of such person in connection with acceptance, letter of credit or similar facilities and in connection with any agreement to purchase, redeem or otherwise acquire for value any capital stock of such person, or agreement to purchase, redeem or otherwise acquire for value any rights or options to acquire such capital stock, now or hereafter outstanding);

(b) all indebtedness created or arising under any sale and leaseback arrangement, conditional sale or other title retention agreement with respect to property owned or acquired by such person (whether or not the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property);

(c) All obligations secured by a Lien on property owned by such person (whether or not assumed) (without regard to any limitation of the rights and remedies of the holder of such Lien or the lessor under any lease to repossession or sale of such property); and

(d) All obligations of such person under a product financing or similar arrangement described in paragraph 8 of FASB Statement of Accounting Standards No. 49 or any similar requirement of GAAP;"

(2) The definition of "Guarantor" is amended by deleting the same and inserting the following in lieu thereof:

"GUARANTOR means any person that is liable for any Contingent Obligation; and Guaranty or guaranty means the obligation of a Guarantor; provided, however, that the amount of any Guaranty shall be deemed to be equal to the outstanding amount of the obligation that is guaranteed thereby or such lesser amount to which the maximum exposure of the Guarantor may be contractually limited in writing;"

(3) The definition of "Tangible Net Worth" is amended by deleting the same and inserting the following in lieu thereof:

"TANGIBLE NET WORTH means (a) book net worth, less (b) such assets of the Companies, on a consolidated basis,

as consist of good will, costs of businesses over net assets acquired, patents, copyrights, trademarks, mailing lists, catalogues, bond discount, underwriting expense, organizational expenses and intangibles (except that intangibles such as treasury stock which shall have already been deducted from book net worth shall not be deducted again), all as determined on a consolidated basis in accordance with GAAP;"

(4) The following definitions shall be inserted in alphabetical order:

"CONTINGENT OBLIGATION means any direct or indirect liability, contingent or otherwise, with respect to any Funded Indebtedness, lease, dividend, letter of credit, banker's acceptance or other obligation of another person incurred to provide assurance to the obligee of such obligation that such obligation will be paid or discharged, that any agreements relating thereto will be complied with, or that the holders of such obligation will be protected (in whole or in part) against loss in respect thereof;

EBIT means for any period, with respect to Borrower and its Subsidiaries, the sum of (a) the Net Income for such period, plus (b) the Interest Expense for such period, plus (c) charges against income for taxes for such period, all on a consolidated basis;

EBITDA means for any period, with respect to Borrower and its Subsidiaries, the sum of (a) EBIT plus (b) the charges against income for depreciation for such period plus (c) the charges against income for amortization for such period, plus (d) other non-cash charges for such period, minus (e) any and all non-cash credits to Net Income, all as determined on a consolidated basis in accordance with GAAP;

INDEBTEDNESS FOR BORROWED MONEY OR INDEBTEDNESS FOR BORROWED MONEY of a person shall mean at any time, all indebtedness required by GAAP to be reflected as indebtedness on such person's balance sheet, including as appropriate, all indebtedness (i) in respect of any money borrowed; (ii) under or in respect of any Contingent Obligation (whether direct or indirect) of any money borrowed; (iii) evidenced by any loan or credit agreement, promissory note, debenture, bond, or other similar written obligation in respect of borrowed money; or (iv) arising under any lease that is, or is required under GAAP to be, capitalized on the balance sheet of such person at such time or any lease that is a Synthetic Lease;

INTEREST EXPENSE means, for any period, with respect to Borrower and its Subsidiaries, the aggregate amount of interest expense for such period on the aggregate principal amount of any Funded Indebtedness, including capitalized interest, as determined on a consolidated basis in accordance with GAAP;

MASTER LEASE AGREEMENT means the Master Lease Agreement, dated as of December 30, 1996, between Borrower and National City Bank, for itself and as agent for certain participants, relating to the lease of certain items of equipment, as the same may be amended or modified from time to time;

PORT AUTHORITY LEASE means the Lease, dated as of October 1, 1996, between the Toledo-Lucas County Port Authority, as lessor, and Borrower, as lessee, relating to certain real and personal property located at 14710 West Portage River S. Road, Harris Township, Ohio 43416, as the same may be amended or modified from time to time;

SYNTHETIC LEASE means any lease that is considered a financing for federal income tax purposes, but is considered an operating lease for purposes of GAAP, including, without limitation, the Master Lease Agreement;"

3. Representations and Warranties. (A) Borrower hereby represents and warrants to the Banks and NCB-Agent that all representations and warranties set forth in the Credit Agreement, as amended hereby, are true and correct in all material respects, and that this Amendment and the subject notes have been executed and delivered by a duly authorized officer of Borrower and constitute the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with their respective terms.

(B) The execution, delivery and performance by Borrower of this Amendment and its performance of the Credit Agreement and the subject notes have been authorized by all requisite corporate action and will not (1) violate (a) any order of any court, or any rule, regulation or order of any other agency of government, (b) the Articles of Incorporation, the Code of Regulations or any other instrument of corporate governance of Borrower, or (c) any provision of any indenture, agreement or other instrument to which Borrower is a party, or by which Borrower or any of its properties or assets are or may be bound; (2) be in conflict with, result in a breach of or constitute, alone or with due notice or lapse of time or both, a default under any indenture, agreement or other instrument referred to in (1)(c) above; or (3) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever.

4. Miscellaneous. (A) This Amendment shall be construed in accordance with and governed by the laws of the State of Ohio, without

reference to principles of conflict of laws. Borrower agrees to pay on demand all costs and expenses of the Banks and NCB-Agent, including reasonable attorneys' fees and expenses, in connection with the preparation, execution and delivery of this Amendment.

(B) The execution, delivery and performance by the Banks and NCB-Agent of this Amendment shall not constitute, or be deemed to be or construed as, a waiver of any right, power or remedy of the Banks or NCB-Agent, or a waiver of any provision of the Credit Agreement. None of the provisions of this Amendment shall constitute, or be deemed to be or construed as, a waiver of any "default under this Agreement" or any "event of default," as those terms are defined in the Credit Agreement.

(C) This Amendment may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument.

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

Address:	BRUSH WELLMAN INC.
17876 St. Clair Avenue	
Cleveland, Ohio 44110	
	By: _____
	Title: _____
Address:	NATIONAL CITY BANK,
Deliveries:	for itself and as Agent
Metro/Ohio Division	
1900 East Ninth Street	
Cleveland, Ohio 44114-3484	By: _____
Fax: (216) 575-9396	Title: _____
Mail:	
Metro/Ohio Division	
P.O. Box 5756	
Cleveland, Ohio 44101	
Address:	KEYBANK NATIONAL ASSOCIATION
127 Public Square	
Cleveland, Ohio 44114	By: _____
	Title: _____

Address: 600 Peachtree St., NE
Suite 2700
Atlanta, Georgia 30308

THE BANK OF NOVA SCOTIA

By: _____
Title: _____

Address: 611 Woodward
Detroit, Michigan 48226

FIRST CHICAGO NBD BANK, N.A.

By: _____
Title: _____

Exhibit 10-V

EXECUTION COPY

LEASE

between

TOLEDO-LUCAS COUNTY PORT AUTHORITY, Lessor

and

BRUSH WELLMAN INC., Lessee

Dated

as of

October 1, 1996

This Lease was executed in ten counterparts, of which this is Counterpart No. 1. No assignment of or security interest in this Lease may be perfected without possession of executed Counterpart No. 1 of this Lease.

TABLE OF CONTENTS

(This Table of Contents is not a part of the Lease
but rather is for convenience of reference only.)

	PAGE

Preambles.....	1
ARTICLE I	
DEFINITIONS	
Section 1.1 Use of Defined Terms.....	2
Section 1.2 Definitions.....	2
Section 1.3 Interpretation.....	8
Section 1.4 Captions and Headings.....	8
ARTICLE II	
LEASE OF PROJECT	
Section 2.1 Lease; Lease Term; Possession and Use.....	9
Section 2.2 Ground Lease.....	9
Section 2.3 Representations of the Lessor.....	9
Section 2.4 Representations of the Lessee.....	9
Section 2.5 Lessee Required to Pay Costs in Event Proceeds Insufficient.....	10
ARTICLE III	
RENTAL PAYMENTS AND ADDITIONAL PAYMENTS	
Section 3.1 Rental Payments.....	12
Section 3.2 Additional Payments.....	12
Section 3.3 Place of Payments.....	12
Section 3.4 Obligations Unconditional.....	12
Section 3.5 Past Due Rent, Additional Payments and Rentals.....	13
Section 3.6 Assignment of Lease.....	13
Section 3.7 No Abatement of Rental Payments.....	14
ARTICLE IV	
LESSEE'S OWN PERSONAL PROPERTY	
Section 4.1 Installation of the Lessee's Own Personal Property.....	15
ARTICLE V	
MAINTENANCE AND USE OF PROJECT	
Section 5.1 Compliance with Legal and Insurance Requirements.....	17
Section 5.2 Maintenance and Use of Project.....	17
Section 5.3 Alterations, Additions and Improvements.....	18
Section 5.4 Removals and Substitutions.....	18
Section 5.5 Indemnification.....	19
Section 5.6 Environmental Matters.....	21
Section 5.7 Performance by Lessor of Lessee's Requirements.....	22

ARTICLE VI
TAXES, MECHANICS' LIENS AND INSURANCE

Section 6.1	Taxes, Other Governmental Charges and Utility Charges.....	23
Section 6.2	Mechanics' and Other Liens.....	23
Section 6.3	Insurance.....	24
Section 6.4	Workers' Compensation and Unemployment Coverage.....	24
Section 6.5	Waiver of Subrogation.....	24
Section 6.6	Payment of Amounts Not Paid by Lessee.....	25

ARTICLE VII
DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1	Damage to or Destruction of Project.....	26
Section 7.2	Use of Insurance Proceeds.....	26
Section 7.3	Eminent Domain.....	26
Section 7.4	Investment and Disbursement of Net Proceeds.....	27
Section 7.5	Lessee's Own Personal Property.....	27

ARTICLE VIII
FURTHER REPRESENTATIONS AND AGREEMENTS
RESPECTING THE PROJECT

Section 8.1	Right of Access.....	28
Section 8.2	Lessee to Maintain its Corporate Existence Conditions Under Which Exceptions Permitted.....	28
Section 8.3	Title of Project Site.....	28
Section 8.4	No Warranty of Condition or Suitability.....	28
Section 8.5	Annual Statement and Other Reports.....	29

ARTICLE IX
TERMINATION OF LEASE

Section 9.1	Option to Terminate on Payment of Rental Payments.....	30
Section 9.2	Termination of Lease on Substantial Casualty or Condemnation.....	30
Section 9.3	Option to Purchase Lessor's Interest in Project.....	31
Section 9.4	Conveyance on Exercise of Option to Purchase.....	32

ARTICLE X
EVENTS OF DEFAULT

Section 10.1	Events of Default.....	34
Section 10.2	Remedies on Default.....	35
Section 10.3	No Remedy Exclusive.....	36
Section 10.4	Lessee to Pay Attorneys' Fees and Expenses.....	36
Section 10.5	No Additional Waiver Implied by One Waiver.....	36

ARTICLE XI
ASSIGNMENT OF LEASE, SUBLEASING AND RELEASE
OF PORTIONS OF PROJECT

Section 11.1	Subleasing by Lessee.....	37
Section 11.2	Mortgage and Assignment by Lessor.....	37
Section 11.3	Restrictions on Transfer and Encumbrance of Project by the Lessor.....	38
Section 11.4	Release of Project.....	38
Section 11.5	Granting Easements.....	39
Section 11.6	No Abatement or Diminution of Payments.....	39
Section 11.7	Payment on Release or Conveyance.....	39
Section 11.8	Lessor to Apply Lease Payments to Debt Amortization During Any Extension of Lease Term.....	39

ARTICLE XII
MISCELLANEOUS

Section 12.1	Quiet Enjoyment.....	41
Section 12.2	Surrender of Project.....	41
Section 12.3	Notices	41
Section 12.4	Binding Effect.....	41
Section 12.5	Amendments, Changes and Modifications.....	41
Section 12.6	Execution Counterparts.....	41
Section 12.7	Severability.....	41
Section 12.8	Extent of Covenants; No Personal Liability.....	42
Section 12.9	Captions.....	42
Section 12.10	Governing Law.....	42
Section 12.11	Estoppel Certificate.....	42
Section 12.12	Relationship of the Parties.....	42
Section 12.13	Arbitration.....	42
Section 12.14	Other Agreements.....	43
Section 12.15	No Merger.....	43
Section 12.16	Extension of Lease Term.....	43

Signatures.....	45
Acknowledgments.....	46

Exhibit A	- PROJECT FACILITIES
Exhibit B-1	- LEASED REAL PROPERTY
Exhibit B-2	- EASEMENT REAL PROPERTY
Exhibit C	- RENTAL PAYMENT AMOUNTS

LEASE

THIS LEASE made and entered into as of October 1, 1996, between TOLEDO-LUCAS COUNTY PORT AUTHORITY, as lessor (the "Lessor"), a port authority and political subdivision, duly organized and validly existing under the laws of the State of Ohio, and BRUSH WELLMAN INC., as lessee (the "Lessee"), a corporation for profit organized and existing under the laws of the State of Ohio (all terms used as defined terms being used as defined in Article I of this Lease),

WITNESSETH:

WHEREAS, pursuant to and in accordance with the provisions of the Ohio Constitution and the Act, and a resolution adopted by the Legislative Authority on May 23, 1996, as amended and supplemented by a resolution adopted by the Legislative Authority on July 25, 1996, the Lessor has determined, upon the terms and conditions hereinafter set forth, to lease the Project to the Lessee and the Lessee desires, upon the terms and conditions hereinafter set forth, to lease the Project from the Lessor; and

WHEREAS, the Lessor and the Lessee each have full right and lawful authority to enter into this Lease and to perform and observe the provisions hereof on their respective parts to be performed and observed;

NOW THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the parties hereto agree as follows:

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ARTICLE I

DEFINITIONS

Section 1.1. USE OF DEFINED TERMS. In addition to the words and terms elsewhere defined in this Lease or by reference to the Indenture, the words and terms set forth in Section 1.2 of this Lease shall have the meanings set forth therein unless the context or use indicates another or different meaning or intent and such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms herein:

Section 1.2. DEFINITIONS. As used herein:

"Act" means Sections 4582.01 to 4582.20, both inclusive, of the Ohio Revised Code, as enacted and amended.

"Additional Bonds" means the Additional Bonds of the Lessor which may be issued under and as defined in the Indenture.

"Additional Payments" means the amounts required to be paid by the Lessee pursuant to the provisions of Section 3.2 hereof.

"Assignment of Lease" means the Assignment of Lease, dated as of even date herewith, transferring all right, title and interest of the Lessor in and to this Lease to the Trustee.

"Authorized Lessee Representative" means the person at the time designated to act on behalf of the Lessee by written certificate furnished to the Lessor containing the specimen signature of such person and signed on behalf of the Lessee by the President, a Vice President, the Treasurer or the Secretary of the Lessee. Such certificate may designate an alternate or alternates who shall have the same authority, duties and powers as the Authorized Lessee Representative. In the event that all such incumbents become unavailable or unable to act and the Lessee fails to designate at least one replacement within ten business days after notice to the Lessee from the Lessor of such unavailability or inability to act, the Lessor may appoint a successor.

"Bond Service Charges" means, for any period or payable at any time, the principal of and interest and any premium due on the Bonds for that period or payable at that time whether due at maturity or upon acceleration or redemption.

"Bonds" means the Project Bonds and any Additional Bonds.

"Capitalized Interest Account" means the Capitalized Interest Account in the Project Fund, including the Project Bonds Capitalized Interest Subaccount and the State Loan Capitalized Interest Subaccount.

"CERCLA" shall mean the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. "9601 ET SEQ.

"Completion Date" means the date specified as such in the certificate furnished pursuant to Sections 2.2 and 4.6 of the Project Service Agreement.

"Construction Contract" means the Design/Build Agreement for Project Facilities, dated _____, 1996, by and between the Authority and GEM Industrial, Inc., as the same may be amended and supplemented from time to time.

"Consumer Price Index Increase" means the percentage of increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers as finally issued for Cleveland, Ohio by the Bureau of Labor Statistics of the United States Department of Labor, or any successor thereto, from that index as issued for the month of the execution and delivery of this Lease. In the event such index should be abolished and no substitute provided, then any index, service or publication which, in the judgment of the Lessor, most nearly provides the measurement now being provided by the Consumer Price Index shall be used in place of the Consumer Price Index.

"Corporation Account" means the account in the Project Fund created by the Indenture into which moneys will be deposited pursuant to Section 2.5 of this Lease.

"Director" means The Director of Development of the State of Ohio, acting on behalf of the State.

"Discounted Rent" shall mean the amount of the Rental Payments, determined in the manner set forth in Section 9.2 of this Lease, to be paid in full satisfaction of the Lessee's obligation to pay the remaining Rental Payments hereunder in the event that, as a result of the occurrence of any of the events described in Section 9.2 of this Lease, the Lessee shall have certified that it will prepay all remaining Rental Payments by paying the Discounted Rent and terminate the Lease.

"Easement Agreement" means the Easement Agreement, dated as of October 1, 1996, from the Lessee, as grantor, to the Lessor, as amended and supplemented from time to time.

"Engineer" means Hatch Associates Consultants (Ohio) Inc. or another individual or firm qualified to practice the profession of engineering or architecture under the laws of the State, designated by the Lessor and acceptable to the Lessee.

"Environmental Complaint" shall have the meaning set forth in Section 5.6 hereof.

"Environmental Laws" means all applicable federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment and/or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto, including, without limitation, CERCLA and Chapter 3734 of the Ohio Revised Code.

"Essential Lessor Personal Property" has the meaning assigned in Section 5.2(f).

"Event of Default" means any of the events described as an event of default in Section 10.1 hereof.

"Fair Market Value" of any property as of any date shall mean the rental payment in money or the cash price that would be obtained in an arm's-length lease or sale, as the case may be, between an informed and willing third party lessee or buyer (under no compulsion to lease or purchase) and an informed and willing lessor or seller (under no compulsion to lease or sell) of the property in question, and shall be determined on the basis that the Project has been maintained in accordance with the requirements of this Lease (but otherwise on an "as-is" basis). Whenever Fair Market Value is to be determined hereunder and the parties cannot agree on the Fair Market Value, the determination shall be made according to the arbitration provision set forth in Section 12.13 hereof. Fair Market Value shall be determined without regard to and exclusive of modifications (other than substitutions) and additions to the Project during the Lease Term paid for by the Lessee.

"Ground Lease" means the Amended and Restated Ground Lease dated as of October 1, 1996 from the Ground Lessor to the Ground Lessee, leasing to the Ground Lessee the interest in the Project Site which is the subject of this Lease, as amended and supplemented from time to time.

"Ground Lessee" means the lessee under the Ground Lease, including without limitation, any Permitted Leasehold Mortgagee that executes an agreement agreeing to perform the obligations of the Lessee under the Ground Lease.

"Ground Lessor" means Brush Wellman Inc., as lessor under the Ground Lease.

"Hazardous Discharge" shall have the meaning set forth in Section 5.6 hereof.

"Hazardous Substance" means, without limitation, any flammable explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum and petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials as defined in CERCLA, the Hazardous Materials Transportation Act, as amended (49 U.S.C. "1801, ET SEQ.), RCRA, or any other applicable Environmental Law and in the regulations adopted pursuant thereto. "Hazardous Substance" does not include beryllium or beryllium alloys.

"Hazardous Wastes" includes all waste materials subject to regulation under CERCLA, RCRA or applicable state law, and any other applicable federal and state laws now in force or hereafter enacted relating to hazardous waste disposal.

"Holder" means the person in whose name a Bond is registered on the books kept and maintained for the registration and transfer of Bonds pursuant to the Indenture.

"Indenture" means the Trust Indenture dated as of even date with this Lease between the Lessor and the Trustee, as amended and supplemented from time to time.

"Independent Counsel" means an attorney acceptable to the Lessor duly admitted to practice law before the highest court of the State and who is not a salaried employee of the Lessor or the Lessee.

"Insurance Requirements" means all material provisions of any insurance policy covering or applicable to the Project or any part thereof, all material requirements of the issuer of any such policy, and all material orders, rules, regulations or other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Project or any part thereof.

"Interest Rate for Advances" means a rate per annum which is the greater of (a) two percent (2%) per year plus the annual interest rate announced by the Trustee in its lending capacity as a bank as its "Prime Rate" or its "Base Rate" or (b) ten and seventeen one-hundredths percent (10.17%) per year, and to the extent lawfully chargeable.

"Lease" means this Lease, as it may be duly amended and supplemented from time to time in accordance with its terms.

"Lease Term" means the period commencing on the date of delivery of this Lease and, unless earlier terminated as herein provided, ending on May 1, 2011, or the date to which this Lease is extended pursuant to the provisions of this Lease, whichever is latest.

"Legal Requirements" means all laws, statutes, codes, acts, ordinances, resolutions,

orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, directions and requirements of all governments and departments, commissions, boards, courts, authorities, agencies, officials and officers of governments, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Project or any part thereof, or any use or condition of the Project or any part thereof.

"Legislative Authority" means the Board of Directors of the Lessor.

"Lenders" means, collectively, the Trustee and the Director.

"Lessor Personal Property" has the meaning assigned in Section 5.2(f) hereof.

"Net Proceeds", when used with respect to any insurance proceeds or condemnation award, means the gross proceeds thereof less the payment of all expenses, including reasonable attorneys' fees, incurred in connection with the collection of such gross proceeds.

"Notice Address" means:

(a) As to the Lessee: Brush Wellman Inc.
17876 St. Clair Avenue
Cleveland, Ohio 44110
Attention: Treasurer

with a copy to the Secretary at the same address

and with a copy to: McDonald, Hopkins, Burke &
Haber Co., L.P.A.
2100 Bank One Center
600 Superior Ave., E.
Cleveland, Ohio 44114-2653
Attention: David E. Weiss, Esq.

(b) As to the Lessor: Toledo-Lucas County Port Authority
One Maritime Plaza
Toledo, Ohio 43604-1866
Attention: Secretary

(c) As to the Project
Bond Trustee: National City Bank
629 Euclid Avenue
Suite 635
Cleveland, Ohio 44114
Attention: Corporate Trust Department

and

America

The Prudential Insurance Company of
c/o Prudential Capital Group
Two Prudential Plaza, Suite 5600
Chicago, Illinois 60601
Attention: Managing Director

(d) As to the Director: Director of Development
Ohio Department of Development
77 South High Street - 29th Floor

or such different address notice of which is given under Section 12.3 hereof.

"Permitted Leasehold Mortgage" and "Permitted Leasehold Mortgagee" are used as defined in the Ground Lease.

"Person" or words importing persons means firms, associations, partnerships (including, without limitation, general, limited and limited liability partnerships), joint ventures, societies, estates, trusts, corporations, limited liability companies, public or governmental bodies, other legal entities and natural persons.

"Plans and Specifications" means the plans and specifications for the Project as filed with the Lessor, and as such may be completed in accordance herewith and changed from time to time as herein provided.

"Proceeds Account" means the Proceeds Account in the Project Fund created by the Indenture.

"Project" means the leasehold and easement interest in the Project Site and the Project Facilities, together constituting "port authority facilities" as defined in the Act.

"Project Bonds" means the \$13,100,000 aggregate principal amount of revenue bonds of the Lessor designated "Taxable Project Development Revenue Bonds, Series 1996 (Brush Wellman Inc. Project)".

"Project Bonds Capitalized Interest Subaccount" means the subaccount by that name in the Capitalized Interest Account in the Project Fund created under the Indenture.

"Project Debt" means the Project Bonds, any Additional Bonds that may hereafter be issued, and the State Loan Note.

"Project Facilities" means the facilities generally identified in Exhibit A hereto (and more particularly described in the Plans and Specifications or, with respect to personal property, to be more specifically identified in requests to disburse funds therefor pursuant to Section 4.2 of the Project Service Agreement, or in the certificate to be given by the Authorized Lessee Representative pursuant to Sections 2.2(c) and 4.6 of the Project Service Agreement), together with any additions and improvements thereto, modifications thereof and substitutions therefor, less any removals of such property, all in the manner and to the extent in this Lease provided.

"Project Fund" means the Project Fund in the custody of the Trustee of which the Proceeds Account, the Capitalized Interest Account and the Corporation Account are a part.

"Project Purposes" means acquiring, constructing, equipping, furnishing, improving and otherwise developing real and personal property, or any combination thereof, comprising port authority facilities to be used as a facility for metal processing and manufacturing and as may otherwise be permitted by this Lease and the Project Service Agreement.

"Project Service Agreement" means the Project Service and Indemnity Agreement dated as of even date herewith among the Lessor, the Lessee and to the extent set forth therein, the Lenders, as the same may be amended and supplemented from time to time.

"Project Site" means the real estate described in Exhibit B hereto and the Lessor's leasehold interest therein, together with any additions thereto and less any removals therefrom, in

the manner and to the extent provided in this Lease, and all easements appurtenant thereto.

"RCRA" means the Resource Conservation and Recovery Act, 42 U.S.C. "6901 ET SEQ.

"Rental Payment Date" means the last business day of each calendar month, commencing with the last business day in December, 1997, through the end of the Lease Term.

"Rental Payments" means the rent required to be paid by the Lessee to the Lessor as provided in Sections 3.1 and 3.3 hereof.

"Required Property Insurance Coverage" means at any time insurance in the amount of (i) the then full insurable value of the Project Facilities or (ii) the then total unpaid principal amount of the Project Debt then outstanding, whichever is greater, provided that the coverage shall not be less than an amount that would result in coinsurance, insuring the Project Facilities against loss or damage by fire and extended coverage risks and containing loss deductible provisions of not to exceed \$500,000; provided that the amounts of such deductible may be increased on each January 1 by the Consumer Price Index Increase to the extent that such Consumer Price Index Increase had not previously been utilized to increase such deductible.

"Required Public Liability Insurance Coverage" means comprehensive general accident and public liability insurance, or alternative arrangements for insurance or self-insurance approved in writing by both the Lessor and the Trustee, with coverage limits in the minimum amounts of \$10,000,000 as to death or bodily injury in each occurrence and \$10,000,000 as to property damage with a loss deductible clause of not to exceed \$2,500,000; provided that the amounts of coverage shall be, and any deductible may be, increased on each January 1 by ten percent for each ten percent increase in the Consumer Price Index Increase.

"State" means the State of Ohio.

"State Loan Agreement" means the Loan Agreement between the Director and the Lessor, as the same may be amended and supplemented from time to time.

"State Loan Capitalized Interest Subaccount" means the subaccount by that name in the Capitalized Interest Account in the Project Fund created under the Indenture.

"State Loan Note" means the revenue note of the Lessor to evidence its limited obligation to repay the loan to the Lessor by the Director in the aggregate principal amount of \$5,000,000.

"Sublease" means the Sublease dated as of October 1, 1996 between the Lessee and B.W. Alloy Ltd., as the same may be amended and supplemented from time to time.

"Toxic Substance" means and includes any material present on the Project Site which has been shown to have significant adverse effect on human health or which is subject to regulation under the Toxic Substances Control Act (TSCA), 15 U.S.C. "2601, ET SEQ., applicable state law, or any other applicable Federal or state laws now in force or hereafter enacted relating to toxic substances. "Toxic Substance" includes, but is not limited to, asbestos, polychlorinated biphenyls (PCBs) and lead-based paints. "Toxic Substance" does not include beryllium or beryllium alloys.

"Trustee" means National City Bank, until a successor Trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter "Trustee" shall mean the successor Trustee.

Section 1.3. INTERPRETATION. Any reference herein to the Lessor, to the Legislative Authority or to any member or officer of either includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions.

Any reference to a section or provision of the Constitution of the State or the Act, or to a section, provision or chapter of the Ohio Revised Code or to any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this provision, if it constitutes in any way a limitation, restriction or impairment of the rights or obligations of the Lessor or the Lessee under this Lease or the rights of any other person under this Lease.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; the terms "hereof", "hereby", "herein", "hereto", "hereunder" and similar terms refer to this Lease; and the term "hereafter" means after, and the term "heretofore" means before, the date of execution and delivery of this Lease. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise.

Section 1.4. CAPTIONS AND HEADINGS. The captions and headings in this Lease are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

(End of Article I)

ARTICLE II

LEASE OF PROJECT

Section 2.1. LEASE; LEASE TERM; POSSESSION AND USE. Upon and subject to the provisions herein set forth, the Lessor does hereby lease to the Lessee, and the Lessee does hereby lease from the Lessor, the Project for the Lease Term. Possession of the Project shall be delivered by the Lessor and accepted by the Lessee on the Completion Date or such earlier date as may be requested by the Lessee, provided that in such case Lessee hereby agrees to comply with all requirements of this Lease, the Project Service Agreement and the Indenture as if the Completion Date had occurred. From and after the commencement of the Lease Term, the Lessee and its agents and independent contractors shall have the right to enter upon the Project Site for purposes of inspection and taking actions in accordance with this Lease to (i) determine that acquisition, construction, improvement, furnishing, equipping and development of the Project is being made in accordance with the Project Service Agreement and the Plans and Specifications and (ii) prepare to occupy and use the Project. Upon delivery of possession and during the Lease Term, the Lessee shall have the right to use the Project for the Project Purposes.

Section 2.2. GROUND LEASE. The Lessee hereby approves the Ground Lease (for purposes of this Section 2.2, the term Ground Lease shall refer collectively to both the Ground Lease and to the Easement Agreement), and all commitments of the Ground Lessor thereunder, acknowledges all rights of the Ground Lessor and the Ground Lessee under the Ground Lease, and all obligations of the Ground Lessor and the Ground Lessee under the Ground Lease, and, for itself and its successors and assigns and any permitted sublessees, covenants and agrees, (a) to the extent set forth in the Ground Lease, to abide by all covenants and agreements set forth therein with respect to the Ground Lessor or the Lessee, (b) subject to the express provisions of this Lease (i) to not impair the ability of the Lessor or any Permitted Leasehold Mortgagee to satisfy the obligations of the Ground Lessee under the Ground Lease and (ii) to not impede the Ground Lessee in the exercise of its rights under the Ground Lease, and (c) to comply, in the name of and for and on behalf of the Ground Lessee, with all covenants and agreements of the Ground Lessee in the Ground Lease other than those obligations that, by the nature of such obligations, are personal to the Ground Lessee (unless the Lessee shall have acquired all interests of the Ground Lessee in and to the Project Site).

Section 2.3. REPRESENTATIONS OF THE LESSOR. The Lessor represents that: (a) it is duly organized and validly existing under the laws of the State; (b) it has duly accomplished all conditions necessary to be accomplished by it prior to execution and delivery of this Lease and the Project Service Agreement; (c) it is not in violation of or in conflict with any provisions of the laws of the State or any agreement or instrument to which the Lessor is a party or by which it is bound which would impair its ability to carry out its obligations contained in this Lease and the Project Service Agreement; (d) it is empowered to enter into the transactions contemplated by this Lease and the Project Service Agreement; (e) it has duly authorized the execution, delivery and performance of this Lease and the Project Service Agreement; and (f) it will do all things in its power in order to maintain its existence or assure the assumption of its obligations under the Project Service Agreement and this Lease by any successor public body.

Section 2.4. REPRESENTATIONS OF THE LESSEE. The Lessee represents that:

- (a) It is a corporation for profit organized and existing under the laws of the State.
- (b) It has full corporate power and authority to execute, deliver and perform this Lease and to enter into and carry out the transactions contemplated by this Lease.

That execution, delivery and performance, and such entering into and carrying out of those transactions, do not, and will not, violate any provision of law applicable to the Lessee or the Lessee's Articles of Incorporation or its Code of Regulations and do not, and will not, conflict with or result in a default under any agreement or instrument to which the Lessee is a party or by which it is bound, which would impair its ability to carry out its obligations contained in this Lease or resulting from those transactions. This Lease has, and to the extent required the transactions contemplated by this Lease have, by proper action, been duly authorized, and this Lease has been duly executed and delivered by the Lessee and all steps necessary have been taken to constitute this Lease a valid and binding obligation of the Lessee.

(c) The provision of financial assistance to be made available to it with respect to the Project, including the terms of this Lease and the commitments therefor made by the Lessor, have induced the Lessee to continue, within the boundaries of the Lessor, that business of the Lessee to be conducted by use of the Project and such business will preserve jobs and employment opportunities within the jurisdiction of the Lessor.

(d) It presently intends to use or operate the Project during the Lease Term in a manner consistent with the Project Purposes and knows of no reason why the Project will not be so operated. If, in the future, there is a cessation of that operation, it will use its best efforts to resume that operation or accomplish an alternative use by the Lessee or others which will be consistent with the Act and this Lease.

(e) In the event that, in accordance with Section 2.5 of this Lease, moneys in the Proceeds Account of the Project Fund are insufficient to complete the acquisition, construction, improvement, furnishing, equipping and development of the Project in accordance with the Plans and Specifications (including all costs and expenses referred to in Section 4.2 of the Project Service Agreement), the Lessee will, in accordance with Section 2.5 of this Lease, provide to the Trustee, for deposit into the Corporation Account of the Project Fund, moneys which, together with those in the Proceeds Account, will be sufficient to complete acquisition, construction, improvement, furnishing, equipping and development of the Project in accordance with the Plans and Specifications (including all costs and expenses referred to in Section 4.2 of the Project Service Agreement). In addition, if the proceeds of the State Loan are not received by the Trustee within forty-five days after filing of the request of the Toledo-Lucas County Port Authority with the Director for which provision is made in Section 2.2(k) of the Project Service Agreement, the Lessee shall pay into the Project Fund the sum of \$5,000,000.

Section 2.5. LESSEE REQUIRED TO PAY COSTS IN EVENT PROCEEDS INSUFFICIENT. In the event that at any time or from time to time the moneys available from proceeds of the Project Bonds and the State Loan Note (all conditions for the disbursement of which under Section 4.2 of the Project Service Agreement have been satisfied) are not sufficient to pay in full the costs and expenses of the Project and related infrastructure requested by the Lessee to be paid therefrom, including all items set forth in Section 4.2 of the Project Service Agreement (the "Facilities Shortfall"), the Lessee covenants and agrees, for the benefit of the Lessor, the Lenders and the Holders and to fulfill the purposes for which the Project Bonds and the State Loan Note have been issued, to promptly pay the Facilities Shortfall to the Corporation Account. In furtherance thereof, the Lessee agrees that upon receipt of a written notice from the Lessor notifying the Lessee of a Facilities Shortfall, the Lessee will promptly provide to the Trustee moneys for deposit into the Corporation Account from any lawful source in an amount which is adequate to pay the Facilities Shortfall.

For purposes of the preceding paragraph, the moneys in the Proceeds Account shall include without limitation (i) the amount of investment income from the Proceeds Account and the Capitalized Interest Account estimated reasonably by the Authorized Authority Representative (as defined in the Project Service Agreement), which is to be deposited in the Proceeds Account for the respective relevant periods, and (ii) the proceeds deposited into the Proceeds Account of any Additional Bonds sold to finance completion of the Project Facilities.

The Lessor does not make any representation or warranty, either express or implied, that the moneys from proceeds of the Project Bonds and the State Loan Note and which under the provisions of the Indenture and the Project Service Agreement will be available for payment of the costs of the acquisition, construction, improvement, furnishing, equipping and developing to be accomplished pursuant thereto, will be sufficient to pay all of the costs thereof or costs and expenses which will be incurred in connection therewith.

The Lessee covenants and agrees that, if the Lessee should pay pursuant to this Section any portion of the costs of the acquisition, construction, improvement, furnishing, equipping and development of the Project, including any portion of the costs and expenses described in Section 4.2 of the Project Service Agreement, the Lessee will not be entitled to any reimbursement therefor from the Lessor, the Toledo-Lucas County Port Authority, the Lenders or the Holders, except pursuant to and in accordance with Section 4.2 of the Project Service Agreement, subject to the issuance of any Additional Bonds and the availability of proceeds from the same. The Lessee acknowledges that it will not be entitled in that event to any diminution in or abatement or postponement of any amounts payable pursuant to any covenant, agreement or other obligation under the Project Service Agreement or this Lease.

(End of Article II)

ARTICLE III

RENTAL PAYMENTS AND ADDITIONAL PAYMENTS

Section 3.1. RENTAL PAYMENTS. The Lessee shall make Rental Payments to the Lessor, whether or not construction of the Project has been completed, on or before each Rental Payment Date in immediately available funds commencing with the last business day of December, 1997 in the respective amounts shown for each such month in Exhibit C hereto.

Section 3.2. ADDITIONAL PAYMENTS. The Lessee agrees to make Additional Payments as follows:

- (a) To the Lessor, payment for or reimbursement of any and all costs, expenses and liabilities incurred by the Lessor in satisfaction of any obligations of the Lessee hereunder not performed by the Lessee.
- (b) To the Lessor, reimbursement for or prepayment of expenses paid or to be paid by the Lessor and incurred as a result of a request by the Lessee or in enforcing performance by or the obligations of the Lessee under this Lease.

Section 3.3. PLACE OF PAYMENTS. The Lessee shall make all Rental Payments and Additional Payments directly to the Lessor at its principal office or at such other office for the delivery of such payments as the Lessee is given notice of in writing (at least five business days before the applicable payment is due) in accordance with Section 12.3 hereof.

Section 3.4. OBLIGATIONS UNCONDITIONAL. The obligations of the Lessee to make Rental Payments, Additional Payments and any other payments required hereunder shall be absolute and unconditional and the Lessee shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense (other than the defense of indefeasible payment in full to the Lessor), set-off, recoupment or counterclaim which the Lessee may have or assert against the Lessor or any other Person. The Lessee (i) will not suspend or discontinue any such payments, (ii) will perform and observe all of its other agreements contained in this Lease and (iii) will not terminate this Lease except as expressly permitted hereby, for any cause including, without limitation, failure to complete the Project Facilities, failure of title to the Project or any portion thereof, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by or under authority of the United States of America, the State or any political subdivision thereof or any failure of the Lessor, any Lender, any Holder or any other person to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Lease, the Project Service Agreement, the Ground Lease, the State Loan Agreement or otherwise. The obligations and liabilities of the Lessee hereunder shall in no way be released, discharged or otherwise affected for any reason, including, without limitation: (i) any defect in the condition, quality or fitness for use of the Project or any part thereof; (ii) any damage to, removal, abandonment, salvage, loss, scrapping or destruction of or any requisition or taking of the Project or any part thereof; (iii) any restriction, prevention or curtailment of or interference with any use of the Project or any part thereof; (iv) any defect in title to the Project or any encumbrance on such title; (v) any change, waiver, extension, indulgence or other action or omission in respect of any obligation or liability of Lessor; (vi) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Lessor or Lessee or any action taken with respect to this Lease by any trustee or receiver of Lessor or Lessee, or by any court, in any such proceeding; (vii) any claim which Lessee has or might have against any Person, including, without limitation, Lessor, any Lender or

any Holder; (viii) any failure on the part of Lessor or any other Person to perform or comply with any of the terms hereof or of any other agreement, including, without limitation, the State Loan Agreement; (ix) any invalidity or unenforceability or disaffirmance of this Lease or any provision hereof; or (x) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Lessee shall have notice or knowledge of any of the foregoing; provided, however, that this provision does not represent a waiver of any claims that Lessee may have against Lessor, any Lender, any Holder or any other Person. This Lease shall be non-cancelable by Lessee other than through termination of the Lease pursuant to Article IX hereof and, to the extent permitted by law, Lessee waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease or the Project Facilities, or to any diminution or reduction of Rental Payments or Additional Payments payable by Lessee hereunder. All payments by Lessee properly made hereunder as required hereby shall be final, and, except as provided herein, Lessee will not seek to recover any such payment or any part thereof from Lessor or any other person. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, Lessee will nonetheless pay an amount equal to each Rental Payment and any other amount payable by Lessee hereunder at the time and in the manner that such Rental Payment or other payment would have become due and payable under the terms of this Lease if it had not been terminated in whole or in part. Nothing contained in this Section shall be construed to release the Lessor, the Lenders and the Holders from the performance of any of the agreements on the part of any of them contained in this Lease, and in the event the Lessor, the Lenders and the Holders should fail to perform any such agreement on the part of any of them, the Lessee may institute such action against the nonperforming party as the Lessee may deem necessary to compel performance or recover its damages for nonperformance so long as such action shall not be inconsistent with the agreements of the Lessee contained in the preceding sentences. The Lessee may, however, at its own cost and expense and in its own name or, to the extent lawful, in the name of the Lessor, prosecute or defend any action or proceeding or take any other action involving third Persons which the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the Lessor hereby agrees to cooperate fully with the Lessee, but at the Lessee's expense, and to take all action necessary to effect the substitution of the Lessee for the Lessor in any such action or proceeding if the Lessee shall so request.

Section 3.5. PAST DUE RENT, ADDITIONAL PAYMENTS AND RENTALS. If the Lessee fails to make any Rental Payment, Additional Payment or other payment hereunder, the item in default shall continue as an obligation of the Lessee until such payment shall have been fully paid. During the default period, the portion of any such Rental Payment, any Additional Payment or other payment in default shall bear interest at the Interest Rate for Advances until such amount (including all such interest) is paid.

Section 3.6. ASSIGNMENT OF LEASE. The Lessee acknowledges that the Lessor has sold, assigned, transferred and conveyed all of its right, title and interest in and to this Lease, including the Rental Payments, to the Trustee. No subsequent assignment to any Person other than the Trustee may be made without prior written notice to the Lessee; provided, however, that upon occurrence and continuation of an Event of Default hereunder such an assignment may be made without prior written notice to the Lessee. The Lessee further acknowledges that, upon the execution and delivery of the Assignment of Lease, the Lessor, as assignor, will have neither any interest under this Lease, nor any obligations or rights with respect to this Lease, and all such interest, obligations and rights of the Lessor hereunder shall be vested irrevocably in the Trustee, as assignee.

Section 3.7. NO ABATEMENT OF RENTAL PAYMENTS. Except as specifically provided in this Lease to the contrary, no action pursuant to any provision of this Lease shall abate in any way payment of Rental Payments or any Additional Payments payable hereunder.

(End of Article III)

ARTICLE IV

LESSEE'S OWN PERSONAL PROPERTY

Section 4.1. INSTALLATION OF THE LESSEE'S OWN PERSONAL PROPERTY. From time to time, in its sole discretion and at its own expense, the Lessee may, and may permit any of its licensees or sublessees to, install personal property on the Project Site or in the Project Facilities, including without limitation, personal property which becomes in whole or in part a fixture when installed. All personal property so installed shall remain the sole property of the Lessee or the licensee or sublessee, as the case may be, unless it is a fixture necessary to the structural integrity of the Project Facilities (other than a trade fixture) or is essential for the faithful and efficient administration, maintenance and operation of the Project Facilities, in which case such personal property shall become and be deemed to be property of the Lessor and part of the Project, and with that exception, the Lessor shall have no interest in that personal property. Any damage to the Project Facilities caused by the removal of the personal property or fixtures which remain the property of the Lessee shall be repaired by the Lessee at the Lessee's sole expense so as to restore the Project Facilities to their original condition, ordinary wear and tear excepted.

The personal property which is the sole property of the Lessee or a licensee or sublessee may be modified or removed at any time, but without causing any damage to the Project, if there is then no Event of Default under this Lease, and if an Event of Default then exists, may be modified or removed if a certificate of the Authorized Lessee Representative has been delivered to the Lessor and the Trustee stating that such modification or removal will not prevent the Project from being operated or used for the Project Purposes.

Nothing contained in this Lease shall prevent the Lessee or any of its licensees or sublessees from acquiring personal property (other than any personal property purchased pursuant to Section 2.5 hereof) under a lease or under a conditional sale, installment purchase or lease sale contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof or to prevent a vendor so secured from exercising its remedies; provided, however, that no lien or security interest shall attach to any part of the Project.

The Lessee shall pay or cause to be paid, as they become due, the purchase price of, and all costs and expenses in connection with, the acquisition and installation of any personal property installed by the Lessee or any of its licensees or sublessees pursuant to this Section. The Lessee may, at its expense, in good faith contest those purchase prices, costs and expenses. In the event of a contest, the Lessee may permit the purchase prices, costs and expenses contested to remain unpaid during the period of the contest and any appeal unless the Lessor shall notify the Lessee that, in the reasonable opinion of Lessor, by nonpayment the interests of the Lessor or the Lessee in the Project Site or the Project Facilities will be materially endangered or the Project Site or the Project Facilities or any part of either or both will be subject to imminent loss or forfeiture, in which event those purchase prices, costs and expenses shall be paid promptly by the Lessee. The Lessor will cooperate fully with the Lessee, but at the Lessee's expense, in any such contest.

From time to time, the Lessor shall execute and deliver such documents as the Lessee may properly and reasonably request to evidence that particular items of personal property installed on or removed from the Project pursuant to this Section, are not part of the Project for purposes of this Lease or that fixtures have been removed as provided in this Lease. In the event any removal of property pursuant to this Section causes damage to any portion of the Project, the Lessee shall restore the same or repair such damage.

The Lessee shall execute and deliver such documents (if any) as the Lessor may properly and reasonably request in connection with any action taken by the Lessee in conformity

with this Section. Any action taken by the Lessee pursuant to this Section shall not entitle the Lessee to any abatement or diminution of the Rental Payments or Additional Payments payable hereunder.

Upon the termination of this Lease, any such personal property not removed from the Project Site by the Lessee pursuant to this Section 4.1 shall become the exclusive property of the Lessor.

(End of Article IV)

ARTICLE V

MAINTENANCE AND USE OF PROJECT

Section 5.1. COMPLIANCE WITH LEGAL AND INSURANCE REQUIREMENTS. The Lessee, at its expense, will promptly comply or cause compliance with all Legal Requirements and Insurance Requirements, and will procure, maintain and comply (or cause compliance) in all material respects with all permits, licenses and other authorizations required for any use of the Project or any part thereof then being made or anticipated to be made by the Lessee, and for the proper operation and maintenance of the Project or any part thereof during the Lease Term, and will comply in all material respects with any instruments of record as of the date of initial delivery of the Project Bonds in force and currently burdening the Project or any part thereof or hereafter approved in writing by the Lessee. The Lessee may, at its expense and after prior notice to the Lessor, contest by appropriate legal proceedings conducted in good faith and with due diligence any Legal Requirement and postpone compliance therewith pending the completion of such contest provided that such postponement does not, in the reasonable opinion of the Lessor, subject the Project, or any part thereof, to imminent loss or forfeiture or subject the Lessor to any criminal liability.

Section 5.2. MAINTENANCE AND USE OF PROJECT.

(a) Subject to Article VII hereof, the Lessee, at its expense, will keep or cause the Project to be kept in good repair, working order and condition (ordinary wear and tear excepted) and will make all necessary or appropriate repairs, replacements and renewals thereof, interior, exterior, structural and non-structural, ordinary and extraordinary and foreseen and unforeseen so that the Project can be used for the Project Purposes.

(b) The Lessee will not do, or permit to be done, any act or omission or thing which might materially impair the value or usefulness of the Project or any part thereof, will not commit or permit any material waste of the Project or any part thereof, and will not permit any unlawful occupation, business or trade to be conducted on the Project or any part thereof.

(c) The Lessee shall also, at its expense, promptly comply with all rights of way or use, privileges, franchises, servitudes, licenses, easements, tenements, hereditaments and appurtenances forming a part of the Project and all instruments creating or evidencing the same, in each case, to the extent that

(i) compliance therewith is required of the Lessee under the terms thereof and (ii) the same are currently of record or subsequently approved in writing by the Lessee.

(d) The Lessee shall remove regularly all trash, litter and debris from the Project Site at the Lessee's expense and shall maintain the Project Site in a neat and safe manner.

(e) The Lessee agrees to permit the Lessor and its employees and agents to enter upon the Project at all reasonable times to inspect the same, but no such inspection shall unreasonably interfere with the Lessee's operation and use of the Project and such Persons shall strictly comply with all of Lessee's reasonable safety and security regulations, and no such inspection shall be conducted without reasonable prior notice and the failure of the Lessor to make any such inspection shall not impose any liability upon either for its failure to do so. The Lessee shall have the right to have its representative in attendance at any such inspection.

(f) The Lessee covenants and agrees to obtain and maintain within the Project Facilities all moveable equipment, furnishings and other personal property (including any personal property which upon installation becomes a fixture) acquired by the Lessor, or acquired pursuant to disbursement requests submitted pursuant to Section 4.2 of the Project Service Agreement, and any property acquired pursuant to this Article V as a substitution or replacement for any such property (collectively, "Lessor Personal Property"). The Lessee further covenants and agrees (notwithstanding clause (ii) of the first sentence of Section 5.4 hereof) to replace promptly any worn out or obsolete Lessor Personal Property with other personal property necessary to enable the Project to be used for the Project Purposes if the worn out or obsolete Lessor Personal Property is essential for the efficient or proper operation or maintenance of the Project Facilities for the Project Purposes in accordance herewith and as it is then being used (the "Essential Lessor Personal Property"). The Lessee further covenants and agrees that no Essential Lessor Personal Property will be removed or relocated without securing a replacement therefor. The Lessee further agrees that title to any Lessor Personal Property acquired in replacement of Lessor Personal Property pursuant to this Section, or in substitution therefor pursuant to Section 5.4 hereof, shall vest immediately in the Lessor and such personal property so acquired shall be and be considered for all purposes a part of the Project Facilities as if originally a part thereof. Without limiting the foregoing, the Lessee shall promptly upon such replacement or substitution deliver a bill of sale or other similar evidence of title to the Lessor, and Lessor shall promptly deliver to the Lessee a release of any interest in any Lessor Personal Property so replaced by the Lessee. Any action taken by the Lessee pursuant to this Section shall not entitle the Lessee to any abatement or diminution of the Rental Payments or any Additional Payments payable hereunder.

(g) The Lessee shall not discriminate against any person because of race, color, religion, sex or national origin.

Section 5.3. ALTERATIONS, ADDITIONS AND IMPROVEMENTS. The Lessee may, in its discretion and at its expense, make from time to time any alterations, additions, or improvements to the Project which it may deem desirable for its business purposes provided that no such alterations, additions, or improvements shall adversely affect the structural integrity or strength of any improvements constituting a part of the Project Facilities, substantially reduce the value of the Project or materially interfere with the use and operation thereof as a copper beryllium alloy expansion facility. All alterations, additions, and improvements so made to the Project Facilities by the Lessee shall become and be deemed to be the property of Lessor and constitute a part of the Project. At the end of the Lease Term the Lessee shall have no obligation, but may, in its discretion and at its expense, remove any such alteration, addition or improvement, provided that upon such removal the Lessee is required to restore or repair the Premises. Any free standing buildings or other free standing structures erected and paid for by the Lessee shall be the property of the Lessee but shall be removed at the Lessee's expense at the expiration or termination of the Lease Term unless the Lessor shall have agreed to accept such buildings or structures in which event they need not be removed and shall become property of the Lessor at the conclusion of the Lease Term.

Section 5.4. REMOVALS AND SUBSTITUTIONS. Subject to the requirements of Section 5.2(f) hereof with respect to Essential Lessor Personal Property, in any instance where the Lessee, in its reasonable discretion, determines that any item of Lessor Personal Property shall have become inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary or should otherwise be replaced, the Lessee may remove such items; provided, that such removal (taking into account any substitutions) shall not impair the operation of the Project and that any damage caused to any portion of the Project as a result of such removal is restored or repaired at Lessee's sole cost; and

provided, further, that the Lessee (i) substitutes and installs other items of property necessary to enable the Project to be used for the Project Purposes (but not necessarily having the same function in the operation of the Project), which such substituted property shall be free from liens and encumbrances and shall be the property of Lessor and become part of the Project, without taking account of personal property previously designated to be the property of Lessor as Lessor Personal Property as required by Section 5.2 or 5.4 hereof, or (ii) in the case of removal of property without substitution, promptly pays to the Lessor an amount equal to (A) if the removed property is sold or scrapped, the proceeds of such sale or the scrap value thereof, (B) if the removed property is used as a trade-in for property not to be installed as part of the Project, the trade-in credit received by the Lessee, or (C) in the case of the retention of such removed property by the Lessee for use at locations other than at the Project, the Fair Market Value, less the Excess Value (as defined below), of such property. If, prior to or concurrently with any such removal, the Lessee shall have acquired and installed personal property with its own funds which has become a part of the Project Facilities, the Lessee may credit the amount so spent, or, if such property was acquired more than six (6) months prior to the date on which the credit is to be made, the Fair Market Value of such property, against the requirement that it either substitute other property or make payment under this Section on account of such removal, provided that such previously acquired and installed property meets the requirements for substituted property under clause (i) of the next preceding sentence of this Section. "Excess Value" shall mean the amount by which the then Fair Market Value of replacement Lessor Personal Property exceeds the Fair Market Value of replaced Lessor Personal Property at the time of its replacement. The Authorized Lessee Representative shall promptly report to the Lessor each such removal, substitution, sale or other disposition, shall take such actions as are required to vest title to any such replacement or substitution property (including any property substituted pursuant to the next preceding sentence) in the Lessor, and shall cause Lessee to pay to the Lessor such amounts as are required by the provisions of clause

(ii) of the second preceding sentence of this Section (but after taking into account any credits available pursuant to the next preceding sentence) to be paid to the Lessor promptly after the sale, trade-in or other disposition requiring such payment; provided, however, that no such payment need be made until the amount to be paid to the Lessor on account of all such sales, trade-ins or other dispositions not previously paid aggregates at least \$100,000. Except as otherwise provided in the Indenture, any amounts so paid shall be made available to the Lessee for use for, alterations, additions or improvements to the Project, or the acquisition and installation of personal property within the Project Facilities, which alterations, additions, improvements or personal property shall be the property of Lessor and become a part of the Project for all purposes of this Lease, and the Lessee shall promptly deliver to the Lessor a bill of sale or other appropriate evidence of title thereto. Upon the request of the Lessee, the Lessor shall promptly execute and deliver to the Lessee appropriate instruments releasing any property removed pursuant to this Section from the Project and this Lease.

Section 5.5. INDEMNIFICATION. Except as otherwise expressly provided herein, in order to induce the Lessor to undertake the duties, obligations and responsibilities set forth herein, the Lessee releases the Lessor from, agrees that the Lessor shall not be liable for, and indemnifies the Lessor against, all liabilities, obligations, damages, costs and expenses (including, without limitation, reasonable attorney's fees and expenses except as may be limited by law or judicial decision or order) imposed upon, incurred or asserted against the Lessor without negligence or bad faith on the part of the Lessor on account of: (a) ownership of any interest in the Project; (b) any loss or damage to property or any accident or injury to or disease, sickness or death of or loss by any person that may be occasioned by any cause whatsoever pertaining to activities pursuant to Sections 4.1, 5.3 and 5.4 of this Lease or the maintenance, operation and use of the Project or any part thereof or the adjoining sidewalks, curbs, vaults and vault space, if any, streets, alleys or ways; (c) any use, disuse or condition of the Project or any part thereof or the adjoining sidewalks, curbs, vaults and vault space, streets, alleys or ways, or arising from any act or failure to act by the Lessee, or any of its agents, contractors, servants, employees, sublessees or licensees; (d) any failure of compliance of Lessee, its agents or the independent contractors of the Lessee or any

agents or independent contractors of the Lessor under the Construction Contract, with the provisions of Section 4115.05, any other applicable provision of the Ohio Revised Code or any other applicable provision of State or federal law; (e) without limitation on the provisions of Section 5.6 hereof, all loss or expense arising out of the existence in, on or about the Project of Hazardous Substances or relating to beryllium or beryllium alloys, whether arising prior to or during the Lease Term and regardless of whether the same arise out of the release by the Lessee of such materials, and including without limitation civil and criminal fines and penalties (whether arising or existing during or prior to the Lease Term), and (f) any action or proceeding brought with respect to the matters set forth in (a), (b), (c), (d) and (e) above. The Lessee shall notify the Lessor in a timely manner of any knowledge it may receive of any loss or expense under clause (e) of the next preceding sentence.

The Lessee agrees to indemnify the Lessor for and to hold it harmless against all liabilities, costs and expenses incurred without negligence or bad faith on the part of the Lessor on account of any action taken or omitted to be taken by the Lessor in accordance with the terms of this Lease or any related instruments or any action taken at the request of or with the consent of the Lessee, including the costs and expenses of the Lessor in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under this Lease or any related instrument.

The Lessee agrees to indemnify the Lessor for and to hold it harmless against all liabilities, costs and expenses incurred without negligence or bad faith on its part arising from the issuance, sale, trading or redemption or purchase of the Bonds, or performance by the Lessor of its obligations under the Indenture with respect to, the Project Bonds, and the provision by the Lessee of any information or certification furnished in connection therewith concerning the Project Bonds, the Project or the Lessee.

In case any action or proceeding is brought against the Lessor in respect of which indemnity may be sought hereunder, the Lessor promptly shall give written notice of that action or proceeding to the Lessee, and the Lessee upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided, that failure to give that notice shall not relieve the Lessee from any of its obligations under this Section except to the extent that such failure prejudices the defense of the action or proceeding by the Lessee or otherwise results in an increase in the amount to be indemnified. At its own expense, an indemnified party may employ separate counsel and participate in the defense. The Lessee shall not be liable for any settlement made without its consent.

The indemnifications set forth above are intended to and shall include the indemnification of all affected officials, directors, officers and employees of the Lessor. Those indemnifications are intended to and shall be enforceable to the full extent permitted by law and shall survive the termination or expiration of this Lease.

Section 5.6. ENVIRONMENTAL MATTERS. (a) Throughout the Lease Term, the Lessee or its employees, contractors or agents shall:

(i) not place or permit to be placed any Hazardous Substances at the Project except as not prohibited by applicable law or appropriate governmental authorities;

(ii) forthwith upon receipt by the Lessee of written notice of the occurrence of any material violation of any Environmental Law in connection with the ownership, occupancy or use of the Project, or the receipt by the Lessee of any citation, notice of investigation, fine or other assessment in connection therewith, report or other communication from any governmental authority with respect to any violation or alleged violation of any Environmental Law, deliver written notice thereof to the Lessor

describing the same and any steps being taken by the Lessee with respect thereto.

(iii) In the event that it obtains, gives or receives written notice of any Release or threat of Release of a reportable quantity of any Hazardous Substances or beryllium or beryllium alloys at the Project Site (any such event being hereinafter referred to as a "Hazardous Discharge") or receives any written notice of violation, request for information or notification that it is potentially responsible for investigations or cleanup of environmental conditions at the Project or any demand letter or complaint, order, citation, or other written notice with regard to any Hazardous Discharge or violation of Environmental Laws affecting the Project Site or the Lessor's or the Lessee's interest therein (any of the foregoing is referred to herein as an "Environmental Complaint") from any Person or entity, including any state agency responsible in whole or in part for environmental matters in the State or the United States Environmental Protection Agency (any such person or entity hereinafter the "Agency"), then the Lessee shall, within thirty (30) business days, give written notice of same to the Lessor detailing facts and circumstances of which the Lessee is aware giving rise to the Hazardous Discharge or Environmental Complaint. Such information is not intended to create nor shall it create any obligation upon the Lessor with respect thereto. The Lessee shall promptly forward to the Lessor copies of all documents and reports concerning a Hazardous Discharge at the Project that the Lessee is required to file under any Environmental Laws.

(iv) respond in a timely manner to any Hazardous Discharge or Environmental Complaint to avoid subjecting the Project to any lien. If the Lessee shall fail to respond in a timely manner to any Hazardous Discharge or Environmental Complaint or the Lessee shall fail to comply in all material respects with any of the requirements of any Environmental Laws, the Lessor may, but without the obligation to do so, for the sole purpose of protecting the Lessor's interest in the Project: (A) give such notices or (B) after notice of intent to the Lessee to enter, enter onto the Project (or authorize third parties to enter onto the Project) and take such actions as the Lessor (or such third parties as directed by the Lessor) deems reasonably necessary or advisable, to clean up, remove, mitigate or otherwise deal with any such Hazardous Discharge or Environmental Complaint.

(v) to the full extent permitted by law, defend and indemnify the Lessor, and hold the Lessor harmless, from and against all loss, liability, damage and expense, claims, costs, fines and penalties, including reasonable attorney's fees, suffered or reasonably incurred by the Lessor under or on account of any Environmental Laws, including, without limitation, the assertion of any lien thereunder, with respect to any Hazardous Discharge, the presence of any Hazardous Substances or beryllium or beryllium alloys affecting the Project, whether or not the same originates or emerges from the Project or any contiguous real estate, except to the extent such loss, liability, damage and expense is attributable to any Hazardous Discharge resulting from actions on the part of the Lessor. The Lessee's obligations under this Section shall arise upon the discovery by the Lessee of any Hazardous Discharge or the presence of any Hazardous Substances or beryllium or beryllium alloys at the Project Site causing this paragraph to be applicable, whether or not any federal, state, or local environmental agency has taken or threatened any action in connection with the presence of any Hazardous Substances or beryllium or beryllium alloys.

Section 5.7. PERFORMANCE BY LESSOR OF LESSEE'S REQUIREMENTS. If the Lessee shall fail to do or perform any act or thing required to be done by it under the terms of this Lease, the Lessor may, at its sole option, after reasonable written notice to the Lessee with respect thereto and reasonable opportunity afforded to the Lessee to do and perform the same, itself or by its employees, enter the Project and do and perform the same on the Lessee's behalf and at the Lessee's cost and expense; and the Lessee shall, forthwith upon receipt of notice of the amount of such cost and expense, pay the same to the Lessor as Additional Payments under Section 3.2, together with interest thereon at the Interest Rate for Advances, from the date of each payment by the Lessor to the date of repayment (including such interest) by the Lessee.

(End of Article V)

ARTICLE VI

TAXES, MECHANICS' LIENS AND INSURANCE

Section 6.1. TAXES, OTHER GOVERNMENTAL CHARGES AND UTILITY CHARGES. This is a net lease and, in addition to paying the Rental Payments and Additional Payments hereunder, except to the extent that certain costs are paid pursuant to Section 4.2 of the Project Service Agreement, Lessee shall be responsible for and shall pay any and all expenses of owning, operating, maintaining and repairing the Project incurred from and after the date hereof until the expiration of the Lease Term and any and all other costs, charges, assessments, expenses and taxes of every kind and character, ordinary or extraordinary, arising out of or incurred in connection with the use or occupancy of the Project or the execution, delivery and performance by Lessee of this Lease, whether or not such cost, charge, assessment, expense or tax is expressly referred to herein, so as to allow the Lessor to receive the Rental Payments as net rent. Without limiting the generality of the foregoing, the Lessee shall pay, as the same respectively become due, all taxes, assessments, whether general or special, and governmental charges of any kind whatsoever that may at any time during the Lease Term be lawfully assessed or levied against or with respect to the Project (including, without limitation, any taxes levied upon or with respect to the revenues, income or profits of the Lessee from the Project) which, if not paid, may become or be made a lien on the Project or any part thereof, or a charge on such revenues, income and profits therefrom, and all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project during the Lease Term; provided, that with respect to special assessments or other governmental charges that lawfully may be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term.

The Lessee may, at its expense, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, during the period of such contest and any appeal therefrom, may permit the taxes, assessments or other charges so contested to remain unpaid unless the Lessor shall notify the Lessee that, in the reasonable opinion of the Lessor, by nonpayment of any such items the Project or any part of the Project will be materially affected or the Project or any part thereof will be subject to imminent loss or forfeiture, in which event such taxes, assessments or charges shall be paid or provisions for payment by deposit or bonding shall be made promptly by the Lessee.

Section 6.2. MECHANICS' AND OTHER LIENS. The Lessee shall not suffer or permit any mechanics' or other liens to be filed or exist (i) against the Project, nor (ii) against any account or fund in which Rental Payments, Additional Payments or proceeds of the Project Debt are deposited, by reason of work, labor, services or materials supplied or claimed to have been supplied to, for, or in connection with the Project or to the Lessee or anyone holding the Project or any part thereof through or under the Lessee, or otherwise; provided, however, that if any such liens shall at any time be filed, the Lessee shall, within ninety days after notice of the filing thereof but subject to the right to contest hereinafter set forth, cause the same to be discharged of record by payment, deposit, bonding, order of a court of competent jurisdiction or otherwise. The Lessee shall have the right, but at its own cost and expense, to contest the validity or the amount of any such lien by appropriate proceedings timely instituted, unless the Lessor shall notify the Lessee that, in the reasonable opinion of the Lessor, by nonpayment of any such items any part of the Project or moneys in such an account or fund will be subject to imminent loss or forfeiture, in which event the Lessee shall promptly cause such lien to be discharged as aforesaid or, in the case of a mechanics' or other lien filed against the Project, provisions reasonably satisfactory to the Lessor and the Lenders for payment by deposit or bonding shall be made promptly by the Lessee. Lessor will cooperate fully with the Lessee, but at the Lessee's expense, in any such contest (except as any such lien is asserted by the Lessor in which event the Lessee shall have the right to contest such lien as if it were the owner of the Project). If the Lessee shall fail to cause such lien to be discharged, or to

contest the validity or amount thereof, within the period aforesaid, then, in addition to any other right or remedy of the Lessor, the Lessor may, but shall not be obligated to, discharge the same by deposit or by bonding following written notice to the Lessee of Lessor's intention to take such action.

Section 6.3. **INSURANCE.** The Lessee shall keep the Project Facilities continuously insured in the amount and with the coverage of the Required Property Insurance Coverage and shall keep and maintain, with respect to the Project, Required Public Liability Insurance Coverage, provided, that through the Completion Date, the Lessee shall provide all-risk builders risk insurance covering the then insurable value of the Project. Subject to the next paragraph of this section, such insurance shall name the Lessor, the Lenders, the Ground Lessee (if the Ground Lessee is other than the Lessor), the Ground Lessor (and any Permitted Leasehold Mortgagees) and Significant Holders (as defined in the Indenture) as, with respect to Public Liability Required Insurance Coverage, additional insureds and, with respect to Required Property Insurance Coverage, the Lessor, the Lessee and the Trustee as loss payees, as their respective interests may appear consistent with Section 7.2 hereof, and shall be obtained and maintained by means of policies with generally recognized, responsible insurance companies qualified to do business in the State, in conjunction with other companies through an insurance trust or other arrangements reasonably satisfactory to the Lessor. The insurance to be provided may be by blanket policies. Each policy of insurance shall be written so as not to be subject to cancellation or substantial modification without not less than thirty days' advance written notice to the Lessor, the Ground Lessor, the Ground Lessee and the Lenders. The Lessee shall deposit with the Lessor certificates or other evidence reasonably satisfactory to the Lessor that the insurance required hereby has been obtained and is in full force and effect and, at least 30 days prior to the expiration of any such insurance, the Lessee shall furnish the Lessor with evidence reasonably satisfactory to the Lessor that such insurance has been renewed or replaced.

All policies providing the Required Property Insurance Coverage shall contain a clause requiring all proceeds resulting from any claim for loss or damage, if the proceeds of such claim are in excess of \$500,000 (increased on each January 1 by ten percent for each ten percent increase in the Consumer Price Index Increase not theretofore the subject of such increase), to be paid to the Lessor or its designee, and any Net Proceeds of insurance providing such coverage shall be paid and applied as provided in Section 7.2 hereof. The proceeds of insurance providing Required Public Liability Insurance Coverage shall be applied toward the extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid.

Section 6.4. **WORKERS' COMPENSATION AND UNEMPLOYMENT COVERAGE.** The Lessee shall maintain, or cause to be maintained in connection with the Project, the workers' compensation and unemployment coverages required of it by the applicable laws of the State.

Section 6.5. **WAIVER OF SUBROGATION.** Notwithstanding any other provision of this Lease to the contrary, it is mutually agreed that the Lessor shall not be responsible for damage by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism or malicious mischief to the property of the Lessee and the Lessee shall not be responsible for damage to the property of the Lessor by the same perils as mentioned above regardless of the negligence of either party. The Lessee will cause each insurance carrier issuing any policy required by this Lease to waive all rights of subrogation against the Lessor, the Lenders and the Holders.

Section 6.6. PAYMENT OF AMOUNTS NOT PAID BY LESSEE. If the Lessee fails to (i) pay taxes, assessments and other governmental or utility charges as required by Section 6.1 hereof, (ii) pay or discharge mechanics' or other liens as required by Section 6.2 hereof, (iii) maintain and keep in force the insurance required by Section 6.3 hereof or (iv) maintain required workers' compensation and unemployment coverage as required by Section 6.4 hereof, the Lessor may (but shall not be obligated to) advance funds to pay any such required charges or items after ten business days' prior written notice to the Lessee. Any funds so advanced shall be payable by the Lessee on demand as Additional Payments pursuant to Section 3.2 hereof and shall bear interest from the date of advancement to the date the Lessor is repaid (including such interest) at the Interest Rate for Advances.

(End of Article VI)

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1. **DAMAGE TO OR DESTRUCTION OF PROJECT.** In case of any damage to or destruction of the Project Facilities or any part thereof, the Lessee will promptly give or cause to be given written notice thereof to the Lessor, the Ground Lessor, any Permitted Leasehold Mortgagees and the Lenders generally describing the nature and extent of such damage or destruction. Unless such damage or destruction is such that the Lessee shall have certified that it will prepay all remaining Rental Payments by paying the Discounted Rent and terminate this Lease in accordance with Article IX hereof, there shall be no abatement or diminution of Rental Payments and the Lessee shall, whether or not the Net Proceeds of insurance, if any, received on account of such damage or destruction shall be sufficient for such purpose, promptly commence and complete, or cause to be commenced and completed, repair or restoration of the Project Facilities as nearly as practicable to the value, condition and character thereof existing immediately prior to such damage or destruction, with such changes or alterations, however, as the Lessee may deem necessary for proper operation of the Project and to which the Lessor has consented, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Lessee may under certain circumstances relating to damage or destruction terminate this Lease and/or acquire the Project as set forth in Article IX.

Section 7.2. **USE OF INSURANCE PROCEEDS.** In connection with the repair or restoration of the Project Facilities pursuant to Section 7.1 hereof, Net Proceeds of Required Property Insurance Coverage not in excess of \$500,000 (increased on each January 1 by ten percent for each ten percent increase in the Consumer Price Index Increase not theretofore the subject of such increase) shall be paid to the Lessee for application of as much as may be necessary for such repair and restoration. Any balance of the Net Proceeds remaining after payment of all costs of such repair, rebuilding or restoration shall be retained by the Lessee. If such Net Proceeds are in excess of \$500,000 (increased on each January 1 by ten percent for each ten percent increase in the Consumer Price Index Increase not theretofore the subject of such an increase) the Net Proceeds shall be paid to and held by the Lessor or its designee, as described in the second paragraph of Section 6.3 hereof, in a separate insurance loss account, for application of as much as may be necessary of the Net Proceeds for the payment of the costs of repair, rebuilding or restoration, either on completion thereof or as the work progresses as directed by the Lessee or otherwise provided in the Indenture. Any balance of the Net Proceeds held by the Lessor or its designee remaining after payment of all costs of such repair, rebuilding or restoration shall, except as otherwise provided in the Indenture, be made available to Lessee in the event that such balance is less than \$200,000, and shall be used by the Lessee for alterations, additions or improvements to the Project thereafter during the Lease Term in the event that such balance is \$200,000 or more.

If, in lieu of repair and restoration, the Lessee has certified that it will prepay all remaining Rental Payments by paying the Discounted Rent and terminate this Lease in accordance with Article IX hereof, any Net Proceeds received by the Lessor or its designee prior to such prepayment shall be credited against the Discounted Rent payable by the Lessee pursuant to this Lease, and after such prepayment, no further Rental Payments shall be due hereunder.

Section 7.3. **EMINENT DOMAIN.** If title to or the temporary use of the Project, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Lessee will promptly give or cause to be given written notice thereof to the Lessor, the Ground Lessor, any Permitted Leasehold Mortgagees, the Lenders and the Holders describing the nature and extent of such taking. Any Net Proceeds received from any award made in such eminent domain proceedings shall be paid to and held by or on behalf of the Lessor or its designee in a separate

condemnation award account and, unless the taking is such that the Lessee shall have certified that it will prepay all remaining Rental Payments by paying the Discounted Rent and terminate this Lease in accordance with Article IX hereof, shall, except as otherwise provided in the Indenture, be made available to Lessee to be applied in one of the following ways:

- (a) The restoration of the Project Facilities to substantially the same condition as existing prior to the exercise of the power of eminent domain;
- (b) The acquisition by construction or otherwise of other improvements acceptable to the Lessor and suitable for the Lessee's operations on the Project Site (which improvements shall be deemed property of the Lessor and a part of the Project).

The balance of any net Proceeds remaining after application to (a) and (b) above shall, except as otherwise provided in the Indenture, be made available to the Lessee for alterations, additions and improvements to the Project thereafter during the Lease Term.

If the Lessee shall have certified that it will prepay all remaining Rental Payments by paying the Discounted Rent and terminate this Lease in accordance with Article IX hereof, any Net Proceeds received from any award made in such eminent domain proceeding shall be credited against the Discounted Rent payable by the Lessee pursuant to this Lease, and after such prepayment no further Rental Payments shall be due hereunder. If the Lessee shall not have so certified, there shall be no abatement or diminution of Rental Payments.

Section 7.4. INVESTMENT AND DISBURSEMENT OF NET PROCEEDS. All moneys received by or on behalf of the Lessor or its designee constituting Net Proceeds may, pending application, be invested and shall, to the extent to be used for repair, rebuilding, improvement, restoration, acquisition or construction, be disbursed as provided in or pursuant to the Indenture and the Project Service Agreement for the investment and disbursement of moneys in the Proceeds Account of the Project Fund created under the Indenture.

Section 7.5. LESSEE'S OWN PERSONAL PROPERTY. The Lessee or any permitted assignee or sublessee of the Lessee shall be entitled to the net proceeds of any insurance claims or eminent domain award for damage or destruction or taking of its personal property.

(End of Article VII)

ARTICLE VIII

FURTHER REPRESENTATIONS AND AGREEMENTS RESPECTING THE PROJECT

Section 8.1. **RIGHT OF ACCESS.** The Lessee agrees that inspections may be made as provided in Section 5.2 hereof. The Lessee further agrees that the Lessor, the Ground Lessor, any Permitted Leasehold Mortgagees, the Lenders and the Holders and their employees and agents shall be provided such access to the Project upon reasonable prior notice to the Lessee, as may be reasonably necessary to cause to be completed the Project Facilities and thereafter for the proper maintenance of the Project in the event of failure by the Lessee to perform any of its obligations. All inspections shall be made in strict compliance with Lessee's reasonable safety and security regulations.

Section 8.2. **LESSEE TO MAINTAIN ITS CORPORATE EXISTENCE; CONDITIONS UNDER WHICH EXCEPTIONS PERMITTED.** The Lessee agrees that during the Lease Term it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, that the Lessee may, without violating the agreement contained in this Section, consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided that if the surviving, resulting or transferee corporation, as the case may be, is other than the Lessee, such surviving, resulting or transferee corporation assumes in writing all of the obligations of the Lessee herein and either obtains the consent of the Lessor or has a net worth at least equal to that of the Lessee prior to dissolution, sale, consolidation or merger, and provided further that such consolidation, merger, sale or transfer does not violate or result in the violation of any provision of any other agreement with any Lender to which the Lessee is a party or of the Inducement Agreement as defined in Section 10.1(g) hereof. Net worth shall be determined in accordance with generally accepted accounting principles consistently applied.

If consolidation, merger or sale or other transfer is made as provided in this Section, the provisions of this Section shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section.

Section 8.3. **TITLE OF PROJECT SITE.** Written evidence as to the status of title to the Project Site as of the date of delivery of this Lease has been made available to the Lessee and the Lessor. The Lessee and the Lessor agree that such title is satisfactory and that all defects in and liens and encumbrances on such title, as set forth in such evidence as exclusions from coverage and exceptions, do not materially impair the Lessee's use or the value of the Project Site.

Section 8.4. NO WARRANTY OF CONDITION OR SUITABILITY. The Lessor does not make any warranty, either express or implied, as to the suitability or utilization of the Project for the Project Purposes, or as to the condition of the Project or whether the Project is or will be suitable for the Lessee's purposes or needs. Lessor and Lessee agree that the Project is being leased to Lessee, and Lessee hereby accepts possession of the Project, "as-is, where-is, with all faults," with no right of set-off or reduction in the Rental Payments, and that such transaction shall be without representation or warranty of any kind or nature whatsoever by Lessor, or any officer, director, employee, agent or attorney of Lessor, or any other party related in any way to any of the foregoing (all of which parties are collectively referred to as the "Lessor Parties"), whether express, implied, statutory or otherwise, including, without limitation, title, warranty of income potential, operating expenses, uses, condition, merchantability, habitability, compliance with designs, specifications or legal requirements, absence of latent defects, or fitness for a particular purpose, and Lessor, for itself and each of the other Lessor Parties does hereby disclaim and renounce any such representation or warranty.

Section 8.5. ANNUAL STATEMENT AND OTHER REPORTS. The Lessee (i) shall have an annual audit made by its regular independent certified public accountants and shall furnish a copy of such audit to the Lessor promptly upon its completion, but not later than one hundred twenty (120) days after the end of the Lessee's fiscal year, and (ii) shall prepare and furnish within sixty (60) days after the end of each fiscal year of the Lessee to the Lessor a certificate of the Authorized Lessee Representative stating whether, to the best of its knowledge, the Lessee is in default under this Lease, and if it is, the nature of the default. The Lessee shall also furnish promptly to the Lessor a copy of all financial statements, reports, notices, proxy statements and registration statements which it sends to its shareholders generally or which it files with any securities exchange or the Securities and Exchange Commission or any successor agency. In the event the Lessee ceases to be an entity required to file periodic reports with a securities exchange or the Securities and Exchange Commission or any successor agency, the Lessee shall furnish to the Lessor the same information and at the same times as it would have furnished such information to a securities exchange or the Securities and Exchange Commission in financial statements, reports, notices, proxy statements and registration statements filed with that securities exchange or the Securities and Exchange Commission or any successor agency.

(End of Article VIII)

ARTICLE IX

TERMINATION OF LEASE

Section 9.1. **OPTION TO TERMINATE ON PAYMENT OF RENTAL PAYMENTS.** The Lessee shall have the option to terminate this Lease when payment of the Discounted Rent (as defined in Section 9.2 hereof but exclusive of clause (4) of that definition) shall have been made to the Lessor. Such option shall be exercised by the Lessee giving the Lessor and each of the Lenders notice of such termination and, upon such payments or, to the extent applicable, provision for payments, such termination shall forthwith become effective.

Section 9.2. **TERMINATION OF LEASE ON SUBSTANTIAL CASUALTY OR CONDEMNATION.** If the Project shall have been damaged or destroyed, or title to or the temporary use of all or substantially all of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority, or other Person acting under governmental authority, to such an extent that, in the opinion of the Board of Directors of the Lessee, it is not economically feasible to repair, rebuild, restore or replace the Project to substantially the condition thereof immediately preceding the damage, destruction or taking (because for example, without limitation, of the occurrence of an uninsurable casualty), then, within 90 days following the date on which the event authorizing that exercise occurred (the date of the occurrence of any damage or destruction or the date of entry of a final order in any eminent domain proceeding), the Authorized Lessee Representative shall provide the Lessor with a copy of the action of the Board of Directors making such determination and with its certification that (i) it will prepay all of the remaining Rental Payments by paying the Discounted Rent on the date required as set forth below, (ii) upon such payment it will terminate this Lease and (iii) the Lessee has irrevocably taken such steps as are necessary under the Project Service Agreement to terminate the Project Service Agreement, in accordance with its terms, on or prior to such date. Copies of those certificates shall be provided to the Lenders. In the event that such certification is given, such certifications shall be irrevocable and the Lessee shall pay the Discounted Rent (less any amounts on deposit with the Lessor or its designee and available therefor pursuant to Article VII hereof, including without limitation, the Net Proceeds of Required Property Insurance Coverage or Net Proceeds of any eminent domain or similar payments) to the Lessor on or prior to the business day preceding the next Interest Payment Date (as defined in the Indenture) occurring at least 35 days after delivery of the certification (and all copies thereof) pursuant to the preceding two sentences, which date shall be specified in the certification of the Authorized Lessee Representative. The Discounted Rent is irrevocably agreed and acknowledged by the parties to be the sum of the following amounts (collectively being the "Discounted Rent" as used and defined herein):

- (1) an amount of money which will be sufficient pursuant to the Indenture to pay all outstanding principal of and premium with respect to the Bonds and to pay any accrued, but unpaid interest on the Bonds to such Interest Payment Date; and
- (2) an amount of money which will be sufficient to pay all outstanding principal of the State Loan Note plus any interest and service charges accrued, but unpaid, along with any premium on the State Loan Note, to such Interest Payment Date; and
- (3) an amount of money (or provision therefor satisfactory to the Lessor) equal to the Additional Payments and other amounts payable hereunder accrued and to accrue to such Interest Payment Date; and
- (4) an amount of money sufficient to raze the damaged structures

and level and seed the sites of such structures, which amount shall be placed in a segregated account to be so used solely for such purpose.

In the event the Net Proceeds of Required Property Insurance Coverage or the Net Proceeds of any eminent domain or similar payments are received subsequent to the payment by the Lessee of the Discounted Rent, such Net Proceeds shall be paid to the Lessee.

The mutual agreements contained in this Section 9.2 are independent of, and constitute an agreement separate and distinct from, any other provisions of this Lease and any other agreements between the Lessor and the Lessee and shall be unaffected by any fact or circumstance which might impair or be alleged to impair the validity of those other provisions. Upon acquisition of the Bonds and the State Loan Note by the Lessee, the Bonds, and the State Loan Note shall be surrendered for cancellation, this Lease shall be terminated (subject to survival of such provisions hereof as are intended to survive termination of this Lease), all right, title and interest of the Lessee or the Lessor in or to the Project will revert to and vest in the Lessor, as the fee owner of the Project Facilities and the Lessee shall terminate the Project Service Agreement.

Section 9.3. OPTION TO PURCHASE LESSOR'S INTEREST IN PROJECT. The Lessee is hereby granted an option to purchase all interests of the Lessor in the Project upon the termination of the Lease Term pursuant to Section 9.1 or 9.2 of this Lease, or at the expiration of the Lease Term, in any such case, by payment to the Lessor of the following sums, as applicable.

In the case of a termination pursuant to Section 9.1 of this Lease or at the expiration of the Lease Term, the Lessee shall pay to the Lessor the sum of

(x) \$100.00; and

(y) an amount of money which is the greater of (a) the Fair Market Value of the Project or (b) the amount required to retire in full the Bonds and the State Loan Note plus any interest and service charges accrued, but unpaid, along with any premium on the Bonds and the State Loan Note, to the specified purchase date.

In the case of a termination pursuant to Section 9.2 of this Lease, the Lessee shall pay to the Lessor the sum of

(x) \$100.00; and

(y) the amount of money required to retire in full the Bonds and the State Loan Note plus any interest and service charges accrued, but unpaid, along with any premium on the Bonds and the State Loan Note, to the specified purchase date.

In determining the Fair Market Value of the Project at the termination or expiration of the Lease Term, the Lessee shall obtain an M.A.I. appraisal of the Project acceptable to Lessor which will (i) reflect the fact that the Project Facilities constitute a special use building configured to fit special machinery and equipment and (ii) exclude the value of the Lessee's own machinery, equipment and personal property (including property affixed to the Project Facilities but which may be removed by the Lessee pursuant to the terms hereof) from the Fair Market Value of the Project.

Any amount required to be paid by the Lessee pursuant to this

Section 9.3 in order to purchase all interests of the Lessor in the Project shall be reduced by the amount previously paid by the Lessee pursuant to either

Section 9.1 or Section 9.2 hereof as Discounted Rent (to the extent of clauses (1) and (2) of that definition) in connection with the termination of the Lease.

If the Lessee exercises its option to purchase in connection with its option pursuant to Section 9.2 of this Lease, it shall do so within the time and in the manner as is provided in that Section. If the Lessee exercises its option pursuant to this Section, the Lessee shall give written notice to the Lessor and the Lenders at least three months prior to the purchase date.

Section 9.4. CONVEYANCE ON EXERCISE OF OPTION TO PURCHASE. Upon exercise by the Lessee of its option under Section 9.3 hereof and upon payment of all amounts payable by the Lessee in connection therewith, the Lessor will deliver, or cause to be delivered, to the Lessee such quitclaim deeds, bills of sale, instruments and other documents conveying to the Lessee all of the Lessor's interests in the Project, as the Project then exists, subject to

- (a) liens and encumbrances, if any, to which title to the Project was subject at the commencement of the Lease Term;
- (b) liens and other encumbrances created by the Lessee or to or in the creation or suffering of which the Lessee consented or acquiesced or in the creation of which it participated;
- (c) liens and other encumbrances for taxes, governmental charges or special assessments not then delinquent;
- (d) liens and other encumbrances resulting from the failure of the Lessee to observe or perform any of its covenants, agreements or obligations under this Lease; and
- (e) if the option under Section 9.3 hereof is exercised in connection with the exercise by the Lessee of its option under Section 9.2 hereof pursuant to the provisions of Section 9.2(a) hereof, the rights and title of the condemning authority.

If the option under Section 9.3 hereof is exercised in connection with the exercise by Lessee of the option under Section 9.2 hereof pursuant to the provisions of paragraph (a) of that Section, the Lessee, upon payment of the option price to Lessor, shall be entitled to all insurance proceeds in connection with the damage or destruction or, at the Lessee's option, the Lessee shall be entitled to credit such net proceeds against the payment of the option price.

No further action of the Legislative Authority shall be required to authorize or to effect the conveyance contemplated in this Section, and upon the payment by the Lessee of all amounts payable by the Lessee in connection therewith and upon satisfaction by the Lessee of all other requirements therefor, the Secretary, either alone or together with any other officer or officers deemed by the Secretary to be appropriate, is authorized and directed hereby to execute and deliver any instruments and documents necessary or advisable to effect the conveyance.

(End of Article IX)

ARTICLE X

EVENTS OF DEFAULT

Section 10.1. EVENTS OF DEFAULT. Each of the following shall be an "Event of Default":

- (a) The Lessee shall fail (i) to pay in full any Rental Payment on or prior to any Rental Payment Date and such failure continues for a period of five (5) calendar days thereafter, or
(ii) to pay in full the Discounted Rent on or prior to the date established for the payment thereof pursuant to Section 9.2 of this Lease or (iii) to maintain any of the insurance required by Section 6.3 of this Lease or fail to maintain the required levels of insurance for a period of five (5) calendar days.
- (b) The Lessee shall fail to make any payment, other than a Rental Payment or a payment of Discounted Rent, required to be made under this Lease, which failure shall continue for a period of 30 days after written notice (unless the Lessor shall agree in writing to an extension of such time prior to its expiration) specifying such failure and requesting that it be remedied, given by the Lessor to the Lessee.
- (c) The Lessee shall fail to observe and perform any of its other covenants, conditions or agreements contained herein for a period of 60 days after written notice (unless the Lessor shall agree in writing to an extension of such time prior of its expiration) specifying such failure and requesting that it be remedied, given by the Lessor to the Lessee; provided, however, that if such failure is other than the payment of money and is of such a nature that it cannot be corrected within such 60 day period, then such failure shall not constitute an Event of Default so long as the Lessee notifies the Lessor of its intention to cure such failure as soon as possible after such 60 day period, institutes curative action within such 60 day period, diligently pursues such action to completion, and cures such failure within a reasonable period of time, not to exceed 120 days, after such 60 day period.
- (d) Any representation or warranty by the Lessee contained in this Lease is false or misleading in any material respect.
- (e) The Lessee shall: (A) (i) admit in writing its inability to pay its debts generally as they become due; or (ii) file a petition in bankruptcy or a petition to take advantage of any insolvency act; or (iii) make an assignment for the benefit of creditors; or (iv) consent to the appointment of a receiver for itself or of the whole or any substantial part of its property; or (B) file a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or (C) if a petition in bankruptcy is filed against it, be adjudicated a bankrupt, or have a court of competent jurisdiction enter an order or decree appointing, without the consent of the Lessee, a receiver or trustee for the Lessee or for the whole or substantially all of its property, or have a court of competent jurisdiction enter an order or decree approving a petition filed against it seeking reorganization or arrangement of the Lessee under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, if any such adjudication, order or decree under this clause (C) shall not be vacated or set aside or stayed within 90 days from the date of the entry thereof.
- (f) The Lessee shall fail, within 90 days after the commencement of any proceeding against the Lessee seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute,

law or regulation, to have such proceeding dismissed, or, within 90 days after the appointment without the consent or acquiescence of the Lessee, of any trustee, receiver or liquidator of the Lessee or any material part of its properties, to have such appointment vacated, or the Lessee shall be adjudicated as a bankrupt or insolvent.

(g) An "Event of Default" as defined in the Inducement Agreement, dated as of the date hereof, between the Lessee and the original purchaser of the Project Bonds shall have occurred.

Section 10.2. REMEDIES ON DEFAULT. Whenever an Event of Default shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

- (a) The Lessor may declare all Rental Payments, together with any Additional Payments and other amounts payable hereunder to be immediately due and payable, but only in an amount equal to the amount set forth in clauses (1) through (3) of Discounted Rent as defined in Section 9.2 hereof (determined as of the date of payment by the Lessee pursuant to this Section 10.2), whereupon, to the extent permitted by law, the same shall become immediately due and payable;
- (b) The Lessor may re-enter and take possession of the Project without terminating the Lease and sublease the Project for the account of the Lessee, holding the Lessee liable for the difference between the rent and other amounts payable by such sublessee in such subleasing and the aggregate of the Rental Payments, Additional Payments and other amounts payable by the Lessee hereunder;
- (c) The Lessor may terminate this Lease, exclude the Lessee from possession of the Project and lease the Project to another, but holding the Lessee liable for all Rental Payments, Additional Payments and other amounts payable hereunder up to the effective date of such leasing;
- (d) The Lessor may have access to and inspect, examine and make copies of the books and records and any and all accounts, data and financial records of the Lessee, only, however, insofar as they pertain to the Project and only to the extent that such information is available;
- (e) The Lessor may take whatever action at law or in equity may appear necessary or desirable to collect the Rental Payments, Additional Payments and other amounts then due and thereafter to become due, or to enforce performance and observance of any other obligation or agreement of the Lessee, under this Lease.

After the termination of the Lease or of Lessee's right of possession, the Lessor shall, to the extent required under applicable law, use reasonable efforts to mitigate damages by reletting the Project, in whole or in part, either in its own name or as agent for the Lessee, for a term or terms, that at the Lessor's option, may be for the remainder of the then current Lease Term or for any longer or shorter period. The Lessor may waive and rescind any declaration made pursuant to subparagraph (a) of the first paragraph of this Section and waive and rescind the consequences of such declaration and of the Event of Default with respect to which such declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

The Lessor and the Lessee acknowledge that the Lessor has borrowed money in order to provide the moneys necessary to acquire, construct, improve, furnish, equip and develop the Project Facilities and that the Lessor, with the knowledge of the Lessee, has contractually obligated itself to use the Rental Payments to repay its borrowings and that an Event of Default under Section

10.1 hereof would eliminate future Rental Payments and the source to be used to repay the Lessor's borrowings. The Lessor and the Lessee agree that amounts paid pursuant to paragraph (a) of this Section are liquidated damages and not a penalty and will permit the Lessor to repay the borrowings that would have been repaid from Rental Payments during the Lease Term.

The Lessor shall give prompt notice to each of the Lenders of an Event of Default under this Lease and of any waiver thereof and of any rescission of an acceleration.

Section 10.3. NO REMEDY EXCLUSIVE. No remedy conferred or reserved by this Lease is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lessor to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required herein or by applicable law.

Section 10.4. LESSEE TO PAY ATTORNEYS' FEES AND EXPENSES. If an Event of Default occurs and the Lessor, any Lender or any Holder employs attorneys or incurs other expenses for the enforcement of any obligation or agreement of the Lessee contained herein or in any other agreement relating to the Project or the Project Debt and to which the Lessee is a party, the Lessee shall, on demand therefor and to the extent permitted by law, reimburse the reasonable fees of such attorneys and such other expenses so incurred.

Section 10.5. NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER. In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(End of Article X)

ARTICLE XI

ASSIGNMENT OF LEASE, SUBLEASING AND RELEASE OF PORTIONS OF PROJECT

Section 11.1. SUBLEASING BY LESSEE. The Project may be subleased in whole or in part, by the Lessee without the necessity of obtaining the consent of the Lessor; provided that if the Lessee and its subsidiaries are occupying and using less than 90 percent of the usable space of the Project Facilities, then ten business days prior to executing any sublease the Lessee shall provide notice to the Lessor specifying the name of the sublessee, the nature of its business, the use to be made of the subleased space, the number of persons anticipated to be employed in the subleased space, whether any hazardous or flammable materials will be located in the space and any remodeling that is to be accomplished to accommodate the sublessee; subject, however, to each of the following conditions:

- (a) No subletting, including pursuant to the Sublease, shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such subletting the Lessee shall continue to remain primarily and fully liable for the Rental Payments and Additional Payments and for performance and observance of the agreements on its part herein provided to be performed and observed by it.
- (b) Any sublease from the Lessee must retain for the Lessee such rights and interests as will permit it fully to perform its obligations under this Lease.
- (c) The Lessee shall, prior to the delivery thereof, furnish or cause to be furnished to the Lessor a true and complete copy of each such proposed sublease, together with, after delivery, a fully executed original counterpart of such sublease.
- (d) Any sublease from the Lessee shall not materially impair fulfillment of the purposes of the Act to be accomplished by operation of the Project.

Section 11.2. MORTGAGE AND ASSIGNMENT BY LESSOR. In accordance with applicable law, the Lessor may mortgage or grant an assignment of its leasehold interest in the Project Site, and may mortgage or grant a security interest in the Project Facilities as security for payment of any obligations of the Lessor issued to finance costs of the Project; provided, however, that each such mortgage, assignment or pledge shall be subordinate and subject to this Lease.

So long as no default or Event of Default has occurred and is continuing under this Lease, upon (i) foreclosure by a Permitted Leasehold Mortgagee on the interests of the Lessor mortgaged or (ii) realization upon the Project Facilities by a party to which the Lessor has granted a security interest in such Project Facilities, any party to whom ownership of such interests mortgaged or of such Project Facilities shall be transferred (and any assigns of any such party) shall be required, as a condition to obtaining ownership of such interests mortgaged or of such Project Facilities, to be a legal entity with the characteristics set forth below:

- (a) Such entity shall not, except as contemplated by the Permitted Leasehold Mortgages commingle its assets with the assets of the Lessor or any affiliate of the Lessor; and
- (b) Such entity shall at all times maintain the following procedures to avoid or minimize any risk of substantive consolidation of such entity with the bankruptcy or reorganization of the Lessor: (i) maintain books and records and bank accounts separate from those of the Lessor; (ii) file separate tax returns except to the extent required or

permitted by applicable law, rule or regulation; (iii) conduct business with the Lessor and affiliates of the Lessor on an arm's-length basis; (iv) observe trust (or similar organizational) formalities; and (v) hold such entity out to the public as a legal entity separate and distinct from the Lessor or any affiliate thereof; and

(c) The trust agreement (or by-laws or other similar organizational documents relating to the formation of such entity) shall incorporate the restrictions and covenants contained in this paragraph.

As used in clauses (a) - (c) of this Section 11.2, "the Lessor" shall refer solely to the Toledo-Lucas County Port Authority.

Section 11.3. RESTRICTIONS ON TRANSFER AND ENCUMBRANCE OF PROJECT BY THE LESSOR. The Lessor agrees that, so long as no Event of Default has occurred and is continuing under this Lease and except as otherwise provided in this Lease, it will not, directly or indirectly, sell, assign, transfer, convey, grant any easement or encumbrance or otherwise dispose of the Project or any portion thereof during the Lease Term, nor will it create or suffer to be created by, through and under it any debt, lien or charge thereon (except the lien or charge for taxes, governmental charges or special assessments) or make any pledge or assignment of or create any lien or encumbrance upon the rents, revenues and receipts derived from the sale, lease or other use or disposition of the Project, other than as provided in Section 11.2 hereof, or as a result of foreclosure by a Lender on the interest of Lessor mortgaged as described in Section 11.2 or transfer in lieu of such foreclosure, or as approved by the Lessee.

Section 11.4. RELEASE OF PROJECT. The Lessee hereby reserves the right and the Lessor hereby agrees, at any time and from time to time, to amend this Lease to effect the release of and removal from this Lease and the leasehold estate created hereby of any part of or interest in the Project and the conveyance or transfer for Fair Market Value of such part or interest to the Lessee or one of its subsidiaries or to a grantee so long as that grantee is approved in writing by the Lessee and the Lessor which approval shall not be unreasonably withheld or delayed; provided, that such amendment shall not be effective until and unless there are deposited with the Lessor the following:

(a) An executed copy of said amendment.

(b) A certificate of the Authorized Lessee Representative

(i) stating that to his knowledge no Event of Default exists and the Lessee is not in default under any of the provisions of this Lease, (ii) giving, if applicable, an adequate legal description of that portion of the Project to be released, (iii) stating the purpose for which the release is desired, (iv) stating that the improvements, if any, to be constructed upon that portion of the Project to be released are consistent with, or not inconsistent with, the purposes of the Act, (v) requesting such release and (vi) approving such amendment.

(c) Evidence of the authority of the officer of the Lessee who executed such amendment.

(d) A certificate of the President, a Vice President, the Treasurer or the Secretary of the Lessee or an opinion of counsel for the Lessee stating that, to the best of his or her knowledge after due inquiry, the Lessee is not in default under this Lease.

(e) A fully executed counterpart of the instrument conveying or transferring the interest proposed to be released.

(f) A certificate of an Engineer, reasonably acceptable to the Lessor, dated not more than sixty days prior to the date of the release and stating that, in the opinion of

such Engineer, (i) the release of the portion of the Project so proposed to be released is necessary or desirable in order to benefit the Project, or such portion is not needed for the operation of the Project or such portion shall not materially adversely affect the operation of the Project, and (ii) the release so proposed to be made will not materially impair the usefulness of the Project as furthering the Project Purposes, and will not destroy or materially impair means of ingress to and egress from the Project.

(g) An appraisal from an appraiser satisfactory to the Lessee and the Lessor, establishing the Fair Market Value of that portion of the Project to be released.

The Lessor shall execute and deliver such documents as the Lessee may properly request in order to effect any release pursuant to this Section. Any release pursuant to this Section may be made for the purpose of conveying the part or interests released to the Lessee.

Section 11.5. GRANTING EASEMENTS. The Lessee may grant or release, as the case may be, those easements, licenses, rights-of-way or use (including without limitation, the dedication of public highways), party wall rights, rights of lateral support and other rights and privileges in the nature of easements with respect to the Project which may be lawful and which do not unreasonably interfere in the proper and efficient use and operation of the Project and do not materially impair the value of the Project. The Lessee covenants and agrees that it will deliver to the Lessor at least ten days prior to the effectiveness of the executed grant or release (a) a copy of the instrument of grant or release, and (b) a certificate of the Authorized Lessee Representative stating that in his opinion the grant or release (i) will not interfere with the proper and efficient use and operation of the Project for the Project Purposes and (ii) will not destroy or materially impair means of ingress to or egress from the Project or the Project Facilities.

Section 11.6. NO ABATEMENT OR DIMINUTION OF PAYMENTS. No grant, release, removal or conveyance effected under any of the provisions of this Lease shall entitle the Lessee to any abatement or diminution of the Rental Payments or Additional Payments payable hereunder.

Section 11.7. PAYMENT ON RELEASE OR CONVEYANCE. Any grant, release, removal or conveyance under Section 11.4 or 11.5 of this Lease shall be made only for consideration which is equal to or greater than the appraised value or which the Authorized Lessee Representative certifies, and the Lessor acknowledges, is a fair and adequate consideration. Any moneys received as such consideration shall be paid to the Lessor and used by the Lessor for, or made available to the Lessee (which shall promptly deliver a bill of sale or other similar evidence of title to the Lessor) for use for, capital alterations, additions or improvements to the Project or the acquisition of personal property for the Project (which capital alterations, additions or improvements and any such personal property shall become a part of the Project for all purposes of this Lease) thereafter during the Lease term.

Section 11.8. LESSOR TO APPLY LEASE PAYMENTS TO DEBT AMORTIZATION DURING ANY EXTENSION OF LEASE TERM. In the event that Lessee extends the Lease Term pursuant to Section 12.16 of this Lease, Lessor agrees to apply Rental Payments received during that extension of the Lease Term first to the amortization of debt issued by the Toledo-Lucas County Port Authority to refinance the Project Debt in accordance with the provisions contained in any trust indenture, loan agreement or similar instrument entered into by the Port Authority in connection with that refinancing directing the application of Rental Payments to debt amortization, and then to any other lawful purpose of the Toledo-Lucas County Port Authority.

(End of Article XI)

ARTICLE XII

MISCELLANEOUS

Section 12.1. **QUIET ENJOYMENT.** The Lessor covenants with the Lessee that, so long as the Lessee shall have paid all Rental Payments, Additional Payments and other payments due hereunder, as and when due, and performed and observed the other covenants and agreements on its part to be performed and observed hereunder, the Lessee shall and may peaceably and quietly have, hold and enjoy the Project without let or hindrance from any Person whatsoever; provided that from and after delivery of the Assignment of Lease, with respect to the Trustee, as assignee or its successors or assigns, such covenant to provide the peaceable and quiet enjoyment of the Project shall be limited to Persons claiming by, through or under the assignee.

Section 12.2. **SURRENDER OF PROJECT.** Upon the termination or expiration of this Lease, the Lessee shall surrender peaceably and promptly possession of the Project, leaving same in good condition and repair (ordinary wear and tear excepted) and subject to damage, destruction and taking by eminent domain if the Lessee has elected to terminate this Lease pursuant to Section 9.2 of this Lease.

Section 12.3. **NOTICES.** All notices, certificates, requests or other communications hereunder shall be by first-class mail, postage prepaid, courier service, delivery charges prepaid, facsimile transmission (if the sender's system can confirm receipt of the transmission), or delivery addressed to the appropriate Notice Address and deemed effective on receipt, with a duplicate copy of such notice to be provided to the Lessor which shall have requested such notices and provided a Notice Address to the Lessor and the Lessee. The Lessee, the Lessor, and any other person to receive notices as provided in the definitions of Notice Address may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 12.4. **BINDING EFFECT.** This Lease shall inure to the benefit of and shall be binding in accordance with its terms upon the Lessor, the Lessee and the Lenders and their respective successors and assigns. The Holders are third party beneficiaries of this Lease as to those provisions referring to the Holders.

Section 12.5. **AMENDMENTS, CHANGES AND MODIFICATIONS.** This Lease may not be effectively amended, changed, modified, altered or terminated except in writing signed by both the Lessor and the Lessee.

Section 12.6. **EXECUTION COUNTERPARTS.** This Lease may be executed in counterpart, and in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 12.7. **SEVERABILITY.** If any provision of this Lease, or any covenant, stipulation, obligation, agreement, act, or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect any other provision or any other covenant, stipulation, obligation, agreement, act or action or part thereof, made, assumed, entered into, or taken, each of which shall be construed and enforced as if such illegal or invalid portion were not contained herein. Nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such provision, covenant, stipulation, obligation, agreement, act, or action, or part shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 12.8. EXTENT OF COVENANTS; NO PERSONAL LIABILITY. All covenants, stipulations, obligations and agreements of the Lessor contained in this Lease shall be effective to the extent authorized and permitted by applicable law. No covenant, stipulation, obligation or agreement contained in this Lease shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Lessor or the Lessee in other than his official capacity, and neither the members of the Legislative Authority or any director or other officer of the Lessor or the Lessee shall be subject to any personal liability or accountability by reason of the covenants, stipulations, obligations or agreements contained in this Lease or other instruments referred to herein.

Section 12.9. CAPTIONS. The table of contents, captions and headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

Section 12.10. GOVERNING LAW. This Lease shall be governed exclusively by and construed in accordance with the laws of the State.

Section 12.11. ESTOPPEL CERTIFICATE. Upon the written request of either the Lessor or the Lessee, as the case may be, the Lessor and the Lessee agree to deliver to the other a statement in writing and certified that this Lease is a true and exact copy of the lease between the parties, that there are no amendments thereto (or stating what amendments there may be and attaching copies thereof), that to the extent the same are true this Lease is in full force and effect, there are no offsets, defenses or counterclaims with respect to the payment of any obligations under the terms of this Lease or under the performance of any other terms, covenants and conditions thereof, that there are no defaults or if there are defaults, setting forth the nature of such defaults, the status of the Rental Payments and other payments due under the terms of this Lease and such other information reasonably requested by the Lessor or the Lessee. The Lessor and the Lessee agree to promptly supply the aforesaid instrument to the other party but no later than ten days after receipt of a written request therefor. The Lessor and the Lessee agree that any statement as aforesaid may be relied upon by any prospective purchaser, mortgagee, assignee, sublessee or any other Person concerning the Project.

Section 12.12. RELATIONSHIP OF THE PARTIES. Nothing contained in this Lease shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, or of partnership or joint venture between the parties hereto, it being understood and agreed that neither the method of computation of Rental Payments or Additional Payments nor any other provision contained in this Lease, nor any acts of the parties to this Lease, shall be deemed to create any relationship between the parties hereto other than the relationship of landlord and tenant.

Section 12.13. ARBITRATION. If any controversy concerning the determination of Fair Market Value ("Controversy") shall arise under this Lease which is not resolved by the parties hereto, at the request of either of the parties hereto, and unless otherwise prohibited by law, such Controversy shall be determined in Cleveland, Ohio by three disinterested arbitrators, one of whom shall be chosen by the Lessor, one by the Lessee and a third by the two so chosen. The arbitrators shall as promptly as possible determine the Fair Market Value. The Lessee shall pay the fees and expenses of that arbitration. Each arbitrator shall be an M.A.I. appraiser and shall have at least 15 years experience in appraising industrial projects.

The party hereto requesting arbitration, as aforesaid, shall give notice in writing to the other party of such desire, naming therein the arbitrator selected by it. In the event the other party shall fail, within a period of thirty business days after the giving of such notice, to notify the other in writing of the arbitrator selected by it, or in the event the two arbitrators chosen shall fail, within fifteen business days after their selection, to agree upon the third, then a judge of the Probate

Division of the Common Pleas Court of Lucas County, Ohio shall, on request of the party not in default, appoint, within fifteen days after such request, an arbitrator or arbitrators, to fill the place or places remaining vacant. If any arbitrator chosen pursuant to this paragraph shall die, resign or become incapable of acting as an arbitrator, a replacement shall be selected in the same manner as provided herein for the original selection of the arbitrator to be replaced.

The Ohio rules of evidence and civil procedure shall apply to any arbitration hereunder. Each side shall be limited in its rights of discovery to discovery permitted by the arbitrators. The decision of any two of the arbitrators in conformity with the foregoing direction shall be final and conclusive upon the parties hereto. The decision of the arbitrators shall be in writing, signed in duplicate by any two of said arbitrators, and a copy shall be delivered to each of the parties hereto. Judgment upon such decision may be entered in any court of competent jurisdiction and shall be specifically enforceable to the full extent permitted by law.

Except as hereinbefore in this Section provided, the rules of the American Arbitration Association (or of any successor thereto) shall apply to any arbitration proceeding hereunder.

Section 12.14. OTHER AGREEMENTS. Nothing herein shall be construed nor is intended to limit or in any manner adversely affect the rights, privileges or remedies afforded to any mortgagee of the Lessor or any other Person under any other agreement executed in connection with the execution and delivery of this Lease and the Project Service Agreement or the issuance of the Bonds and the State Loan Note.

Section 12.15. NO MERGER. The acquisition by Lessee or Lessor, or any other Person, of any greater or lesser estate in the Project or any portion thereof shall in no event result in a merger or extinguishment of the estate created hereby.

Section 12.16. EXTENSION OF LEASE TERM. The Lessee is granted an option to extend the Lease Term for three (3) five (5) year periods with the first such period commencing May 1, 2011 (the "first extension"), the second May 1, 2016 (the "second extension") and the third May 1, 2021 (the "third extension"). To exercise the option to extend this Lease, the Lessee must notify the Lessor, not later than eighteen (18) months prior to the commencement of the period for which the option is exercised, that it is exercising the option and designating the period therein for which the option is exercised.

The Rental Payments to be paid by the Lessee as rent for the Project during the first extension shall be such amounts as are agreed to between the parties or, in the event that no such agreement is reached, the Fair Market Value thereof at the time of such extension. In any event, however, the Rental Payments during the first extension shall be in amounts sufficient to amortize, through a refinancing by the Toledo-Lucas County Port Authority (the "Authority"), the (i) State Loan Note Balloon (as defined in Section 7(g) of the resolution adopted by the Board of the Authority on May 23, 1996) and (ii) reasonable costs of issuance relating to the refinancing, such refinancing to be repayable over five years in equal monthly installments of principal and interest and bearing interest at a Fair Market Interest Rate (but not to exceed a rate of 12% per year) plus an Authority fee of not to exceed \$25,000 per year. As used herein, Fair Market Interest Rate means that rate of interest to be borne by the debt ("Debt") issued in connection with the refinancing referred to in the previous sentence which is determined by a reputable investment banking firm selected by the Authority and approved by the Lessee to be a fair market rate of interest for securities of comparable maturity and credit quality as the Debt.

The Rental Payments to be paid by the Lessee as rent for the Project during the second and third extensions shall be such amounts as are agreed to between the parties or, in the event that no such agreement is reached, the Fair Market Value thereof at the time of such extensions.

(End of Article XII)

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease to be duly executed in their respective names, all as of the date hereinbefore written.

Signed and acknowledged in
the presence of:

TOLEDO-LUCAS COUNTY
PORT AUTHORITY

Name:

By: -----
James H. Hartung, President

Name:
(Witnesses as to Lessor)

And by: -----
Jerry J. Arkebauer, Secretary

Signed and acknowledged in
the presence of:

BRUSH WELLMAN INC.

Name:

By: -----
Carl Cramer, Chief Financial Officer

Name:

And by: -----
Michael C. Hasychak, Treasurer

(Witnesses as to the Lessee)

Approved as to form:

Mary Frederick Coy, Staff Counsel Toledo-Lucas County Port Authority

STATE OF OHIO)
) SS:
COUNTY OF LUCAS)

On this _____ day of October, 1996, before me a Notary Public in and for said County and State, personally appeared James H. Hartung and Jerry J. Arkebauer, President of, and Secretary of the Board of Directors of the Toledo-Lucas County Port Authority, respectively, and acknowledged the execution of the foregoing instrument as the duly authorized officers of said Port Authority on behalf of said Port Authority, and that the same is their voluntary act and deed as said officers of said Port Authority and the voluntary act and deed of said Port Authority.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

(SEAL) ----- Notary Public

STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

On this _____ day of October, 1996, before me a Notary Public in and for said County and State, personally appeared Carl Cramer and Michael C. Hasychak, Chief Financial Officer and Treasurer of Brush Wellman Inc., respectively, and acknowledged the execution of the foregoing instrument as the duly authorized officers for and on behalf of said Corporation and pursuant to authority granted by the Board of Directors of said Corporation, and that the same is their voluntary act and deed on behalf of said Corporation and the voluntary act and deed of said Corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

(SEAL) ----- Notary Public

This instrument was prepared by: Bruce P. Jones, Esq.
Squire, Sanders & Dempsey
4900 Key Tower
127 Public Square
Cleveland, Ohio 44114-1304

EXHIBIT A

PROJECT FACILITIES

The improvements to be developed and constructed on the Project Site pursuant to a Design/Build Agreement for Project Facilities between The Toledo-Lucas County Port Authority and GEM Industrial, Inc. and the additional installation of equipment and improvements at the Project Site pursuant to the Construction and Installation Agreement by and between Brush Wellman Inc. and GEM Industrial, Inc., being generally an approximately 160,000 square foot facility to be used for metal processing and manufacturing

EXHIBIT B-1

LEASED REAL PROPERTY

B1-1

EXHIBIT B-2

EASEMENT REAL PROPERTY

B2-1

EXHIBIT C

RENTAL PAYMENT AMOUNTS

Last Business Day of: -----	Payment Due -----
December, 1997	\$119,936.27
January, 1998	119,936.27
February, 1998	119,936.27
March, 1998	119,936.27
April, 1998	119,936.27
May, 1998	167,586.27
June, 1998	164,620.52
July, 1998	164,304.77
August, 1998	168,989.02
September, 1998	168,638.19
October, 1998	168,287.35
November, 1998	167,936.52
December, 1998	167,585.69
January, 1999	167,234.85
February, 1999	166,884.02
March, 1999	166,533.19
April, 1999	166,182.35
May, 1999	168,481.52
June, 1999	165,480.69
July, 1999	165,129.85
August, 1999	164,779.02
September, 1999	164,428.19
October, 1999	164,077.35
November, 1999	168,726.52
December, 1999	168,340.60
January, 2000	167,954.69
February, 2000	167,568.77
March, 2000	167,182.85
April, 2000	166,796.94
May, 2000	169,061.02
June, 2000	166,025.10
July, 2000	165,639.19
August, 2000	165,253.27
September, 2000	164,867.35
October, 2000	164,481.44
November, 2000	164,095.52
December, 2000	168,709.60
January, 2001	168,288.60
February, 2001	167,867.60
March, 2001	167,446.60
April, 2001	167,025.60
May, 2001	169,254.60
June, 2001	166,183.60
July, 2001	165,762.60
August, 2001	165,341.60
September, 2001	\$164,920.60
October, 2001	164,499.60

November, 2001	164,078.60
December, 2001	168,657.60
January, 2002	168,201.52
February, 2002	167,745.44
March, 2002	167,289.35
April, 2002	166,833.27
May, 2002	173,797.00
June, 2002	170,690.92
July, 2002	170,234.84
August, 2002	169,778.75
September, 2002	169,322.67
October, 2002	168,866.59
November, 2002	173,410.50
December, 2002	172,919.34
January, 2003	172,428.17
February, 2003	171,937.00
March, 2003	171,445.84
April, 2003	170,954.67
May, 2003	173,113.50
June, 2003	169,972.34
July, 2003	169,481.17
August, 2003	168,990.00
September, 2003	173,498.84
October, 2003	172,972.59
November, 2003	172,446.34
December, 2003	171,920.09
January, 2004	171,393.84
February, 2004	170,867.59
March, 2004	170,341.34
April, 2004	169,815.09
May, 2004	171,938.84
June, 2004	173,762.59
July, 2004	173,201.25
August, 2004	172,639.92
September, 2004	172,078.59
October, 2004	171,517.25
November, 2004	170,955.92
December, 2004	170,394.59
January, 2005	169,833.25
February, 2005	169,271.92
March, 2005	173,710.59
April, 2005	173,114.17
May, 2005	175,167.75
June, 2005	171,921.34
July, 2005	171,324.92
August, 2005	170,728.50
September, 2005	170,132.09
October, 2005	169,535.67
November, 2005	168,939.25
December, 2005	173,342.84
January, 2006	172,711.34
February, 2006	\$172,079.84
March, 2006	171,448.34
April, 2006	170,816.84
May, 2006	172,835.34

June, 2006	169,553.84
July, 2006	168,922.34
August, 2006	173,290.84
September, 2006	172,624.25
October, 2006	171,957.67
November, 2006	171,291.09
December, 2006	170,624.50
January, 2007	169,957.92
February, 2007	169,291.34
March, 2007	173,624.75
April, 2007	172,923.09
May, 2007	174,871.42
June, 2007	171,519.75
July, 2007	170,818.09
August, 2007	170,116.42
September, 2007	169,414.75
October, 2007	168,713.09
November, 2007	173,011.42
December, 2007	172,274.67
January, 2008	171,537.92
February, 2008	170,801.17
March, 2008	170,064.42
April, 2008	169,327.67
May, 2008	176,240.92
June, 2008	172,819.09
July, 2008	172,047.25
August, 2008	171,275.42
September, 2008	170,503.59
October, 2008	169,731.75
November, 2008	168,959.92
December, 2008	173,188.09
January, 2009	172,381.17
February, 2009	171,574.25
March, 2009	170,767.34
April, 2009	169,960.42
May, 2009	171,803.50
June, 2009	173,346.59
July, 2009	172,504.59
August, 2009	171,662.59
September, 2009	170,820.59
October, 2009	169,978.59
November, 2009	169,136.59
December, 2009	173,294.59
January, 2010	172,417.50
February, 2010	171,540.42
March, 2010	170,663.34
April, 2010	169,786.25
May, 2010	171,559.17
June, 2010	173,032.09
July, 2010	\$172,119.92
August, 2010	171,207.75
September, 2010	170,295.59
October, 2010	169,383.42
November, 2010	173,471.25
December, 2010	172,524.00

January, 2011	171,576.75
February, 2011	170,629.50
March, 2011	169,682.25
April, 2011	168,735.00

EX.10-W

MASTER LEASE AGREEMENT

Dated as of

December 30, 1996

Between

**NATIONAL CITY BANK,
FOR ITSELF AND AS AGENT FOR CERTAIN PARTICIPANTS,**

Lessor

and

BRUSH WELLMAN INC.,

Lessee

MASTER LEASE AGREEMENT

TABLE OF CONTENTS

	Page
I. LEASING.....	1
II. TERM, RENT AND PAYMENT.....	2
III. TAXES.....	3
IV. REPORTS.....	4
V. DELIVERY, USE, REPLACEMENT, SUBSTITUTION AND OPERATION.....	6
VI. SERVICE.....	8
VII. STIPULATED LOSS VALUE AND CASUALTY OCCURRENCE.....	9
VIII. LOSS OR DAMAGE.....	10
IX. INSURANCE.....	10
X. RETURN OF EQUIPMENT.....	11
XI. DEFAULT.....	12
XII. ASSIGNMENT.....	15
XIII. NET LEASE; NO SET-OFF, ETC.....	17
XIV. INDEMNIFICATION.....	17
XV. NO WARRANTY; DISCLAIMERS.....	18
XVI. REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSEE.....	19
XVII. OWNERSHIP FOR TAX PURPOSES; GRANT OF SECURITY INTEREST; USURY SAVINGS.....	22
XVIII. END OF LEASE OPTIONS.....	24
XIX. MISCELLANEOUS.....	26
XX. CHOICE OF LAW; JURISDICTION.....	29
XXI. CHATTEL PAPER.....	30

XXII.	EARLY TERMINATION.....	30
XXIII.	GENERAL FINANCIAL STANDARDS.....	31
XXIV.	COVENANTS.....	32
XXV.	CERTAIN DEFINITIONS.....	37
XXVI.	CONDITIONS TO FUNDING.....	45

EXHIBIT NO. 1 - DISBURSEMENT SCHEDULE
ANNEX A - DESCRIPTION OF DISBURSEMENT EQUIPMENT

EXHIBIT NO. 2 - EQUIPMENT SCHEDULE
ANNEX A - DESCRIPTION OF EQUIPMENT
ANNEX B - ASSIGNMENT OF PURCHASE ORDERS
ANNEX C - CERTIFICATE OF ACCEPTANCE
ANNEX D - STIPULATED LOSS AND TERMINATION VALUE TABLE
ANNEX E - AMORTIZATION SCHEDULE
ANNEX F - RETURN PROVISIONS

EXHIBIT NO. 3 - COMPLIANCE CERTIFICATE

EXHIBIT NO. 4 - LIST OF EQUIPMENT AND EQUIPMENT COST

EXHIBIT NO. 5 - DISBURSEMENT FUNDING NOTICE

EXHIBIT NO. 6 - FORM OF ASSIGNMENT OF PURCHASE ORDERS

MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT, dated as of December 30, 1996

("AGREEMENT"), between NATIONAL CITY BANK, FOR ITSELF AND AS AGENT FOR CERTAIN PARTICIPANTS, with an office at 1900 East Ninth Street, Cleveland, Ohio 44114 (hereinafter called, together with its successors and assigns, if any, "LESSOR"), and BRUSH WELLMAN INC., an Ohio corporation with its mailing address and chief place of business at 17876 St. Clair Avenue, Cleveland, Ohio 44110 (hereinafter called "LESSEE").

WITNESSETH:

I. LEASING:

(a) This Agreement shall be effective from and after the date of execution hereof. Subject to the terms and conditions set forth in this Agreement, Lessor agrees (i) to make disbursements to Vendors in respect of interim or progress payments of the Acquisition Cost of the equipment (the "DISBURSEMENT EQUIPMENT", which term shall also include, prior to the Basic Term Commencement Date, all equipment described in a Certificate of Acceptance executed and delivered by Lessee) described in Annex A to any Disbursement Schedule hereto in the form of Exhibit 1 (each being a "DISBURSEMENT SCHEDULE"), provided that any initial disbursement made on the date of this Agreement may be made directly to Lessee to reimburse Lessee for interim or progress payments on Disbursement Equipment made by Lessee to Vendors so long as the amount of that initial disbursement made by Lessor is less than \$8,000,000, and (ii) to fund the payment of the Acquisition Cost of and to lease to Lessee, and Lessee agrees to lease from Lessor, the equipment (the "EQUIPMENT") described in Annex A to any Equipment Schedule hereto in the form of Exhibit 2 (each being an "EQUIPMENT SCHEDULE") (a Disbursement Schedule and an Equipment Schedule are sometimes hereinafter referred to as a "SCHEDULE"). Terms defined in a Schedule and not otherwise defined herein shall have the meanings ascribed to them in that Schedule. Certain capitalized terms used in this Agreement shall have the meaning ascribed thereto in Section XXV.

(b) The obligation of Lessor to make disbursements in respect of the Equipment and the Disbursement Equipment and to lease the Equipment to Lessee shall be subject to the conditions set forth in Section XXVI. Immediately upon final acceptance of all of the Disbursement Equipment that constitutes one of the units of equipment described in Exhibit 4, Lessee shall execute and deliver to Lessor a Certificate of Acceptance, in the form of Annex C to the form of the Equipment Schedule hereto, covering all of that Equipment. As of the Basic Term Commencement Date, Lessee shall execute and deliver to Lessor an Equipment Schedule relating to all of the equipment described in all of the Certificates of Acceptance delivered to Lessor by Lessee.

(c) If on the Basic Term Commencement Date, any item of Disbursement Equipment described in any Disbursement Schedule has not been completed, delivered and installed at the Elmore Project, and accepted by Lessee as evidenced by a Certificate of Acceptance delivered to Lessor ("EXCLUDED DISBURSEMENT EQUIPMENT"), then Lessee shall immediately pay to Lessor an amount equal to all accrued and unpaid Interim Rent due in respect of that Excluded Disbursement Equipment plus all amounts disbursed by Lessor in respect of that Excluded Disbursement Equipment (the "EXCLUDED DISBURSEMENT EQUIPMENT PAYMENT"). Upon receipt by Lessor of any Excluded Disbursement Equipment Payment, Lessor agrees, upon Lessee's reasonable request and at Lessee's expense, to execute any instrument necessary to evidence Lessee's ownership of the Excluded Disbursement Equipment and any Purchase Order to the extent that it relates to the Excluded Disbursement Equipment, free and clear of any rights of Lessor hereunder, that is the subject of that payment, including a bill of sale.

II. TERM, RENT AND PAYMENT:

(a) The term of this Agreement (the "TERM") shall be the Interim Lease Term, the Basic Term and, if exercised by Lessee, any Renewal Term pursuant to Section XVIII(b) hereof, as specified in the applicable Schedule.

(b) The obligation of Lessee to pay the rent payable hereunder during the Term, as provided in the Equipment Schedule (the "RENT"), shall commence on the Basic Term Commencement Date, and Lessee's right to use the Disbursement Equipment and the Equipment shall commence on the date of Lessor's first disbursement in respect of any Disbursement Schedule (the "DISBURSEMENT COMMENCEMENT DATE"). At the end of each Interim Interest Period, the Interim Rent that accrued during that Interim Interest Period shall become part of the Capitalized Lessor's Cost outstanding under that Disbursement Schedule upon which Interim Rent will accrue during the next Interim Interest Period, and at the end of the Interim Lease Term, shall become part of the Lessor's Capitalized Cost under the Equipment Schedule, as the case may be. Anything to the contrary set forth in this Lease notwithstanding, if the aggregate unpaid Interim Rent accrued under all Disbursement Schedules at any time exceeds five million nine hundred twenty thousand dollars (\$5,920,000), Lessee shall immediately pay to Lessor an amount equal to such excess.

(c) Rent and other amounts due Lessor under this Lease shall be paid to Lessor by wire transfer of immediately available funds to National City Bank - Cleveland, Cleveland, Ohio, ABA # 041000124, Commercial Loan Operations, Account No. 151804 (Brush Wellman Lease Agreement dated 12/30/96), or to such other account as Lessor may direct in writing; and shall be effective upon receipt if received by Lessor on or prior to Noon, Cleveland, Ohio, time on a Business Day; payments received after Noon, Cleveland, Ohio, time shall be deemed for purposes of this Agreement to be received on the next succeeding Business Day. Payments of Rent shall be in the amount set forth in, and due in accordance with, the provisions of the applicable Schedule. So long as no Potential Default or Default exists, in no event shall any Rent payments then due and payable be

refunded to Lessee. If Rent is not paid within five (5) days of its due date, Lessee agrees to pay a late charge of Five Cents (\$0.05) per dollar on, and in addition to, the amount of such Rent but not exceeding the lawful maximum, if any.

III. TAXES

(a) Lessee shall have no liability for taxes imposed by the United States of America or any state or political subdivision thereof or by any foreign government which are on or measured by the net income of Lessor. Notwithstanding the foregoing, Lessee shall pay, indemnify and hold Lessor, the Participants, their agents, employees, successors and assigns harmless on a net after-tax basis (after taking into account any tax benefit or credit received by such indemnified person) from any increase in Taxes (as hereinafter defined) based upon or measured by such indemnified person's net or gross income and any franchise taxes imposed or levied by the United States of America or any state or political subdivision thereof or by any foreign government as a result of characterizing the transactions under this Lease as anything other than a secured loan for purposes of calculating those Taxes. Lessee will promptly notify Lessor and each other indemnified person of all reports or returns required to be made with respect to any Tax with respect to which Lessee is required to provide indemnification hereunder, and at Lessee's expense, will promptly provide Lessor with all information necessary for the making and timely filing of any reports or returns by Lessor or any other indemnified person. If Lessor or any other indemnified person requests that any such reports or returns related to this Lease be prepared and filed by Lessee, then Lessee, at its expense, will prepare and file the same if permitted by applicable law to file the same, and if not so permitted, Lessee, at its expense, shall provide all information requested by Lessor to prepare and file such reports or returns and Lessee shall forward immediately available funds for payment of any Tax due, to Lessor or any other indemnified person, as applicable, at least ten (10) days in advance of the date such payment is to be paid.

(b) Subject to Paragraph (a), Lessee shall report (to the extent that it is legally permissible) and pay promptly all taxes, fees and assessments due, imposed, assessed or levied against any Disbursement Equipment or Equipment (or the purchase, ownership, delivery, leasing, possession, use or operation thereof), against this Agreement (or any rentals or receipts hereunder), against any Schedule, or otherwise against Lessor or Lessee in respect of this Lease by any foreign, federal, state or local government or taxing authority during or related to the term of this Agreement, including, without limitation, all license and registration fees, and all sales, use, personal property, excise, gross receipts, franchise, stamp or other taxes, imposts, duties and charges, together with any penalties, fines or interest thereon (all hereinafter called "TAXES"). Lessee shall (i) reimburse Lessor upon receipt of written request for reimbursement for any Taxes charged to or assessed against Lessor (on an after-tax basis), (ii) on request of Lessor, submit to Lessor written evidence of Lessee's payment of Taxes, (iii) on all tax reports or tax returns in respect of Taxes show the ownership of any Disbursement Equipment and Equipment by Lessee, and (iv) send a copy of all reports or returns pertaining to personal property taxes to Lessor.

(c) Subject to Paragraph (a), Lessee hereby agrees to indemnify, save and keep harmless Lessor, the Participants, their agents, employees, successors and assigns, from and against any and all Taxes charged to or assessed against any of them. Lessee shall, at its expense and upon request of Lessor, defend any actions based on, or arising out of, any Taxes with counsel reasonably satisfactory to Lessor. Lessee shall reimburse any indemnified party for any amounts expended by it in connection with any of the foregoing or pay such amounts directly within ten (10) Business Days after the date Lessor sends notice to Lessee requesting payment thereof, together with a written itemization of those amounts. Lessee shall not be obligated to indemnify Lessor under this Section for any Taxes that are attributable to a transfer by Lessor of any Disbursement Equipment or Equipment or any interest therein, unless such transfer arises as a result of (1) the existence of a Default, or (2) the exercise by Lessee of its options pursuant to Sections XVIII(c) or (d) or Section XXII hereof, or (3) the exercise by Lessee of its option pursuant to Section V(d) hereof, or (4) the occurrence of a Casualty Occurrence (as hereinafter defined).

IV. REPORTS:

(a) Lessee will promptly notify Lessor in writing after receipt of notice of any Tax or other lien, mortgage, security interest, claim, charge or other right or encumbrance (collectively, a "LIEN") shall attach to any Disbursement Equipment or Equipment, of the full particulars thereof and of the location of such Disbursement Equipment or Equipment on the date of such notification.

(b) Lessee will furnish to Lessor and to each Participant (as hereinafter defined), except as otherwise provided in Paragraph (iii) below:

(i) within forty-five (45) days after the end of each of the first three quarter-annual periods of each of Lessee's fiscal years, balance sheets of Lessee and its Subsidiaries as at the end of that period and their income statements and surplus reconciliations for the year to the end of that period, all prepared (but unaudited) on a consolidated basis, on a comparative basis with the prior year (as to the consolidated statements only), in accordance with GAAP (except as disclosed therein) and in form and detail reasonably satisfactory to Lessor;

(ii) as soon as available (and in any event within ninety (90) days after the end of each of Lessee's fiscal years), a complete copy of the annual audit report (including without limitation the consolidated financial statements of Lessee and its Subsidiaries and notes thereto) of Lessee for that year, which shall be

(1) prepared on a consolidated basis, on a comparative basis with the prior year, in accordance with GAAP (except as disclosed therein) and in form and detail reasonably satisfactory to Lessor, and

(2) certified (without qualification as to GAAP) by Ernst & Young LLP, or any other independent public accountants selected by Lessee and reasonably satisfactory to Lessor;

(iii) concurrently with each delivery of financial statements pursuant to Paragraph (b)(i) or (b)(ii), furnish to Lessor a certificate, substantially in the form of Exhibit 3, by Lessee's chief financial officer

(1) certifying that to the best of such officer's knowledge and belief, (i) those financial statements fairly present in all Material respects the financial condition and results of operations of Lessee and its Subsidiaries in accordance with GAAP, subject, in the case of interim financial statements, to routine year-end audit adjustments and (ii) no Default or Potential Default then exists or, if any does, a brief description thereof and Lessee's intentions in respect thereof, and

(2) setting forth the calculations necessary to determine whether or not Lessee and its Subsidiaries are in compliance with the general financial standards set forth in Section XXIII;

(iv) promptly when filed (in final form) or sent, a copy of

(1) each registration statement, Form 10-K annual report, Form 10-Q quarterly report, Form 8-K current report or similar document filed by Lessee with the Securities and Exchange Commission (or any similar federal agency having regulatory jurisdiction over Lessee's securities) or with any securities exchange, and

(2) each proxy statement, annual report, certificate, notice or other document sent by Lessee to the holders of any of its securities (or any trustee under any indenture which secures any of its securities or pursuant to which such securities are issued); and

(v) forthwith upon the written request of Lessor or any Participant such other information about the financial condition, properties and operations of Lessee or any of its Subsidiaries, including, without limitation, Pension Plans and obligations in respect of Environmental Laws, as Lessor or any Participant may from time to time reasonably request.

(c) Lessee will permit Lessor and any Participant to inspect any Disbursement Equipment and Equipment during normal business hours and, upon three (3) Business Days' prior written notice to Lessee, will use its reasonable efforts to procure the cooperation of any third party that is in possession of any premises where any of the Disbursement Equipment or Equipment is located to permit such inspections. In connection with any such inspection, Lessor and the Participants agree to observe

Lessee's standard rules with respect to operation and safety. If any failure by Lessee to perform or observe any obligation in respect of any Equipment or Disbursement Equipment, as the case may be, under this Agreement is found as a result of an such inspection, Lessor will communicate that information to Lessee in writing and Lessee shall have ten (10) days to correct that failure, at its sole expense; provided, however, if during that period Lessee shall commence corrective action that, if begun and prosecuted with due diligence, cannot be completed within a period of ten (10) days, then that ten-day period shall be extended, but not more than sixty (60) additional days, to the extent necessary to enable Lessee to diligently complete that corrective action. Lessee shall pay all reasonable expenses of an inspection by a Lessor-appointed expert to determine if any action is required to correct any failure in respect of the Disbursement Equipment or Equipment described in the preceding sentence.

(d) Subject to the other terms of this Lease, Lessee will keep the Equipment at the Equipment Location (specified in the applicable Schedule), or with the prior written approval of Lessor, at any other location within the continental United States of America; Lessee shall immediately notify Lessor of any relocation of Equipment. In connection with any permitted relocation of the Equipment within the continental United States of America, Lessee shall provide to Lessor, at Lessee's expense, such documents and instruments as reasonably may be required by Lessor to protect the interest of Lessor in the Equipment. Upon the written request of Lessor not more than once per calendar quarter, Lessee will notify Lessor and each Participant forthwith in writing of the location of all Equipment as of the date of such notification. In addition, prior to the Basic Term Commencement Date, upon the written request of Lessor not more than once per calendar quarter, Lessee will notify Lessor and each Participant forthwith in writing of the location of all Disbursement Equipment as of the date of such notification.

(e) Lessee will promptly and fully report to Lessor and each Participant in writing if any Disbursement Equipment or Equipment with a fair market value in excess of Two Hundred Fifty Thousand Dollars (\$250,000) is lost or damaged, or if any Disbursement Equipment or Equipment is involved in an accident causing, directly or indirectly, personal injury or property damage in an amount that could reasonably be expected to exceed Two Hundred Fifty Thousand Dollars (\$250,000).

V. DELIVERY, USE, REPLACEMENT, SUBSTITUTION AND OPERATION:

(a) The parties acknowledge that the Equipment or Disbursement Equipment, as the case may be, will be in Lessee's possession as of the date of the execution and delivery by Lessee to Lessor of a Certificate of Acceptance in respect of that Equipment or Disbursement Equipment, as the case may be.

(b) Lessee agrees that the Equipment will be used by Lessee solely in the conduct of its business (which business, for all purposes of this Agreement, shall be deemed to include Lessee's operation of the Equipment to manufacture goods for Subsidiaries and Affiliates of Lessee and for other Persons with whom Lessee has entered

into a written agreement to do so) and in a manner complying with all applicable federal, state, and local laws and regulations, and any applicable insurance policies.

(c) Lessee will keep the Disbursement Equipment and Equipment free and clear of all Liens other than (1) those that relate to the interest of Lessor hereunder, and with respect to the Disbursement Equipment, to the claims of the Vendor in possession thereof, (2) those arising from the rights and interest of Lessee in any Sublease that has been assigned to Lessor, (3) Liens for fees, taxes, levies, duties or other governmental charges of any kind, or Liens of mechanics, materialmen, laborers, employees or suppliers and similar Liens arising by operation of law incurred by Lessee in the ordinary course of business and not relating to Indebtedness for Borrowed Money, in all cases for sums that are not yet delinquent or are being contested in good faith by appropriate proceedings which suspend the collection thereof (provided, however, that such proceedings do not involve any substantial danger (as determined in Lessor's sole discretion) of the sale, forfeiture or loss of the Disbursement Equipment or Equipment or any interest therein), and (4) Liens arising out of any judgments or awards against Lessee that have been adequately bonded, in Lessor's sole discretion, to protect Lessor's interest or with respect to which a stay of execution has been obtained pending an appeal or a proceeding for review. The Liens described in clauses (1) through (4) hereof are referred to as "PERMITTED LIENS". Lessee will defend, at its own expense, Lessor's interest in the Disbursement Equipment and Equipment from all claims, Liens or legal processes. Lessee will also notify Lessor and each Participant immediately upon receipt of notice of any Lien, attachment or judicial proceeding affecting the Disbursement Equipment and the Equipment, whether in whole or in part.

(d) Provided that no Default or Potential Default shall then exist, Lessee, at Lessee's expense, may elect to replace or substitute a unit of Equipment (a "SUBSTITUTED ITEM") with another unit of Equipment (a "REPLACEMENT ITEM"). Each Replacement Item shall be free and clear of all Liens and shall have, as reasonably determined by Lessor, at least the value, utility and remaining useful life and be in as good an operating condition as the Substituted Item, assuming that the Substituted Item had been maintained in accordance with the provisions of this Agreement. Lessee shall notify Lessor within fifteen (15) days after the end of each quarter of Lessee's fiscal year as to all items of Equipment having been replaced during such quarter, identifying the Substituted Items and the Replacement Items for each relevant Equipment Location. Lessee shall execute and deliver to Lessor an Assignment of Purchase Orders and an amended Annex A to the applicable Schedule with respect to each Replacement Item, together with such documents and instruments as reasonably may be required by Lessor in connection with such replacement, including (without limitation) Uniform Commercial Code financing statements or statements of amendment to be filed at Lessee's expense. Upon compliance by Lessee with the provisions hereof, (1) Lessor will transfer to Lessee, on an AS IS, WHERE IS BASIS, without recourse or warranty, express or implied, of any kind whatsoever, all of Lessor's interest in and to the Substituted Item and (2) Lessor agrees, upon Lessee's reasonable request and at Lessee's expense, to execute and deliver any instrument necessary to evidence Lessee's ownership of the Substituted Item, including a bill of sale or

Uniform Commercial Code statements of termination or partial release as reasonably may be required in order to terminate any interest of Lessor in and to such Substituted Item. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of the Substituted Item and any other matters (except that Lessor shall warrant that it conveyed whatever interest it received in such Substituted Item free and clear of any Lien created by Lessor).

(e) Subject to Lessee performing and observing all of its obligations hereunder on its part to be performed and observed and provided no Default or Potential Default shall have occurred, and subject to any sublessee under a Sublease permitted hereby performing and observing all of the covenants and conditions of the applicable Sublease on its part to be performed and observed, neither Lessor nor any person acting by, through or under Lessor, shall take any actions to interfere with Lessee's quiet enjoyment of the Equipment during the Term.

VI. SERVICE

(a) Lessee will, at its sole expense, maintain each unit of Equipment in good operating order, repair and condition and in accordance with Lessee's customary practices, but in no event less than industry standards, normal wear and tear excepted. Lessee agrees that the Equipment will be used and operated solely in the conduct of its business, free from all contaminants (outside of the reasonable and ordinary use for such Equipment by Lessee), and in compliance with any and all insurance policy terms, conditions and provisions and with all statutes, laws and regulations of any federal, state or local governmental authority or instrumentality applicable to the use and operation of the Equipment, including Environmental Laws and noise and pollution laws (including notifications and reports). Lessee shall affix in a prominent position on each unit of Equipment, and shall use its reasonable efforts to cause each Person (other than Lessee) in possession of any Disbursement Equipment to affix in a prominent position on that Disbursement Equipment, plates, tags or other identifying labels showing the interest therein of Lessor. In addition, Lessee will, at its sole expense, maintain the Equipment under a preventive maintenance program by qualified professionals who possess a working knowledge of the mechanical operation of the Equipment, including electrical systems, motors, drives, controls, accessories, lubricants and all other items necessary to make the Equipment operate to its original or enhanced specifications (and who may be employees of Lessee). Lessee shall maintain a maintenance log with respect to each item of the Equipment showing all routine and non-routine maintenance and repairs. Such log shall list, in summary form, maintenance, repairs or modifications performed on the Equipment, the date of any and all of such service and by whom the service was performed. This log shall be made available to Lessor at Lessor's request.

(b) Without the prior written consent of Lessor, Lessee will not and will not permit any other person to affix or install any accessory, equipment or device on any Equipment if such addition will impair the value, originally intended function or use of such Equipment; provided that Lessee, at its own expense, will affix or install any accessory, equipment or

device on any Equipment that may be necessary, from time to time, to comply in all Material respects with any applicable laws or regulations or any provision of any insurance policy required to be maintained under Section IX hereof. All additions, repairs, parts, supplies, accessories, equipment, and devices furnished, attached or affixed to any Equipment which are not readily removable shall be made only in compliance with applicable law, shall be free and clear of all Liens (except for Permitted Liens), and immediately, without further action, upon being attached or affixed to the Equipment shall become the property of Lessor. Lessee will not, without the prior written consent of Lessor and subject to such conditions as Lessor may reasonably impose for its protection, affix or install the Equipment to or in any other personal property. In addition, Lessee will not, without the prior written consent of Lessor and subject to such reasonable conditions as Lessor may impose for its protection, affix any Equipment to any real property in such a manner as to become a fixture or part of that real property. Lessor hereby declares its intent that, notwithstanding the means of attachment, no Equipment attached to any real property shall be deemed a fixture or part of that real property, which declaration shall be irrevocable, without Lessor's consent.

(c) Any alterations or modifications to the Equipment that may, at any time during the term of this Agreement, be required to comply with any applicable law, rule or regulation shall be made by Lessee at the expense of Lessee.

VII. STIPULATED LOSS VALUE AND CASUALTY OCCURRENCE:

On and after the Basic Term Commencement Date, Lessee shall promptly and fully notify Lessor in writing if any unit of Equipment shall be or become lost, stolen, destroyed, irreparably damaged in the reasonable determination of Lessee, or permanently rendered unfit for use from any cause whatsoever (each such occurrence being hereinafter called a "CASUALTY OCCURRENCE"). On the later of the Rent Payment Date next succeeding a Casualty Occurrence or ninety (90) days after such Casualty Occurrence (the "PAYMENT DATE"), Lessee shall either (as selected by Lessee if no Default or Potential Default has then occurred, or if a Default or Potential Default has occurred, as selected by Lessor, except that in that case Lessee may be required to make replacement in accordance with

(a) below only with Lessee's consent):

(a) execute and deliver a purchase order to replace within a reasonable period of time the unit of Disbursement Equipment or Equipment having suffered the Casualty Occurrence with equipment having an equal or greater value and utility, free and clear of all Liens, other than any Permitted Lien, and shall deliver to Lessor an assignment of that purchase order in form satisfactory to Lessor, an Equipment Schedule, such Uniform Commercial Code financing statements or statements of amendment and such other documents, instruments, filings and certificates as reasonably may be requested by Lessor with respect to any replacement Disbursement Equipment or Equipment, or otherwise in accordance with the provisions of Section V(d) hereof; or

(b) pay Lessor the sum of (i) the Stipulated Loss Value of such unit calculated in accordance with Annex D of the Equipment Schedule as of the Rent Payment Date next preceding the date of such payment; (ii) all rental and other amounts which are due hereunder as of the Payment Date; and (iii) the Break Amount. For purposes hereof, "BREAK AMOUNT" shall mean the amount of any loss or expense incurred by Lessor or any Participant relating in any way to its funding of this Lease on a LIBOR Rate basis as a result of the moneys paid pursuant to this Paragraph (b) on a date that is not a Rent Payment Date, and to pay Lessor or that Participant, as the case may be, as liquidated damages for any such loss or expense, an amount (discounted to the present value in accordance with standard financial practice at a rate equal to the Treasury Yield) equal to interest computed on the moneys paid pursuant to this Paragraph (b) from the payment date thereof to the next Rental Payment Date at a rate equal to the difference of the contract LIBOR Rate less the Treasury Yield, all as determined by Lessor or that Participant, as the case may be, in its reasonable discretion. Determinations by Lessor and each Participant for purposes hereof shall be conclusive, absent manifest error. "TREASURY YIELD" means the annual yield on direct obligations of the United States of America having a principal amount and maturity similar to that of the amount being paid. Upon payment of all sums due hereunder, the Term of this Lease as to such unit shall terminate and (except in the case of the loss, theft or complete destruction of such unit) Lessor shall be entitled to recover possession of such unit.

VIII. LOSS OR DAMAGE:

Lessee hereby assumes and shall bear the entire risk of any loss, theft, damage to, or destruction of, any unit of Equipment from any cause whatsoever (a) from the time the Equipment is shipped to Lessee, and (b) with respect to any Disbursement Equipment, from the time that Lessee is obligated to do so under the terms of the Purchase Order relating to that item of Disbursement Equipment.

IX. INSURANCE:

Lessee agrees, at its own expense, to keep all Disbursement Equipment and Equipment insured for such amounts, and with deductible amounts, as specified in Paragraph D of the applicable Schedule and against such hazards as Lessor may reasonably require, including, but not limited to, insurance for damage to or loss of such Disbursement Equipment and Equipment ("CASUALTY INSURANCE") and liability coverage for personal injuries, death or property damage, with Lessor named as additional insured and with a loss payable clause in favor of Lessor, as its interest may appear, irrespective of any breach of warranty or other act or omission of Lessee. All such policies shall be with companies, and on terms, reasonably satisfactory to Lessor. Lessee agrees to deliver to Lessor evidence of insurance reasonably satisfactory to Lessor. In the event that any of such insurance policies referred to in this Section IX shall now or hereafter provide coverage on a "claims-made" basis, Lessee shall continue to maintain such policies in effect for a period of not less than three (3) years after the expiration of the Term. The provisions of co-insurance clauses in Lessee's insurance policies shall not be in effect.

Except as expressly provided otherwise in the second succeeding sentence, Lessee hereby appoints Lessor as Lessee's exclusive attorney-in-fact to make proof of loss and claim for insurance, and to make adjustments with insurers and to receive payment of and execute or endorse all documents, checks or drafts in connection with payments made as a result of such insurance policies. Any expense of Lessor in adjusting or collecting insurance shall be borne by Lessee. Lessee may make adjustments with insurers (a) so long as no Default or Potential Default exists, with respect to claims for damage to any unit of Equipment where the repair or replacement costs do not exceed Five Hundred Thousand Dollars (\$500,000), or (b) with Lessor's prior written consent. Said policies shall provide that the insurance may not be altered or cancelled by the insurer until after thirty (30) days prior written notice to Lessor. Provided that no Default or Potential Default has then occurred and is continuing, upon receipt of evidence reasonably satisfactory to Lessor that repairs are being or have been made to the Disbursement Equipment or the Equipment or that the Disbursement Equipment or Equipment is being or has been replaced, as the case may be, Lessor, at Lessee's option, will apply any insurance proceeds received by Lessor on account of such loss to the cost of such repairs or replacement then having been made or, if on or after the Basic Term Commencement Date a Casualty Occurrence has then occurred hereunder with respect thereto, to Lessee's obligation to pay the Stipulated Loss Value in accordance with Section VII(b) hereof. During the existence of a Default or Potential Default, Lessor may, at its option, apply proceeds of insurance, in whole or in part, to (i) repair or replace Disbursement Equipment or Equipment or any portion thereof, or (ii) satisfy any obligation of Lessee to Lessor hereunder. So long as no Default or Potential Default exists and all amounts then due and owing to Lessor under this Lease have been paid, any insurance proceeds remaining after the repair or replacement of the damaged Disbursement Equipment or Equipment, or after the application of insurance proceeds, in the case of Disbursement Equipment, to all amounts disbursed by Lessor in respect of that Disbursement Equipment plus all accrued and unpaid Interim Rent due in respect of that Disbursement Equipment, and in the case of Equipment, to the Capitalized Lessor's Cost in respect of that Equipment, will be made available to Lessee.

X. RETURN OF EQUIPMENT:

(a) Upon the expiration or termination of the Term of this Agreement, unless Lessee shall have exercised its renewal option pursuant to Section XVIII(b) hereof, or its purchase option pursuant to Section XVIII(d) hereof, Lessee shall promptly, at its own cost and expense: (i) perform any testing and repairs required to place the affected units of Equipment in Materially the same condition as when received by Lessee (reasonable wear and tear excepted) and in good working order for their originally intended purpose; (ii) if deinstallation, disassembly or crating is required, cause such units to be deinstalled, disassembled and crated by an authorized manufacturer's representative or such other service person as is reasonably satisfactory to Lessor; and (iii) return such units, free and clear of all Liens (except for Permitted Liens arising pursuant to clause (1) of Section V(c) hereof), to a location within the continental United States of America as Lessor shall direct. Lessee acknowledges and agrees to the provisions set forth in Annex F to the Equipment Schedule.

(b) Until Lessee has paid all moneys due Lessor under Section XVIII(c), Lessee's Rent payment obligation and all other obligations under this Agreement shall continue from month to month notwithstanding any expiration or termination of the Term. Lessor may terminate such continued leasehold interest upon ten

(10) days' prior written notice to Lessee. In addition to the Interim Rents and Rents, Lessor shall have all of its other rights and remedies available as a result of Lessee's failure to perform or observe those obligations.

XI. DEFAULT:

(a) The occurrence of any of the following shall constitute a default ("DEFAULT") under this Agreement:

(i) If any Rent or Interim Rent or any other amount due Lessor or any Participant shall not be paid in full promptly when the same becomes due and payable and shall remain unpaid for five (5) consecutive days thereafter or, if earlier, on the expiration of the Term,

(ii) If any representation, warranty or statement made in this Agreement or in any Schedule or any other Document or any other certificate, report, notice or other writing delivered to Lessor in respect of this Agreement shall be false or erroneous in any Material respect when made or deemed made,

(iii) If Lessee fails to perform or observe (1) any of its obligations in Section IX or Section XXIII or Section XXIV, (2) any of its obligations under the Assignment of Purchase Orders or any other Document or B. W. Alloy, Ltd. shall fail to perform or observe any of its obligations under the Assignment of Purchase Orders or any other Document to which it is a party, or

(3) or any of its other obligations in this Agreement (other than those referred to in clauses (i) and (iii)(1) and (iii)(2) above) and that failure shall not have been fully corrected within thirty (30) days after the giving of written notice to Lessee by Lessor that it is to be remedied, provided, however, if during that thirty-day period Lessee shall commence corrective action that, if begun and prosecuted with due diligence, cannot be completed within a period of thirty (30) days, then that thirty-day period shall be extended, but not more than an additional forty (40) days, to the extent necessary to enable Lessee to diligently complete that corrective action,

(iv) If, in respect of any existing or future Indebtedness for Borrowed Money (regardless of maturity) or Funded Indebtedness now owing or hereafter incurred by Lessee or any Subsidiary of Lessee, there should occur or exist under its original provisions (except for any amendment made prior to the date of this Agreement but without giving effect to any amendment, consent or waiver after the date of this Agreement) any event, condition or other thing which constitutes, or which with the giving of notice or the lapse of any applicable grace period or both would constitute, a default which accelerates

(or permits any creditor or creditors or representative thereof to accelerate) the maturity of

any Indebtedness for Borrowed Money or Funded Indebtedness; or if any Indebtedness for Borrowed Money (regardless of maturity) or Funded Indebtedness (other than any payable on demand) shall not be paid in full at its stated maturity; or if any Indebtedness for Borrowed Money or Funded Indebtedness payable on demand shall not be paid in full on demand therefor,

(v) If (a) any Subsidiary of Lessee shall commence any Insolvency Action of any kind or admit (by answer, default or otherwise) the Material allegations of, or consent to any relief requested in, any Insolvency Action of any kind commenced against that Subsidiary by its creditors or any thereof, or (b) any creditor or creditors shall commence against that Subsidiary any Insolvency Action of any kind which shall remain in effect (neither dismissed nor stayed) for thirty (30) consecutive days,

(vi) If (a) Lessee shall discontinue operations, or (b) Lessee shall commence any Insolvency Action of any kind or admit (by answer, default or otherwise) the Material allegations of, or consent to any relief requested in, any Insolvency Action of any kind commenced against Lessee by its creditors or any thereof, or (c) any creditor or creditors shall commence against Lessee any Insolvency Action of any kind which shall remain in effect (neither dismissed nor stayed) for thirty (30) consecutive days,

(vii) If any person or group of persons acting in concert shall beneficially own more than twenty percent (20%) of Lessee's outstanding voting capital stock except that this subsection shall not apply to any person who, with the associates and affiliates of that person, is the record and beneficial owner of not less than five percent (5%) of Lessee's outstanding voting capital stock at the date of this Agreement,

(viii) If any Equipment is illegally used, or if an Event of Default shall have occurred under or in respect of the Credit Agreement,

(ix) One or more judgments for the payment of money (excluding any judgment that is insured by an insurance carrier that has acknowledged in writing, in form and substance satisfactory to Lessor, its liability for the full amount of that judgment) shall have been entered against Lessee or any of its Subsidiaries which judgment or judgments exceed Five Million Dollars (\$5,000,000) in the aggregate, and such judgment or judgments shall have remained undischarged and unstayed for a period of forty-five (45) consecutive days,

(x) This Agreement or any Schedule or any Assignment of Purchase Orders or other Document or term or provision hereof or thereof shall cease to be in full force and effect, or Lessee shall purport to terminate (except in accordance with the terms thereof), repudiate, declare voidable or void or otherwise contest, this Agreement or any Schedule or any Assignment of Purchase Orders or any other Document or term or provision hereof or thereof or any obligation or liability of Lessee hereunder or thereunder, or

(xi) Lessee shall abandon the construction or operation of the Elmore Project, or the construction of the Elmore Project is not substantially completed by the Basic Term Commencement Date, or the Elmore Project is not in operation and producing product in commercially saleable quantities by June 15, 1999.

(b) Upon the occurrence of a Default

(i) other than a Default described in Paragraph (a)(v) or (a)(vi) above, and in addition to all other rights and remedies which Lessor may have, at law, in equity or otherwise, Lessor may, by written notice to Lessee declaring a Default, require Lessee, or

(ii) described in Paragraph (a)(v) or (a)(vi) above, and in addition to all other rights and remedies which Lessor may have, at law, in equity or otherwise, a Default shall automatically be deemed declared and without presentment, demand, protest or notice of any kind, all of which are hereby waived, Lessee shall,

forthwith pay to Lessor (A) as liquidated damages for loss of a bargain and not as a penalty, the Stipulated Loss Value of the Equipment (calculated in accordance with Annex D to the applicable Schedule as of the Rent Payment Date next preceding the declaration of acceleration or the acceleration, as the case may be), or during the Interim Lease Period, an amount equal to all funds disbursed by Lessor in respect of Disbursement Equipment, and (B) all accrued and unpaid Interim Rents and all Rents and other sums then due hereunder. Upon receipt by Lessor of all moneys described in the preceding sentence, Lessor agrees, upon Lessee's reasonable request and at Lessee's expense, to execute any instrument necessary to evidence Lessee's ownership of the Equipment, including a bill of sale. If Lessee fails to pay the amounts specified in the preceding sentence, then, at the request of Lessor, Lessee shall comply with the provisions of Section X hereof, and for purposes of this Section XI(b), all references to Equipment shall be deemed to include any Disbursement Equipment to the extent of Lessee's interest therein. Lessee hereby authorizes Lessor to enter, with or without legal process, any premises where any Equipment is located and take possession thereof. Lessor may, but shall not be required to, sell Equipment at private or public sale, in bulk or in parcels, with or without notice, and without having the Equipment present at the place of sale; or Lessor may, but shall not be required to, lease, otherwise dispose of or keep idle all or part of the Equipment; and Lessor may use Lessee's premises (or Lessee will assign in good faith its right to permit the use of any premises where any of the Equipment is located, as applicable) for any or all of the foregoing without liability for rent, costs, damages or otherwise. The proceeds of any sale, lease (including any rentals, whether under any Sublease or otherwise, accruing and received in good and indefeasible funds after a Default) or other disposition, if any, of any Collateral shall be applied in the following order of priorities:

(1) to pay all of Lessor's costs, charges and expenses incurred in taking, removing, holding, repairing and selling, leasing or otherwise disposing of any Collateral; then, (2) to the extent not previously paid by Lessee, to pay Lessor all sums due from Lessee under this Agreement; then (3) to reimburse to Lessee any sums previously paid by Lessee as liquidated damages pursuant to the first sentence of this Section XI(b); and (4) any surplus shall be paid to Lessee.

Lessee shall pay any deficiency in clauses (1) and (2) upon demand of Lessor. Lessee hereby agrees to use its reasonable efforts after a Default to cause any sublessee under a Sublease or any party having an interest in the premises at which the Equipment is located to permit Lessor to have a period of twelve (12) months in which to sell the Equipment at any such site. During such period, Lessee shall continue to insure and maintain the Equipment as provided herein and shall provide Lessor and its authorized representatives and prospective purchasers access to the Equipment for remarketing purposes in accordance with Section IV(c). The parties acknowledge and agree that the second preceding sentence shall not in any manner restrict Lessor's right to sell the Equipment off site from the Equipment Locations, at any time after the occurrence of a Default hereunder.

(c) In addition to the foregoing rights, after a Default Lessor may terminate the lease as to any or all of the Equipment, and in the event of a Default described in Paragraph (a)(v) or (a)(vi) in this Section XI prior to the Basic Term Commencement Date, the Lease shall automatically terminate as to all of the Equipment and Disbursement Equipment and any obligation of Lessor to fund disbursements under Section XXVI shall automatically terminate.

(d) The foregoing remedies are cumulative, and any or all thereof may be exercised in lieu of or in addition to each other or any remedies at law, in equity, or under statute. To the extent permitted by law, Lessee waives notice of sale or other disposition (and the time and place thereof), and the manner and place of any advertising. If permitted by law, Lessee shall pay reasonable attorneys' fees actually incurred by Lessor in enforcing the provisions of this Lease and any ancillary documents. Waiver of any Default or Potential Default shall not be a waiver of any other or subsequent Default or Potential Default.

XII. ASSIGNMENT:

(a) LESSEE SHALL NOT ASSIGN, MORTGAGE, SUBLET OR HYPOTHECATE ANY DISBURSEMENT EQUIPMENT OR EQUIPMENT OR THE INTEREST OF LESSEE HEREUNDER WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR. Notwithstanding the foregoing, Lessee may sublease specific items of the Equipment to any Subsidiary or Affiliate of Lessee or, with the prior written consent of Lessor, which will not be unreasonably withheld, any other Person subject to the following terms and conditions:

(1) each sublease or rental agreement in respect of any Equipment (a "Sublease") must be in writing, must be in form and substance reasonably satisfactory to Lessor, and must contain a provision pursuant to which that Sublease may not be amended or modified without the prior written consent of Lessor, which will not be unreasonably withheld;

(2) no Sublease shall extend beyond the Maximum Lease Term;

(3) Lessee shall maintain in its possession an original executed copy of each and every Sublease, and shall stamp the original executed copy of each Sublease in its possession promptly upon execution thereof with a legend reading: "This Agreement has been assigned for collateral security purposes to, and is subject to a security interest in favor of, National City Bank, for itself and as agent for certain participants";

(4) the Equipment subject to the Sublease must remain located at the Equipment Location (specified in the applicable Schedule), or with the prior written approval of Lessor, at any other location within the continental United States of America, and if that Equipment is moved to another location, Lessee shall provide to Lessor within fifteen (15) days after the end of each quarter, a report that discloses the location of that Equipment; and

(5) Lessee shall, and shall cause any sublessee to, execute and deliver such instruments (including Uniform Commercial Code financing statements or such other instruments necessary to create and protect Lessor's security and other interests in the Equipment) as may be reasonably requested by Lessor in connection with any Sublease.

No subleasing by Lessee will reduce any of the obligations of Lessee hereunder or the rights of Lessor hereunder, and all of the obligations of Lessee hereunder shall be and remain primary and shall continue in full force and effect as the obligations of a principal and not of a guarantor or surety. Lessee promptly shall reimburse Lessor for all expenses incurred by Lessor in connection with any Sublease.

(b) Lessor may, with the consent of Lessee (which consent will not be unreasonably withheld), assign this Agreement or any Schedule, or the right to enter into any Schedule or sell a participation interest in this Agreement or any Schedule in an amount not less than five million dollars (\$5,000,000); provided that no consent of Lessee is necessary if the assignment or participation is to be made or granted to an Affiliate of Lessor or to an existing Participant. Lessee agrees that it will pay all Rent and other amounts payable under each Schedule to Lessor named therein; provided, however, if Lessee receives written notice of an assignment permitted hereby from Lessor, Lessee will pay all Rent and other amounts payable under any assigned Schedule to such assignee or as instructed by Lessor. Each Schedule, incorporating by reference the terms and conditions of this Agreement, constitutes a separate instrument of lease, and Lessor named therein or its assignee shall have all rights as "Lessor" thereunder separately exercisable by such named Lessor or assignee as the case may be, exclusively and independently of Lessor or any assignee with respect to other Schedules executed pursuant hereto. Without limiting the generality of the foregoing, the grant of security interest in

Section XVII(b) hereof shall, as it relates to the Equipment or Disbursement Equipment leased under each Schedule (and to the proceeds and other Collateral referred to in Section XVII(b)), be deemed to have been granted solely to Lessor named therein, or to its assignee, as applicable and such Equipment and Disbursement Equipment (and other related Collateral) shall not be deemed to collateralize Lessee's obligations under any of the Schedules to which such named Lessor or assignee, as the case may be, is not a party. Lessee further agrees to confirm in writing receipt of a notice of assignment as reasonably may be

requested by assignee. Lessee hereby waives and agrees not to assert against any such assignee any defense, set-off, recoupment, claim or counterclaim which Lessee has or may at any time have against Lessor or any other person for any reason whatsoever.

(c) Lessee acknowledges that it has been advised that National City Bank is acting hereunder for itself and as agent for certain third parties (each being herein referred to as a "PARTICIPANT" and, collectively, as the "PARTICIPANTS"); that the interest of Lessor in this Agreement, the Schedules, related instruments and documents and/or the Equipment and Disbursement Equipment may be conveyed to, in whole or in part, and may be used as security for financing obtained from, one or more third parties, subject to the provisions of (b) above (the "SYNDICATION"). Lessee agrees reasonably to cooperate with Lessor in connection with the Syndication, including the execution and delivery of such other documents, instruments, notices, opinions, certificates and acknowledgments as reasonably may be required by Lessor or such Participant.

(d) Anything to the contrary set forth herein notwithstanding, no assignee or Participant hereunder shall be a direct competitor of Lessee or an Affiliate of such a competitor. As used herein, "AFFILIATE" shall mean any person that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, such person.

(e) Subject always to the foregoing, this Agreement inures to the benefit of, and is binding upon, the permitted successors and assigns of the parties hereto.

(f) Lessor, and any assignee or Participant by virtue of obtaining an interest herein, hereby agrees to keep confidential (i) any manufacturing procedures and processes and other trade secrets of Lessee and (ii) any other manufacturing information of Lessee designated by it as confidential, provided that the foregoing shall not preclude Lessor from furnishing any trade secret or other information (i) as may be required by order of any court or requested by any governmental agency, (ii) to any actual or prospective assignee of its rights arising out of or in connection with this Agreement or actual or prospective Participant, so long as such prospective assignee or Participant to whom disclosure is made agrees to be bound by the provisions of this Section XII(f), (iii) to anyone if it shall have been already publicly disclosed (other than in contravention of this Section XII(f)), (iv) to the extent reasonably required in connection with the exercise of any right or remedy under this Agreement or applicable law, and (iv) to its legal counsel, auditors and accountants.

XIII. NET LEASE; NO SET-OFF, ETC.:

This Agreement is a net lease. Lessee's obligation to pay Rent, Interim Rent and other amounts due hereunder shall be absolute and unconditional. Lessee shall not be entitled to any abatement or reductions of, or set-offs against, Rent, Interim Rent or other amounts due hereunder, including, without limitation, those arising or allegedly arising out of claims (present or future, alleged or actual, and including claims arising out of strict

liability in tort or negligence of Lessor) of Lessee against Lessor under this Agreement or otherwise. This Agreement shall not terminate and the obligations of Lessee shall not be affected by reason of any defect in or damage to, or loss of possession, use or destruction of, any Equipment or Disbursement Equipment from any cause whatsoever. It is the intention of the parties that Rents, Interim Rents and other amounts due hereunder shall continue to be payable in all events in the manner and at the times set forth herein unless the obligation to do so shall have been terminated pursuant to the express terms hereof.

XIV. INDEMNIFICATION:

(a) Lessee hereby agrees to indemnify, save and keep harmless Lessor, the Participants, their agents, employees, successors and assigns, from and against any and all losses, damages, penalties, injuries, claims, actions and suits, including court costs and reasonable legal expenses, of whatsoever kind and nature, in contract or tort, and including, but not limited to, Lessor's strict liability in tort, arising out of (i) the selection, manufacture, purchase, acceptance or rejection of Equipment or Disbursement Equipment, the ownership of Equipment or Disbursement Equipment during the Term, and the delivery, lease, possession, maintenance, use, condition, return or operation of the Equipment or Disbursement Equipment (including, without limitation, latent and other defects, whether or not discoverable by Lessor or Lessee and any claim for patent, trademark or copyright infringement or environmental damage), (ii) the condition of Equipment or any Disbursement Equipment sold or disposed of after use by Lessee, any sublessee or any employee of Lessee, or (iii) the failure of Lessee to perform or observe any obligation under this Agreement or any other Document, or otherwise in respect of any Equipment or Disbursement Equipment or Document. Lessee shall, at its expense and upon request of Lessor, defend any actions based on, or arising out of, any of the foregoing with counsel reasonably satisfactory to Lessor. Lessee shall reimburse any indemnified party for any amounts expended by it in connection with any of the foregoing or pay such amounts directly within five (5) days after the date Lessor sends notice to Lessee requesting payment thereof.

(b) Notwithstanding the foregoing Paragraph (a), in the event any action described in Paragraph (a) is based on or involves exposure to beryllium particles, then Lessee shall have the right, at its expense and upon notice to the indemnified party, to assume the defense of that action with counsel reasonably satisfactory to that indemnified party. In any such action, the indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless Lessee and the indemnified party shall have mutually agreed in writing to the retention of such counsel.

(c) All of Lessor's rights, privileges and indemnities contained in this Section shall survive the expiration or other termination of this Agreement and the rights, privileges and indemnities contained herein are expressly made for the benefit of, and shall be enforceable by, Lessor and its successors and permitted assigns.

XV. NO WARRANTY; DISCLAIMERS:

LESSEE ACKNOWLEDGES THAT IT HAS SELECTED THE EQUIPMENT AND DISBURSEMENT EQUIPMENT WITHOUT ANY ASSISTANCE FROM LESSOR, ITS AGENTS OR EMPLOYEES. LESSEE ACCEPTS ALL EQUIPMENT ON AN AS IS, WHERE IS BASIS. LESSOR DOES NOT MAKE, HAS NOT MADE, NOR SHALL BE DEEMED TO MAKE OR HAVE MADE, ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, WITH RESPECT TO THE EQUIPMENT OR DISBURSEMENT EQUIPMENT LEASED HEREUNDER OR ANY COMPONENT THEREOF, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO DESIGN, COMPLIANCE WITH SPECIFICATIONS, QUALITY OF MATERIALS OR WORKMANSHIP, MERCHANTABILITY, FITNESS FOR ANY PURPOSE, USE OR OPERATION, SAFETY, PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT, OR TITLE. All such risks, as between Lessor and Lessee, are to be borne by Lessee. Without limiting the foregoing, Lessor shall have no responsibility or liability to Lessee or any other person with respect to any of the following (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Equipment or Disbursement Equipment, any inadequacy thereof, any deficiency or defect (latent or otherwise) therein, or any other circumstance in connection therewith; (ii) the use, operation or performance of any Equipment or Disbursement Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or

(iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Equipment or Disbursement Equipment. If, and so long as, no Default under this Agreement has occurred, Lessee shall be, and hereby is, authorized during the Term to assert and enforce, at Lessee's sole cost and expense, from time to time, in the name of and for the account of Lessor or Lessee or both, as their interests may appear, whatever claims and rights Lessor may have against any supplier of the Equipment or Disbursement Equipment.

XVI. REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSEE:

Lessee hereby represents, warrants and covenants to Lessor that on the date hereof and on the date of execution of each Schedule:

(a) Lessee has adequate power and authority to enter into, and perform and observe its obligations under, this Agreement, each Schedule, each Assignment of Purchase Orders to which it is a party and all other agreements, instruments, documents and other writings related to this Agreement (collectively, the "DOCUMENTS"). Lessee is a duly organized and validly existing Ohio corporation in good standing. Lessee is duly qualified to do business wherever necessary to carry on its present business and operations, including the jurisdiction(s) where the Equipment is or is to be located except where failure to be so qualified would not have a Material adverse effect on the financial condition of Lessee or on the ability of Lessee to perform and observe its obligations under this Agreement.

(b) The Documents have been duly authorized, executed and delivered by Lessee and constitute valid, legal and binding agreements, enforceable in accordance with their terms, except to the extent that the enforcement of remedies therein provided may be limited under applicable bankruptcy and insolvency laws or under general principles of equity.

(c) No approval, consent, license, registration, or withholding of objection is required from any governmental authority or instrumentality with respect to the execution and delivery by Lessee of any of the Documents, or the performance or observance by Lessee of any of its obligations under the Documents, including, without limitation, the use and operation of the Equipment.

(d) The execution and delivery by Lessee of any of the Documents, and the performance or observance by Lessee of any of its obligations under the Documents, will not: (i) violate any judgment, order, law or regulation applicable to Lessee or any of its properties, or violate any provision of Lessee's articles of incorporation, charter or code of regulations or by-laws; or (ii) result in any breach of or constitute a default under, or result in the creation of any Lien upon any Equipment or any Disbursement Equipment pursuant to, any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument (other than this Agreement) to which Lessee is a party or by which any of its properties is bound.

(e) There is no litigation or proceeding pending or threatened in court or before any commission, board, other administrative agency, or arbitrator against or affecting Lessee or any of its properties, which if successful might have a Material adverse effect on the ability of Lessee to fulfill its obligations under this Agreement or have a Material adverse effect on Lessee.

(f) The Equipment or Disbursement Equipment, as the case may be, accepted under any Certificate of Acceptance is and at all times will remain tangible personal property.

(g) Lessee has delivered to Lessor Lessee's annual audit report (including, without limitation, all financial statements therein and notes thereto and the accompanying accountants' certificate) prepared as at December 31, 1995, and annual audit reports for each of Lessee's two (2) next preceding fiscal years (each having been certified by Ernst & Young LLP) and Lessee's unaudited interim financial statements prepared as of September 30, 1996. Each of the financial statements referred to in the preceding sentence has been prepared in accordance with GAAP applied on a basis consistent with those used by it during its then next preceding full fiscal year except to the extent, if any, specifically noted therein and fairly presents in all Material respects (subject to routine year end audit adjustments in the case of the unaudited financial statements) the consolidated financial condition of Lessee and its Subsidiaries as of the date thereof (including a full disclosure of Material contingent liabilities, if any) and the consolidated results of their operations, if any, for the fiscal period then ended. There has been no Material adverse

change in the financial condition, properties or business of Lessee and its Subsidiaries viewed on a consolidated basis since December 31, 1995 nor any change in their accounting procedures or fiscal year since the end of Lessee's latest full fiscal year covered by those statements.

(h) The Equipment will at all times be used for commercial or business purposes. No portion of the Acquisition Cost or any other expense in respect of any Equipment will be paid with proceeds of the Port Authority Bonds or the proceeds of the State Loan. No provision of any Purchase Order may be amended, modified or waived without the prior written consent of Lessor, which consent may not be unreasonably withheld. There are no Liens on any of the real property that constitutes a portion of the Elmore Project, except for a leasehold mortgage on the property described in the Port Authority Lease securing the payment and performance of the Port Authority Bonds and the State Loan.

(i) The operations of Lessee and its Subsidiaries are in full compliance with all Material requirements imposed by law, whether federal, state or local, and whether statutory, regulatory or other, including (without limitation) all occupational safety and health laws and zoning ordinances, but excluding Environmental Laws. Each of Lessee and each of its Subsidiaries is in compliance in all Material respects with all Environmental Laws including, without limitation, all Environmental Laws in all jurisdictions in which it owns or operates, or has owned or operated, a facility or site, arranges or has arranged for disposal or treatment of hazardous substances, solid waste or other wastes, accepts or has accepted for transport any hazardous substances, solid waste or other wastes or holds or has held any interest in real property. No litigation or proceeding arising under, relating to or in connection with any Environmental Law is pending or threatened against Lessee or any of its Subsidiaries, or any real property in which any of them holds or has held an interest or which is or has been operated by any of them, and no investigation or inquiry which would subject Lessee or any Subsidiary to any liability under any Environmental Law by any governmental agency or authority, individual or other person or entity is pending or, to the best knowledge of any of them, threatened against any of them, or any real property in which any of them holds or has held an interest or which is or has been operated by any of them. No release, threatened release or disposal of hazardous waste, solid waste or other wastes is occurring, or has occurred, on, under or to any real property in which Lessee or any of its Subsidiaries holds any interest or performs any of its operations, in violation of any Environmental Law or which would subject Lessee or any of its Subsidiaries to any liability under any Environmental Law, which violation or liability, together with other outstanding liabilities of Lessee and its Subsidiaries in respect of Environmental Laws, would Materially and adversely affect the business, properties or financial condition of Lessee and its Subsidiaries viewed on a consolidated basis. Further, no release, threatened release or disposal of any hazardous substance is occurring, or has occurred, on, under or to any real property in which Lessee or any of its Subsidiaries holds any interest or performs any of its operations, in violation of any Environmental Law which violation or liability, together with other outstanding liabilities of all of them in respect of Environmental Laws, would Materially and adversely affect the business, properties or financial condition of Lessee and its Subsidiaries viewed on a consolidated basis. As used in this subsection,

"litigation or proceeding" means any Material demand, claim, notice, suit, suit in equity, action or administrative action whether brought by any governmental agency or authority, individual or other person or entity or otherwise.

(j) No Material Accumulated Funding Deficiency exists in respect of any of the Pension Plans of Lessee or any of its Subsidiaries. No Reportable Event has occurred in respect of any such Pension Plan which is continuing and which constitutes grounds either for termination of the plan or for court appointment of a trustee for the administration thereof.

(k) Lessee is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(l) Lessee and each of its Subsidiaries has filed all federal, state and local tax returns which are required to be filed by it and paid all taxes due as shown thereon (except to the extent, if any, permitted by Section XXIV(a)). The Internal Revenue Service has audited (or the relevant limitations period has expired with respect to) Lessee's tax returns through the year ended December 31, 1988 and the Internal Revenue Service has not alleged any Material default by Lessee in the payment of any tax Material in amount or threatened to make any assessment in respect thereof which has not been reflected in the Financial Statements.

(m) Lessee has not changed within the six (6) months preceding the date of this Agreement (i) the name or identity of Lessee or its corporate structure, by reorganization or otherwise, or (ii) the address of Lessee referred to in the following sentence. As of the date hereof, the chief place of business and chief executive office of Lessee are located at 17876 St. Clair Avenue, Cleveland, Ohio 44110.

VII. OWNERSHIP FOR TAX PURPOSES; GRANT OF SECURITY INTEREST; USURY SAVINGS:

(a) Lessor and Lessee intend that for federal, state and local tax purposes, including, without limitation, personal property taxes, Lessor will treat Lessee as the owner of the Equipment and any Disbursement Equipment (to the extent of its interest therein). Accordingly, Lessor agrees (i) to treat Lessee as the owner of the Equipment and Disbursement Equipment (to the extent of its interest therein) on its federal, state and local tax returns, (ii) not to take actions or positions inconsistent with such treatment on or with respect to its federal, state and local tax returns, and (iii) not claim any tax benefits available to an owner of the Equipment or Disbursement Equipment on or with respect to its federal, state and local tax returns, all so long as legally permissible; the foregoing undertakings by Lessor shall not be violated by Lessor's taking a tax position through inadvertence so long as such inadvertent tax position is reversed by Lessor promptly upon its discovery. Lessor shall in no event be liable to Lessee if Lessee fails to realize any of the tax or accounting benefits available to the owner of the Equipment or Disbursement

Equipment, unless (x) Lessor has breached its undertakings set forth in the second sentence of this Section XVII(a), and (y) such breach is the direct cause of Lessee's failure to secure any such benefits.

(b) In order to secure the prompt payment of the Rent, Interim Rent and all of the other amounts from time to time outstanding under and with respect to the Schedules, and the performance and observance by Lessee of all the agreements, covenants and provisions of the Schedules (including, without limitation, all of the agreements, covenants and provisions of this Lease that are incorporated herein), this Agreement and the other Documents, Lessee hereby grants to Lessor a first priority security interest in all of its right, title and interest in and to, and assigns to Lessor for collateral security purposes all of Lessee's right, title and interest in and to, the following, whether now owned or hereafter existing and wherever located (the "COLLATERAL"): (1) the Equipment and Disbursement Equipment described in the Schedules, together with all additions, attachments, improvements, accessories and accessions thereto whether or not furnished by the Vendor of the Equipment and any and all substitutions, replacements or exchanges therefor, in each such case in which Lessee shall from time to time acquire an interest and in each case only from and after the date on which attached to the Equipment or Equipment substituted, replaced or exchanged for the Equipment; (2) any Sublease of any of the Equipment and all extensions and renewals thereof, and all rentals and other sums due, now or hereafter, thereunder; (3) to the extent the Equipment or Disbursement Equipment covered by this Agreement may constitute or be deemed to be Lessee's inventory (solely to such extent, the "INVENTORY"), such Inventory; (4) all Purchase Orders and general intangibles and contract rights in respect of the Purchase Orders and the Equipment or Disbursement Equipment and the maintenance, use and operation thereof (including, without limitation, all rights of Lessee to receive monies due and to become due under or pursuant to any Purchase Orders or such general intangibles and contract rights and all of the rights of Lessee to terminate, and to perform, compel performance and otherwise exercise all remedies under, such Purchase Orders, general intangibles and contract rights); (5) all documents, books and records in respect of Equipment, Disbursement Equipment and Inventory; and (6) all cash and noncash proceeds and products of any and all of the foregoing (including, without limitation, proceeds which constitute property of the types described in clauses (1) through (5) above) and all payments under any insurance (whether or not Lessor is the loss payee thereof), indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral. After a Default hereunder, Lessor may notify any sublessee of the Equipment to pay directly to Lessor all rentals and other sums accrued and payable after such Default, or to become payable, under the applicable Sublease, and Lessee hereby authorizes and directs any such sublessee to pay such sums to Lessor upon the giving of such notice. If, after the occurrence of a Default and the giving of such notice by Lessor, any remittance with respect to any Sublease of the Equipment is received by Lessee, such remittances immediately will be delivered to Lessor endorsed to the order of Lessor and, to the extent any such remittance is for an amount in excess of the sum payable pursuant to any Sublease for the use or operation of the Equipment, such excess amount promptly shall be remitted by Lessor to Lessee. If the remittance is in a form which precludes an

endorsement, Lessee shall hold all such funds in trust for Lessor and immediately pay the amount of the remittance to Lessor. Lessee hereby appoints Lessor its attorney-in-fact to negotiate any remittance which is received by Lessor from any sublessee with respect to any Sublease of the Equipment after a Default has occurred, and which is made payable to Lessee.

(c) It is the intention of the parties hereto to comply with any applicable usury laws to the extent that any Schedule is determined to be subject to such laws; accordingly, it is agreed that, notwithstanding any provision to the contrary in any Schedule or this Lease, in no event shall any Schedule require the payment or permit the collection of interest in excess of the maximum amount permitted by applicable law. If any such excess interest is contracted for, charged or received under any Schedule or this Lease, or in the event that all of the principal balance shall be prepaid, so that under any of such circumstances the amount of interest contracted for, charged or received under any Schedule or this Lease shall exceed the maximum amount of interest permitted by applicable law, then in such event (1) the provisions of this paragraph shall govern and control, (2) neither Lessee nor any other person or entity now or hereafter liable for the payment hereof shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest permitted by applicable law, (3) any such excess which may have been collected shall be either applied as a credit against the then unpaid principal balance or refunded to Lessee, if no Default or Potential Default exists, at the option of Lessee, and if a Default or Potential Default exists, at the option of Lessor, and (4) the effective rate of interest shall be automatically reduced to the maximum lawful contract rate allowed under applicable law as now or hereafter construed by the courts having jurisdiction thereof. It is further agreed that, without limitation of the foregoing, all calculations of the rate of interest contracted for, charged or received under any Schedule or this Lease which are made for the purpose of determining whether such rate exceeds the maximum lawful contract rate, shall be made, to the extent permitted by applicable law, by amortizing, prorating, allocating and spreading in equal parts during the period of the full stated term of the indebtedness evidenced hereby, all interest at any time contracted for, charged or received from Lessee or otherwise by Lessor in connection with such indebtedness; provided, however, that if any applicable state law is amended or the law of the United States of America preempts any applicable state law, so that it becomes lawful for Lessor to receive a greater interest per annum rate than is presently allowed, Lessee agrees that, on the effective date of such amendment or preemption, as the case may be, the lawful maximum hereunder shall be increased to the maximum interest per annum rate allowed by the amended state law or the law of the United States of America (but not in excess of the interest rate contemplated hereunder).

(d) Lessee shall notify Lessor in writing at least forty-five (45) days prior to any change in the name or corporate structure of Lessee. Lessee shall keep its chief place of business and chief executive office, at the location therefor specified in Section XVI(m), or upon forty-five (45) days' prior written notice to Lessor, at such other location in a jurisdiction in which all actions reasonably required by Lessor to protect its interest in the Collateral have been taken.

XVIII. END OF LEASE OPTIONS:

Provided that no Default or Potential Default has occurred under this Agreement, Lessee shall have the option, upon the expiration of the Term, to return, or to purchase, or to renew the Term of this Agreement with respect to, all (but not less than all) of the Equipment leased under all Schedules executed hereunder upon and subject to the following terms and conditions.

(a) [Intentionally omitted]

(b) Renewal. So long as Lessee shall not have exercised its option to return the Equipment or its purchase option pursuant to this Section, Lessee shall have the option, upon the expiration of the Basic Term of the first Schedule to be executed under this Agreement, or upon the expiration of each Renewal Term (excluding the seventh Renewal Term), to renew the Agreement with respect to all, but not less than all, of the Equipment leased under all Schedules executed hereunder for a Renewal Term at the Renewal Term Rent.

(c) Return. So long as Lessee shall not have exercised its option to renew the Agreement or its purchase option pursuant to this Section, Lessee shall have the option, upon the expiration of the Term, to return all (but not less than all) of the Equipment described on all Schedules executed hereunder, to Lessor upon the following terms and conditions: If Lessee desires to exercise this option, Lessee shall (i) pay to Lessor on the last day of the Term with respect to each individual Schedule, in addition to the scheduled Rent then due on such date and all other sums then due hereunder, a terminal rental adjustment amount equal to the Fixed Purchase Price of such Equipment, and (ii) return the Equipment to Lessor in accordance with Section X hereof. Thereafter, upon return of all of the Equipment described on all Schedules executed hereunder, Lessor and Lessee shall arrange for the commercially reasonable sale, scrap or other disposition of the Equipment. Upon satisfaction of the conditions specified in this Paragraph (c), Lessor will transfer, on an AS IS, WHERE IS BASIS, without recourse or warranty, express or implied, of any kind whatsoever, all of Lessor's interest in and to the Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as the condition of such Equipment and other matters (except that Lessor shall warrant that it has conveyed whatever interest it received in the Equipment free and clear of any Liens created by Lessor). Lessor, at Lessee's expense, shall execute and deliver to Lessee such Uniform Commercial Code statements of termination and any other documents as reasonably may be requested by Lessee in order to terminate any interest of Lessor in and to the Equipment. Upon the sale, scrap or other disposition of the Equipment contemplated by this Section XVIII(c), Lessor shall promptly thereafter pay to Lessee an amount equal to the Residual Risk Amount (as specified in the Equipment Schedule or Equipment Schedules, as the case may be) of the Equipment (less all reasonable costs, expenses and fees, including storage, reasonable and necessary maintenance and other remarketing fees incurred in connection with the sale, scrap, or disposition of such Equipment as described

in writing to Lessee) plus all proceeds, if any, of such sale, scrap or other disposition in excess of the applicable Residual Risk Amount of the Equipment and applicable taxes, if any. In the event that the proceeds of such sale, scrap or other disposition of such Equipment are less than the applicable Residual Risk Amount of that Equipment and applicable taxes, if any (for purposes of this Paragraph, a "shortfall"), Lessor shall also pay to Lessee an amount equal to the shortfall multiplied by .07095 multiplied by a fraction, the numerator of which is equal to the number of days from and including the expiration of the Term to, but excluding, the date of such sale, scrap or other disposition and the denominator of which is equal to 360. If the sale, scrap or disposition of any Equipment has not occurred within twelve (12) months after the expiration of the Term, then at Lessee's option, to be exercised by notice to Lessor within thirty (30) days after the end of that twelve-month period, Lessor agrees (i) to pay promptly to Lessee an amount equal to the Residual Risk Amount (as specified in the Equipment Schedule or Equipment Schedules, as the case may be) of that Equipment plus interest thereon in an amount equal to that Residual Risk Amount multiplied by .07095 multiplied by a fraction, the numerator of which is equal to the number of days from and including the expiration of the Term to, but excluding, the date such amount is paid and the denominator of which is equal to 360 (less all reasonable costs, expenses and fees, including storage, reasonable and necessary maintenance and other remarketing fees incurred by Lessor as described in writing to Lessee), in which case Lessor thereafter shall be entitled to retain all proceeds from the sale, scrap or other disposition of that Equipment, or (ii) to transfer that Equipment to Lessee in full satisfaction of any obligation of Lessor to pay Lessee an amount equal to the Residual Risk Amount for that Equipment.

(d) Purchase. So long as Lessee shall not have exercised its option to renew the Agreement or its option to return the Equipment pursuant to this Section, Lessee shall have the option, upon the expiration of the Term, to purchase all (but not less than all) of the Equipment described on all Schedules executed hereunder upon the following terms and conditions: If Lessee desires to exercise this option with respect to the Equipment, Lessee shall pay to Lessor on the last day of the Term with respect to each individual Schedule, in addition to the scheduled Rent (if any) then due on such date and all other sums then due hereunder, in cash the purchase price for the Equipment so purchased, determined as hereinafter provided. The purchase price of the Equipment shall be an amount equal to the Fixed Purchase Price of such Equipment (as specified on the Schedule), plus all taxes and charges upon such sale and all other reasonable and documented expenses incurred by Lessor in connection with such sale, including, without limitation, any such expenses incurred based on a notice from Lessee to Lessor that Lessee intended to return any such items of Equipment. Upon satisfaction of the conditions specified in this Paragraph, Lessor will transfer, on an AS IS, WHERE IS BASIS, without recourse or warranty, express or implied, of any kind whatsoever, all of Lessor's interest in and to the Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of such Equipment and other matters (except that Lessor shall warrant that it has conveyed whatever interest it received in the Equipment free and clear of any Lien created by Lessor). Lessor shall execute and deliver to Lessee such Uniform Commercial Code statements of termination and any other

documents as reasonably may be requested by Lessee in order to terminate any interest of Lessor in and to the Equipment.

(e) Notice of Election. Lessee shall give Lessor and each Participant written notice of its election of the options specified in this Section not less than one hundred eighty (180) days nor more than three hundred sixty-five (365) days before the expiration of the Basic Term or any Renewal Term of the first Schedule to be executed under this Agreement. Such election shall be effective with respect to all Equipment described on all Schedules executed hereunder. If Lessee fails timely to provide such notice, without further action Lessee automatically shall be deemed to have elected (1) to renew the Term of this Agreement pursuant to Paragraph (b) of this Section if a Renewal Term is then available hereunder, or (2) to purchase the Equipment pursuant to Paragraph (d) of this Section if a Renewal Term is not then available hereunder.

XIX. MISCELLANEOUS:

(a) EACH OF LESSEE AND LESSOR HEREBY UNCONDITIONALLY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS LEASE, ANY OF THE OTHER DOCUMENTS, ANY DEALINGS BETWEEN LESSEE AND LESSOR RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION OR ANY RELATED TRANSACTIONS, OR THE RELATIONSHIP THAT IS BEING ESTABLISHED BETWEEN LESSEE AND LESSOR, OR BOTH. The scope of this waiver is intended to be all encompassing of any and all disputes that may be filed in any court (including, without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims). THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS LEASE, ANY OTHER DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS TRANSACTION OR ANY RELATED TRANSACTION. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

(b) Any cancellation or termination by Lessor, pursuant to the provision of this Agreement, any Schedule, supplement or amendment hereto, or the lease of any Equipment or Disbursement Equipment hereunder, shall not release Lessee from any then outstanding obligations to Lessor hereunder.

(c) All Equipment and Disbursement Equipment shall at all times remain personal property of Lessee regardless of the degree of its annexation to any real property and shall not by reason of any installation in, or affixation to, real or personal property become a part thereof.

(d) Time is of the essence of this Agreement. Lessor's failure at any time to require strict performance by Lessee of any of the provisions hereof shall not waive or diminish Lessor's right thereafter to demand strict compliance therewith.

(e) Lessee agrees, upon Lessor's reasonable request, to execute any instrument necessary or expedient for filing, recording or perfecting the interest of Lessor under this Agreement. Lessor shall, to the extent requested by Lessee and at Lessee's expense, cooperate with Lessee to allow Lessee to obtain the contemplated tax benefits of this Agreement, including, without limitation, the filing of any statement with respect to tax abatements or other requirements.

(f) Except to the extent otherwise expressly permitted hereunder or thereunder, all notices, requests, demands, directions and other communications (collectively "notices") under this Agreement shall be in writing (including telexed and telecopied communication) and shall be sent by first-class mail, return receipt requested, or by nationally-recognized next-day courier, or by telex or telecopier (with confirmation in writing mailed first-class or sent by such an overnight courier), or by personal delivery. All notices shall be sent to the applicable party at the address stated above or in accordance with the last unrevoked written direction from such party to the other party hereto, in all cases with postage or other charges prepaid; and all notices and other deliveries to any Participant shall be made to the address for that Participant most recently provided by Lessor in writing to Lessee. Any such properly given notice to Lessor or Lessee shall be effective on the earliest to occur of receipt, telephone confirmation of receipt of telex or telecopy communication, one (1) Business Day after delivery to a nationally-recognized next-day courier, or three (3) Business Days after deposit in the mail.

(g) This Agreement and any Schedule and Annexes thereto constitute the entire agreement of the parties with respect to the subject matter hereof. NO VARIATION OR MODIFICATION OF THIS AGREEMENT, OR ANY WAIVER OF ANY OF ITS PROVISIONS OR CONDITIONS, SHALL BE VALID UNLESS IN WRITING AND SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE PARTIES HERETO. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(h) The representations, warranties and covenants of Lessee herein shall be deemed to survive the closing hereunder. On and prior to the Basic Term Commencement Date, Lessor's obligations to fund and lease specific items of Equipment and Disbursement Equipment shall be conditioned upon Lessee providing to Lessor such information with respect to Lessee's financial condition as Lessor may reasonably require, and Lessor being satisfied that there shall have been no Material adverse change in the business or financial condition of Lessee from the date of execution hereof. The obligations of Lessee under Sections III, X, XIV, XIX(a), XIX(l) and XIX(m), those obligations of Lessee that accrue during the term of this Agreement, and obligations which by their express terms survive the termination of this Agreement, shall survive the termination of this Agreement.

(i) In case of a failure of Lessee to comply with any provision of this Agreement, Lessor shall have the right, but shall not be obligated, to effect such compliance, in whole or in part; and all moneys spent and expenses and obligations incurred or assumed by Lessor in effecting such compliance (together with interest thereon at the rate specified in Paragraph (j) of this Section) shall constitute additional Rent due to Lessor within five (5) days after the date Lessor sends written notice to Lessee requesting payment. Lessor's effecting such compliance shall not be a waiver of Lessee's default.

(j) Any Rent, Interim Rent or other amount not paid to Lessor when due hereunder (after any applicable grace period therefor) shall bear interest, both before and after any judgment or termination hereof, at the lesser of the Daily Lease Rate Factor then in effect plus two percent (2%) per annum or the maximum rate allowed by law.

(k) Any provisions in this Agreement and any Schedule or other Document which are in conflict with any statute, law or applicable rule shall be deemed omitted, modified or altered to conform thereto. Furthermore, if any provision in this Agreement or any Schedule or any other Document shall for any reason be or become illegal, void or unenforceable, that illegality, voiding or unenforceability shall not affect any other provision hereof or thereof.

(l) Lessee agrees to pay on demand all reasonable costs and expenses incurred by Lessor in connection with the preparation, execution, delivery, filing, recording, amendment and administration of any of the Documents, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for Lessor, and all costs and expenses, if any, in connection with the enforcement of any of the Documents. In addition, Lessee shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of any of the Documents and the other documents to be delivered under the Documents, and agrees to save Lessor harmless from and against any and all liabilities with respect to or resulting from any delay attributed to Lessee in paying or failing to pay such taxes and fees.

(m) If there shall occur and be continuing any Default or if this Lease is terminated, Lessor and each Participant shall have the right at any time to set off against and to appropriate and apply toward the payment of the obligations of Lessee then owing, whether or not the same shall then have matured, any and all deposit balances then owing by Lessor or that Participant to or for the credit or account of the Companies or any thereof, including but not limited to all deposits (whether time or demand, general or special, provisionally credited or finally credited, whether or not evidenced by a certificate of deposit) and whether now or hereafter maintained, all without notice to or demand upon Lessee or any other person, all such notices and demands being hereby expressly waived.

XX. CHOICE OF LAW; JURISDICTION

(a) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY, AND

CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF OHIO (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE EQUIPMENT OR DISBURSEMENT EQUIPMENT EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, IN RESPECT OF ANY PARTICULAR PROPERTY, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF OHIO.

(b) EACH OF LESSEE AND LESSOR HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(i) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR OHIO STATE COURT SITTING IN CUYAHOGA COUNTY, OHIO, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY SCHEDULE OR ANY DOCUMENT AND HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL IMPAIR THE RIGHT OF LESSOR TO BRING PROCEEDINGS AGAINST LESSEE IN THE COURTS OF ANY OTHER JURISDICTION TO ENFORCE ANY INTEREST OR CLAIM IN RESPECT OF ANY ITEM OF EQUIPMENT OR DISBURSEMENT EQUIPMENT, IN WHICH CASE LESSEE SHALL HAVE NO RIGHT TO ASSERT ANY COUNTERCLAIM IF THE PROCEEDING IS IN ANY COURT LOCATED OUTSIDE OF CUYAHOGA COUNTY, OHIO; and

(ii) CONSENTS AND AGREES TO SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER LEGAL PROCESS BY REGISTERED OR CERTIFIED U.S. MAIL, POSTAGE PREPAID, TO THE PARTIES IN ACCORDANCE WITH SECTION XIX(f), AND CONSENTS AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE IN EVERY RESPECT VALID AND EFFECTIVE SERVICE (BUT NOTHING HEREIN SHALL AFFECT THE VALIDITY OR EFFECTIVENESS OF PROCESS SERVED IN ANY OTHER MANNER PERMITTED BY LAW).

(c) LESSEE HEREBY IRREVOCABLY AND UNCONDITIONALLY CONSENTS AND AGREES THAT ANY JUDICIAL PROCEEDING BY LESSEE AGAINST LESSOR OR ANY AFFILIATE THEREOF INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY SCHEDULE OR ANY DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CUYAHOGA COUNTY, OHIO.

XXI. CHATTEL PAPER:

To the extent that any Schedule would constitute chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest therein may be created through the transfer or possession of this Agreement in and of itself without the transfer or possession of the original of a Schedule executed pursuant to this Agreement and incorporating this Agreement by reference; and no security interest in this Agreement and a Schedule may be created by the transfer or possession of any counterpart of the Schedule other than the original thereof, which shall be identified as the document marked "Original" and all other counterparts shall be marked "Duplicate".

XXII. EARLY TERMINATION

On or after the second anniversary of the date of this Agreement, Lessee may, so long as no Default or Potential Default hereunder has occurred and is continuing, terminate this Agreement as to all (but not less than all) of the Equipment described on all Schedules executed hereunder, as of a Rent Payment Date ("TERMINATION Date") upon at least thirty (30) days' prior written irrevocable notice to Lessor.

(a) On the Termination Date, Lessee shall pay to Lessor in cash the purchase price for the Equipment, determined as hereinafter provided. The purchase price of the Equipment shall be an amount equal to the sum of (A) the Termination Value (calculated as of the Termination Date) for the Equipment, plus (B) all taxes and charges upon sale, plus (C) all Rent and other sums due and unpaid as of the Termination Date. Upon satisfaction of the conditions specified in this Paragraph (a), Lessor will transfer, on an AS IS, WHERE IS BASIS, all of Lessor's interest in and to the Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of such Equipment and other matters (except that Lessor shall warrant that it has conveyed whatever interest it received in such Equipment free and clear of any Lien created by Lessor). Lessor shall execute and deliver to Lessee such Uniform Commercial Code statements of termination as reasonably may be required in order to terminate any interest of Lessor in and to the Equipment.

(b) For the purposes of this Section XXII, the terms "expenses" and "charges upon sale" as used in Paragraph (a) shall include, without limitation, all reasonable legal fees, commissions, filing costs, administrative charges (as described below) and other charges incurred or payable by Lessor in connection with the transactions contemplated therein. Lessor agrees to provide Lessee with a written statement detailing such amounts if so requested by Lessee. Lessee acknowledges and agrees that it shall pay and otherwise be fully responsible for all such amounts.

XXIII. GENERAL FINANCIAL STANDARDS:

Lessee agrees that so long as this Agreement remains in effect and thereafter until all obligations of Lessee hereunder shall have been paid and performed in full, Lessee will observe each of the following:

(a) Lessee will not suffer or permit the consolidated Tangible Net Worth of the Companies at any time to be less than one hundred seventy million six hundred ninety-six thousand dollars (\$170,696,000) plus an amount equal to forty percent (40%) of the Company's annual earnings for the four fiscal quarters ending December 31, 1996 and each December 31 thereafter; provided, that if annual earnings for any fiscal year are a negative figure, the annual earnings for the fiscal year in question shall be treated as zero (0) for the purposes of this Paragraph (a).

(b) Lessee will not suffer or permit the Companies' Funded Indebtedness at any time to exceed an amount equal to the Leverage Multiplier (as hereinafter defined) times the Companies' EBITDA for the four consecutive fiscal quarters most recently ended, all as determined on a consolidated basis. As used herein, "LEVERAGE MULTIPLIER" means (i) from the date of this Agreement to December 30, 1999, inclusive, 3.00, and (ii) on and after December 31, 1999, 2.75.

(c) Lessee will not at any time suffer or permit the ratio of (a) the aggregate of the EBITDA of the Companies for the four consecutive fiscal quarters most recently ended, to (b) the aggregate Interest Expense of the Companies for that period, to be less than 5.00 to 1:00, all as determined on a consolidated basis.

(d) Lessee will not suffer or permit the Funded Indebtedness of the Companies, at any time, to exceed an amount equal to the Required Multiplier (as hereinafter defined) times the sum of the Funded Indebtedness of the Companies plus the Tangible Net Worth of the Companies, all as determined on a consolidated basis. As used herein, "REQUIRED MULTIPLIER" means (i) from the date of this Agreement to December 31, 2000, inclusive, 0.50, and (ii) on and after January 1, 2001, 0.45.

XXIV. COVENANTS

Lessee agrees that so long as this Agreement remains in effect and thereafter until all obligations of Lessee hereunder shall have been paid and performed in full, Lessee will perform and observe, and will cause each Subsidiary of Lessee to perform and observe, each of the following provisions on their respective parts to be complied with, namely:

(a) Each Company will pay in full

(i) prior in each case to the date when penalties for the nonpayment thereof would attach, all taxes, assessments and governmental charges and levies for which it may be or become subject; and

(ii) prior in each case to the date the claim would become delinquent for non-payment, all other lawful claims (whatever their kind or nature) which, if unpaid, might become a Lien upon its property;

provided, that no item need be paid so long as and to the extent that (1) it is contested in good faith and by timely and appropriate proceedings which are effective to stay enforcement thereof or (2) with respect to items not exceeding five hundred thousand dollars (\$500,000) in the aggregate, it is being negotiated in good faith with the relevant governmental authority.

(b) Each Company will at all times keep true and complete financial records in accordance with GAAP and, without limiting the generality of the foregoing, make appropriate accruals to reserves for estimated and contingent losses and liabilities, and will maintain a fiscal year ending December 31.

(c) Each Company will permit Lessor at all reasonable times

(i) to examine that Company's properties and its financial records and to make copies of and extracts from such records and

(ii) to consult with that Company's officers, employees,

accountants, actuaries, trustees and plan administrators in respect of its financial condition, properties and operations and the financial condition of its Pension Plans, each of which parties is hereby authorized to make such information available to Lessor to the same extent that it would to that Company.

(d) Each Company will

(i) keep itself and all of its insurable properties insured at all times to such extent, with such deductibles, by such insurers and against such hazards and liabilities as is generally and prudently done by other business enterprises respectively similar to the Companies, except that if a more specific standard is provided in any Schedule or other Document, the more specific standard shall prevail; and

(ii) forthwith upon Lessor's written request, cause an appropriate officer to deliver to Lessor a certificate setting forth, in form and detail satisfactory to Lessor, such information about that insurance, all as Lessor may from time to time reasonably request.

(e) Each Company will at all times maintain its corporate existence, rights and franchises; provided, however, that this Paragraph shall not prevent any dissolution and liquidation of any Subsidiary or any merger or consolidation permitted by Section XXIV(k).

(f) Each Company will comply with all applicable occupational safety and health laws and Environmental Laws and every other law (whether statutory, administrative, judicial or other and whether federal, state or local) and every lawful governmental order if non-compliance with such law or order would Materially and adversely affect the business, properties or financial condition of the Companies viewed on a consolidated basis; provided, that in the event of any alleged non-compliance, no Company shall be in default under this Paragraph

(f) if and to the extent that it notifies Lessor and

(i) within thirty (30) days after the non-compliance becomes apparent or is alleged, appropriate corrective measures are commenced and such measures are diligently pursued to the satisfaction of Lessor, or

(ii) the alleged non-compliance is contested in good faith by timely and appropriate proceedings which are effective to stay enforcement thereof.

No Company will cause or permit the release or disposal of hazardous waste, solid waste or other wastes on, under or to any real property in which such Company holds any interest, or performs any of its operations, in violation of any Environmental Law. Lessee shall defend, indemnify and hold Lessor harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind (including, without limitation, the reasonable fees and disbursements of counsel) arising out of or resulting from any Company's non-compliance with any Environmental Law.

(g) Each Company will maintain all fixed assets necessary to its continuing operations in good working order and condition, ordinary wear and tear excepted.

(h) No Company will

(i) make or keep any investment in any notes, bonds or other obligations of any kind for the payment of money or make or have outstanding at any time any advance or loan to anyone, or

(ii) be or become a Guarantor of any kind;

provided, that this Paragraph shall not apply to

(A) any existing or future advance to an officer or employee of any Company in the normal course of business and consistent with past practice,

(B) any endorsement of a check or other medium of payment for deposit or collection, or any similar transaction in the normal course of business,

(C) any investment in an existing or future Subsidiary,

(D) any Guaranty by Lessee of Funded Indebtedness of any Company to the extent that such Funded Indebtedness of that Company is otherwise permitted by this Agreement,

(E) investments in notes, bonds or other obligations of persons (other than Subsidiaries) in which Lessee has an equity investment, provided that the aggregate amount of such investments, excluding any equity investments permitted by Paragraph (k) below, do not exceed fifteen million dollars (\$15,000,000),

(F) guarantees not otherwise permitted hereby, in an amount not to exceed twenty million dollars (\$20,000,000) outstanding at any time,

(G) any existing or future Receivable of any Company so long as such Receivable arises from the sale of goods or services in the normal course of such Company's business and is consistent with such Company's past practice, or

(H) any existing or future investment in Eligible Investments.

(i) No Company will create, assume or have outstanding at any time any Indebtedness for Borrowed Money or any Funded Indebtedness of any kind if after giving effect to such Indebtedness for Borrowed Money or Funded Indebtedness, Lessee would be in non-compliance with any of the financial standards set forth in Section XXIII.

(j) No Company will

(i) lease any property as lessee or acquire or hold any property subject to any land contract, inventory consignment (except for any Company that deals in precious metals which are subject to any consignment arrangement in effect as of the date of this Agreement, and replacements, renewals or extensions thereof) or other title retention contract, or

(ii) sell or otherwise transfer any Receivables, whether with or without recourse, or

(iii) suffer or permit any property (whether real, personal or mixed and whether tangible or intangible, including, without limitation, inventory and accounts receivable) now owned or hereafter acquired by it to be or become encumbered by any Lien, except that the Equipment may be subject to the Permitted Liens, as described in Section V(c);

provided, that this Paragraph shall not apply to

(A) any tax Lien, or any Lien securing workers' compensation or unemployment insurance obligations, or any mechanics', carrier's or landlord's Lien, or any Lien arising under ERISA, or any security interest arising under article four (bank deposits and collections) or five (letters of credit) of the Uniform Commercial Code, or any similar Lien, except that this clause (A) shall apply only to Liens arising by operation of law (whether statutory or common law) and in the ordinary course of business and shall not apply to any Lien that secures any indebtedness for borrowed money or any guaranty thereof or any obligation that is in Material default in any manner (other than any default contested in good faith by timely and appropriate proceedings effective to stay enforcement of the Lien in question),

(B) zoning or deed restrictions, public utility easements, minor title irregularities and similar matters having no adverse effect as a practical matter on the ownership or use of any of the property in question,

(C) any Lien securing or given in lieu of surety, stay, appeal or performance bonds, or securing performance of contracts or bids (other than contracts for the payment of money borrowed), or deposits required by law or governmental regulations or by any court order, decree, judgment or rule or as a condition to the transaction of business or the exercise of any right, privilege or license, except that this clause (C) shall not apply to any Lien or deposit securing an obligation that is in Material default in any manner (other than any default contested in good faith by timely and appropriate proceedings effective to stay enforcement of the Lien in question),

(D) any lien securing only the Rent, Interim Rent or other obligations of Lessee hereunder,

(E) any Lien (each, a "Purchase Money Security Interest") which is created or assumed in purchasing, leasing, constructing or improving any real property or equipment or to which any such property is subject when purchased, provided that (1) the Purchase Money Security Interest shall be confined to the aforesaid property, (2) the indebtedness secured thereby does not exceed the total cost of the purchase, construction or improvement,

(3) any such indebtedness, if repaid in whole or in part, cannot be reborrowed and (4) the aggregate amount of such indebtedness incurred in any fiscal year cannot exceed ten million dollars (\$10,000,000),

(F) any lease, other than any capitalized lease (it being agreed that a capitalized lease is a Lien rather than a lease for the purposes of this Agreement) or the Port Authority Lease, so long as the aggregate annual rentals under all such leases of all the Companies do not exceed six million five hundred thousand dollars (\$6,500,000),

(G) any Lien which (together with the indebtedness secured thereby) is fully disclosed in the Financial Statements,

(H) any financing statement perfecting a security interest that would be permissible under this Paragraph, or

(I) the sale by Brush Wellman Japan Ltd. of any of its Receivables provided the sale of such Receivables occurs in the normal course of its business and is consistent with its past practice and that any indebtedness arising in connection therewith is permitted by Paragraph (i) above.

(k) No Company will

(i) be a party to any merger or consolidation, or

(ii) be or become a party to any joint venture or partnership, or make or keep any investment in any other stocks or other equity securities of any kind or otherwise acquire all or substantially all of the assets of another person, except that this clause (ii) shall not apply to (A) Lessee's existing investments in the stocks and other equity securities of existing or future Subsidiaries, (B) any other investment reflected in the Financial Statements, or (C) acquisitions of assets of persons or equity investments made in persons, other than Subsidiaries, after the date of this Agreement in an aggregate amount, excluding investments permitted by Paragraph (h) above, not to exceed forty-five million dollars (\$45,000,000) in the aggregate during any fiscal year of Lessee, provided, that of that amount not more than twenty million dollars (\$20,000,000) in the aggregate is paid by the Companies in cash during any fiscal year, or

(iii) lease as lessor, sell, sell-leaseback or otherwise transfer (whether in one transaction or a series of transactions) all or any substantial part of its fixed assets (other than in respect of the Port Authority Lease and chattels that shall have become obsolete or no longer useful in its present business with a fair market value not exceeding ten million dollars (\$10,000,000) in the aggregate during any fiscal year), or the capital stock of any Subsidiary of Lessee (other than the sale of all of the capital stock of one or more Subsidiaries of Lessee that own assets with a fair market value not exceeding ten million dollars (\$10,000,000) in the aggregate during any fiscal

year so long as Lessor, within ten (10) Business Days of receipt of notice of the proposed sale, notifies Lessee in writing that Lessor believes the proposed sale could have a Material adverse effect on the consolidated financial condition of the Companies);

provided, that if no Default or Potential Default shall then exist and if none would thereupon begin to exist, this Paragraph (k) shall not apply (y) to any merger or consolidation of any Subsidiary of Lessee with any other Subsidiary of Lessee so long as a Subsidiary of Lessee is the surviving entity or to any merger or consolidation of any wholly owned Subsidiary of Lessee with Lessee so long as Lessee is the surviving corporation, or (z) to any dissolution and liquidation of a Subsidiary of Lessee, or any transfer of assets between Subsidiaries of Lessee or from any Subsidiary of Lessee to Lessee.

XXV. CERTAIN DEFINITIONS

(a) Any accounting term used in this Agreement shall have the meaning ascribed thereto by GAAP, subject, however, to such modification, if any, as may be provided in this Section XXV or elsewhere in this Agreement.

(b) As used in this Agreement and in any Schedule and other Document, except where the context clearly requires otherwise,

Accumulated Funding Deficiency shall have the meaning ascribed thereto in section 302(a)(2) of ERISA;

Acquisition Cost of each item of Equipment or Disbursement Equipment, as the case may be, means an amount equal to the sum of (i) the total cost paid by Lessor for such item of Equipment, plus (ii) all costs and expenses approved and paid by Lessor in connection with the engineering, delivery and installation of such item of Equipment;

Business Day means (a) with respect to the LIBOR Rate, a day on which banks in the London Interbank Market deal in United States of America dollar deposits and on which banking institutions are generally open for domestic and international business in Cleveland, Ohio, and in New York City and (b) in any other case, any day other than a Saturday or a Sunday or a public holiday or other day on which banking institutions located in Cleveland, Ohio, are authorized by law or other governmental action to close;

Company refers to Lessee or to a Subsidiary of Lessee, as the case may be, and Companies refers to Lessee and its Subsidiaries;

Contingent Obligation means any direct or indirect liability, contingent or otherwise, with respect to any Funded Indebtedness, lease, dividend, letter of credit, banker's acceptance or other obligation of another Person incurred to provide assurance to

the obligee of such obligation that such obligation will be paid or discharged, that any agreements relating thereto will be complied with, or that the holders of such obligation will be protected (in whole or in part) against loss in respect thereof;

Credit Agreement means the Amended and Restated Credit Agreement, dated as of December 13, 1994, among Lessee, Lessor, in its capacity as Agent, and the banks parties thereto, as the same may be amended or modified from time to time;

Default is defined in Section XI;

EBIT means for any period, with respect to Lessee and its Subsidiaries, the sum of (a) the Net Income for such period plus (b) the Interest Expense for such period plus (c) charges against income for taxes for such period, all on a consolidated basis;

EBITDA means for any period, with respect to Lessee and its Subsidiaries, the sum of (a) EBIT plus (b) the charges against income for depreciation for such period plus (c) the charges against income for amortization for such period, plus (d) other non-cash charges for such period, minus (e) any and all non-cash credits to Net Income, all as determined on a consolidated basis in accordance with GAAP;

Eligible Investments means any of the following investments (each reference to a "rating category" of either Moody's or Standard & Poor's shall refer to a rating category of such corporation without regard to gradations within ratings):

(i) obligations issued or guaranteed as to full and timely payment by the United States of America or by any person controlled or supervised by or acting as an instrumentality of the United States of America pursuant to authority granted by Congress;

(ii) obligations issued or guaranteed by any state or political subdivision thereof and rated in the highest rating category (if rated as short-term obligations) or the second highest rating category (if rated as long-term obligations) by Moody's or Standard & Poor's;

(iii) commercial or finance paper rated in the highest rating category by Moody's or Standard & Poor's;

(iv) deposit accounts, bankers' acceptances, certificates of deposit or bearer deposit notes in any bank that is a party to the Credit Agreement or any bank affiliated with any such bank or any other financial institution reasonably acceptable to Lessor and with a reported capital and surplus of not less than \$50,000,000, the debt obligations (or, in the case of the principal bank in a bank holding company, debt obligations of the bank holding company) of which are rated by Moody's or Standard & Poor's not lower than the second highest rating category (if rated as long-term

obligations) or the second highest rating category (if rated as short-term obligations);

(v) repurchase agreements secured fully by obligations of the type specified in clause (i) and issued by any government bond dealer reporting to, trading with and recognized as a primary dealer by, the Federal Reserve Bank of New York;

(vi) interests in a unit investment trust composed of obligations rated in the highest rating category, whether rated as short-term or long-term obligations, by Moody's or Standard & Poor's;

(vii) money market mutual funds, rated in the highest rating category by Moody's or Standard & Poor's, and invested solely in obligations or securities described in clause (i), (ii), (iii) or (v) above; and

(viii) investment agreements other than repurchase agreements with banks or bank holding companies or other qualified providers which have ratings assigned to their long-term unsecured obligations by Moody's or Standard & Poor's which are not lower than the second highest rating category for long-term debt or which have ratings assigned to their short-term obligations by Moody's or Standard & Poor's in the highest rating category for short-term debt;

Elmore Project means the construction and equipping of an alloy strip mill to be leased by Lessee from the Toledo-Lucas County Port Authority and located at 14710 West Portage River S. Road, Harris Township, Ottawa County, Ohio 43416;

Environmental Laws mean all laws, ordinances, rules and regulations pertaining to environmental matters, including, without limitation, solid waste disposal, toxic substances, hazardous substances, hazardous materials, hazardous waste, toxic chemicals, pollutants, contaminants, and air or water pollution and to the storage, use, handling, transportation, discharge and disposal (including spills and leaks) of gaseous, liquid, semi-solid or solid materials (all terms pertaining to Environmental Laws not defined in this Agreement shall have the meanings ascribed thereto in the respective Environmental Laws);

ERISA means the Employee Retirement Income Security Act of 1974 (P.L. 93-406) as amended from time to time; and in the event of any amendment affecting any section thereof referred to in this Agreement, that reference shall be a reference to that section as amended, supplemented, replaced or otherwise modified;

Financial Statements means the financial statements of the Companies described in Section XVI(g);

Funded Indebtedness of a Person shall mean, without duplication:

- (a) all Indebtedness for Borrowed Money of such Person and all other obligations of such Person for the deferred purchase price of property or services (including, without limitation, all obligations contingent or otherwise of such Person in connection with acceptance, letter of credit or similar facilities and in connection with any agreement to purchase, redeem or otherwise acquire for value any capital stock of such Person, or agreement to purchase, redeem or otherwise acquire for value any rights or options to acquire such capital stock, now or hereafter outstanding);
- (b) all indebtedness created or arising under any sale and leaseback arrangement, conditional sale or other title retention agreement with respect to property owned or acquired by such Person (whether or not the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property);
- (c) All obligations secured by a Lien on property owned by such Person (whether or not assumed) (without regard to any limitation of the rights and remedies of the holder of such Lien or the lessor under any lease to repossession or sale of such property), excluding the State Loan and the Port Authority Lease; and
- (d) All obligations of such Person under a product financing or similar arrangement described in paragraph 8 of FASB Statement of Accounting Standards No. 49 or any similar requirement of GAAP;

GAAP means generally accepted accounting principles applied in a manner consistent with those used in the Financial Statements;

Guarantor means any Person that is liable for any Contingent Obligation; and Guaranty or guaranty means the obligation of a Guarantor; provided, however, that the amount of any Guaranty shall be deemed to be equal to the outstanding amount of the obligation that is guaranteed thereby or such lesser amount to which the maximum exposure of the Guarantor may be contractually limited in writing;

Indebtedness for Borrowed Money of a Person shall mean at any time, all indebtedness required by GAAP to be reflected as indebtedness on such Person's balance sheet, including as appropriate, all indebtedness (i) in respect of any money borrowed; (ii) under or in respect of any Guaranty (whether direct or indirect) of any money borrowed; (iii) evidenced by any loan or credit agreement, promissory note, debenture, bond, or other similar written obligation for borrowed money or (iv) arising under any lease that is, or is required under GAAP to be, capitalized on the balance sheet of such Person at such time, and any obligations of such Person under any Synthetic Lease;

Insolvency Action means either (a) a pleading of any kind filed by the person, corporation or entity (an "insolvent") in question to seek relief from the insolvent's creditors, or filed by the insolvent's creditors or any thereof to seek relief of any kind against that insolvent, in any court or other tribunal pursuant to any law (whether federal, state or other) relating generally to the rights of creditors or the relief of debtors or both, or (b) any other action of any kind commenced by an insolvent or the insolvent's creditors or any thereof for the purpose of marshalling the insolvent's assets and liabilities for the benefit of the insolvent's creditors; and "Insolvency Action" includes (without limitation) a petition commencing a case pursuant to any chapter of the federal bankruptcy code, any application for the appointment of a receiver, trustee, liquidator or custodian for the insolvent or any substantial part of the insolvent's assets, and any assignment by an insolvent for the general benefit of the insolvent's creditors;

Interest Expense means, for any period, with respect to Lessee and its Subsidiaries, the aggregate amount of interest expense for such period on the aggregate principal amount of any Funded Indebtedness, including capitalized interest, as determined on a consolidated basis in accordance with GAAP;

Material means material as determined by Lessor in its reasonable exercise of its discretion;

Maximum Acquisition Cost means with respect to the aggregate Acquisition Cost of the Equipment under all of the Schedules, \$56,080,000;

Moody's means Moody's Investors Service, Inc., and its successors and assigns;

Net Income means net income as determined on a consolidated basis in accordance with GAAP, after taxes and after extraordinary items, but without giving effect to any gain from any re-appraisal or write-up of any asset;

Pension Plan means a defined benefit plan (as defined in section 3(35) of ERISA) of the Companies or any thereof and includes, without limitation, any such plan that is a multi-employer plan (as defined in section 3(37) of ERISA) applicable to any of the Companies' employees;

Person or persons means any individual, corporation, company, entity, partnership, joint venture, association, joint stock company, trust, trustee (s) of a trust, unincorporated organization, or governmental authority or agency;

Port Authority Bonds means the Taxable Project Development Revenue Bonds, Series 1996 (Brush Wellman Inc. Project) issued, sold and delivered by the Toledo-Lucas County Port Authority to The Prudential Insurance Company of America in the principal amount of \$13,100,000;

Port Authority Lease means the Lease, dated as of October 1, 1996, between the Toledo-Lucas County Port Authority, as lessor, and Lessee, as lessee, relating to certain real and personal property located at the Elmore Project;

Potential Default means an event, condition or thing which constitutes, or which with the lapse of any applicable grace period or the giving of notice or both would constitute, a Default referred to in Section XI and which has not been appropriately waived in writing in accordance with this Agreement or fully corrected, prior to becoming an actual Default, to the full satisfaction of Lessor;

Purchase Order means any and all purchase orders, agreements, documents or other writings that evidence or otherwise relate to the purchase of any item of Equipment;

Receivable means a claim for money due or to become due, whether classified as an account, instrument, chattel paper, general intangible, incorporeal hereditament or otherwise, and any proceeds of the foregoing;

Reportable Event has the meaning ascribed thereto by ERISA;

Standard & Poor's means Standard & Poor's Rating Service, a Division of The McGraw-Hill Companies, Inc., and its successors and assigns;

State Loan means the Taxable State of Ohio Revenue Note (Brush Wellman Inc. Project) (the "Note") in the principal amount of \$5,000,000 issued, sold and delivered by the Toledo-Lucas County Port Authority to the Director of Development of the State of Ohio pursuant to the Loan Agreement, dated as of October 1, 1996, between those Persons;

Subsidiary means a corporation or other business entity of which shares constituting a majority of its outstanding capital stock (or other form of ownership) or constituting a majority of the voting power in any election of directors (or shares constituting both majorities) are (or upon the exercise of any outstanding warrants, options or other rights would be) owned directly or indirectly at the time in question by the corporation in question or another "subsidiary" of that corporation or any combination of the foregoing;

Synthetic Lease means any lease that is considered a financing for federal income tax purposes, but is considered an operating lease for purposes of GAAP, including, without limitation, this Lease;

Tangible Net Worth means (a) book net worth, less (b) such assets of the Companies, on a consolidated basis, as consist of good will, costs of businesses over net assets acquired, patents, copyrights, trademarks, mailing lists, catalogues, bond discount, underwriting expense, organizational expenses and intangibles

(except that intangibles such as treasury stock which shall have already been deducted from book net worth shall not be deducted again), all as determined on a consolidated basis in accordance with GAAP; and

Vendor means the manufacturer or other seller of any item of Equipment.

The foregoing definitions shall be applicable to the respective plurals of the foregoing defined terms.

(c) The following terms are defined in the text of this Agreement where indicated:

Affiliate has the meaning set forth in Section XII(d).

Assignment of Purchase Orders has the meaning set forth in Section XXVI(a)(viii), or means an Assignment of Purchase Orders otherwise attached to any Schedule, or means both, as the context may require.

Break Amount has the meaning set forth in Section VII(b).

Casualty Insurance has the meaning set forth in Section IX.

Casualty Occurrence has the meaning set forth in Section VII.

Collateral has the meaning set forth in Section XVII(b)

Default has the meaning set forth in Section XI.

Disbursement Commencement Date has the meaning set forth in Section II(b).

Disbursement Equipment has the meaning set forth in Section I.

Disbursement Funding Notice has the meaning set forth in Section XXVI(b).

Disbursement Schedule has the meaning set forth in Section I.

Documents has the meaning set forth in Section XVI(a)

Equipment has the meaning set forth in Section I.

Equipment Schedule has the meaning set forth in Section I.

Excluded Disbursement Equipment has the meaning set forth in Section I(c).

Excluded Disbursement Equipment Payment has the meaning set forth in Section I(e).

Inventory has the meaning set forth in Section XVII(b).

Leverage Multiplier has the meaning set forth in Section XXIII(b).

Lien has the meaning set forth in Section IV(a).

Participant has the meaning set forth in Section XII(c).

Payment Date has the meaning set forth in Section VII.

Permitted Liens has the meaning set forth in Section V(c).

Rent has the meaning set forth in Section II(b).

Replacement Item has the meaning set forth in Section V(d).

Required Multiplier has the meaning set forth in Section XXIII(d).

Schedule has the meaning set forth in Section I.

Sublease has the meaning set forth in Section XII(a).

Substituted Item has the meaning set forth in Section V(d).

Syndication has the meaning set forth in Section XII(c).

Taxes has the meaning set forth in Section III(b).

Term has the meaning set forth in Section II(a).

Termination Date has the meaning set forth in Section XXII.

Treasury Yield has the meaning set forth in Section VII(b).

XXVI. CONDITIONS TO FUNDING

(a) Lessor shall have no obligation to make the initial disbursement for the Acquisition Cost for any Equipment or any Disbursement Equipment unless each of the following conditions is fulfilled to the satisfaction of Lessor:

(i) Lessor shall have received a written opinion of counsel to Lessee dated the date of such initial disbursement, in form and substance satisfactory to Lessor;

(ii) Lessor shall have received: (1) a copy of Lessee's articles of incorporation, certified by the Secretary of State of the State of Ohio, no earlier than the tenth (10th) day prior to the date of such initial disbursement, and Code of Regulations accompanied by a Secretary's or Assistant Secretary's certificate, dated the date of such initial disbursement stating that such articles of incorporation and Code of Regulations are in full force and effect and have not been amended since the date thereof; (2) a certificate of good standing from the Secretary of State of the State of Ohio, dated no earlier than the tenth (10th) day prior to the applicable date, with respect to Lessee; and (3) a copy of resolutions of Lessee's board of directors authorizing the execution, delivery and performance by Lessee of this Lease and all other transactions herein contemplated and each of the documents, instruments and agreements required or contemplated hereby or thereby to which it is or will be a party, accompanied by a Secretary's or Assistant Secretary's certificate of Lessee dated such applicable date (A) stating that each of such resolutions are in full force and effect and has not been amended since the date of their adoption and (B) certifying as to the incumbency and specimen signatures of the officers of Lessee, who are authorized to execute and deliver on behalf of Lessee this Lease and the documents, instruments and agreements contemplated hereby or thereby, as applicable;

(iii) Lessor shall have received a certificate from the chief executive officer or chief financial officer of Lessee to the effect that the representations and warranties of Lessee contained herein and in any certificate of Lessee delivered pursuant hereto are true and correct on and as of such date with the same effect as though made on and as of such date and that no Default or Potential Default shall have occurred;

(iv) Lessor shall have received certificates of insurance, loss payable endorsements and other evidence that Lessee has complied with the provisions of Section IX;

(v) Lessor shall have received evidence satisfactory to it that appropriate instruments have been filed in all jurisdictions necessary to perfect properly the security interest in the Equipment and other Collateral created by this Lease including, without limitation, Section XVII(b) (including financing statements and fixture filings under the Uniform Commercial Code naming Lessee as debtor and naming B.W. Alloy, Ltd. as debtor), subject to no recorded Liens with respect to the Equipment (other than those Liens created by Lessor) and such other collateral in such jurisdictions;

(vi) Lessor shall have received an Agreement from the Toledo-Lucas County Port Authority and a Mortgagee's Agreement from National City Bank, as trustee, and The Prudential Life Insurance Company of America and a Mortgagee's Agreement from the Director of Development of the State of Ohio, which

agreements, among other matters, waive any lien or security interest in the Equipment, all in form and substance satisfactory to Lessor;

(vii) Each of the applicable Documents shall have been executed and delivered and shall be in full force and effect according to its respective terms and all fees due and payable to Lessor have been paid;

(viii) Lessor shall have received a signed Assignment of Purchase Orders in substantially the form of Exhibit 6 hereto (the "ASSIGNMENT OF PURCHASE ORDERS") from B.W. Alloy, Ltd. and Lessee; and

(ix) Lessor shall have received such other documents, opinions, certificates and waivers, in form and substance satisfactory to Lessor, as Lessor may reasonably require.

(b) Lessor shall have no obligation to make a disbursement for the Acquisition Cost for any item of Disbursement Equipment or Equipment unless the conditions set forth in (a) above and each of the following conditions is fulfilled to the satisfaction of Lessor:

(i) No Default or Potential Default has occurred;

(ii) All representations and warranties of Lessee are true and correct, including the representations and warranties set forth in the applicable Schedule, as of the date thereof as though made on that date, and there has been no Material adverse change in the financial condition, properties or business of Lessee;

(iii) Such item constitutes part of the Equipment described on Exhibit 4 hereto, is free from damage and free of all Liens, other than any Lien specifically excepted in Section V(c);

(iv) The disbursement date is not later than the Last Delivery Date, and if any part of that disbursement will constitute the final payment for an item of equipment that has been accepted by Lessee, Lessor has received a Certificate of Acceptance executed and delivered by Lessee relating to that equipment;

(v) The Acquisition Cost of such item, when added to the aggregate Acquisition Cost of all other Disbursement Equipment and Equipment disbursed under this Agreement shall not exceed the Maximum Acquisition Cost;

(vi) Lessor has received an appropriate Disbursement Schedule for such item of Disbursement Equipment, in form and substance satisfactory to Lessor, duly executed by Lessee, and which is covered by the fully signed Assignment of Purchase Orders, which assignment has been consented to by the Vendor of that

Equipment in a form reasonably satisfactory to Lessor, together with a copy of the Purchase Order or Purchase Orders relating to that Disbursement Equipment;

(vii) All licenses, registrations, permits, consents and approvals required by federal, state or local laws or by any governmental authority or instrumentality in connection with Lessor's ownership of, and the delivery, acquisition, installation, use and operation of, such Equipment or Disbursement Equipment that are receivable on the proposed date of disbursement and that are necessary at the stage of installation, use or operation of the Equipment on that date shall have been obtained to the satisfaction of Lessor, and Lessee knows of no reason why any permits, consents or approvals not receivable or not necessary on that date will not be issued when receivable and necessary; and

(viii) Lessor shall have received a fully executed Disbursement Funding Notice in the form of Exhibit 5 (each being a "DISBURSEMENT FUNDING NOTICE") with respect to such Disbursement Equipment or Equipment not later than ten (10) Business Days prior to the proposed date of the disbursement with the amount to be disbursed in respect of any Disbursement Funding Notice not being less than one million dollars (\$1,000,000); provided that (A) the day of the disbursement shall occur on a Business Day that is not later than the Last Delivery Date, and (B) such Disbursement Funding Notice shall specify the proposed date of the disbursement, the aggregate Acquisition Cost to be funded on such date and the list of Disbursement Equipment or Equipment to be funded by Lessor on such date, and is accompanied by invoices supporting the Acquisition Cost of the Disbursement Equipment or Equipment designated in such Disbursement Funding Notice.

Lessor may not submit more than one (1) Disbursement Funding Notice during each calendar month.

(c) On or prior to the Basic Term Commencement Date, Lessor shall have received a written opinion of counsel to Lessee dated the date of the Basic Term Commencement Date, in form and substance reasonably satisfactory to Lessor and at Lessee's expense, to the effect that the Equipment Schedule dated as of that date has been executed and delivered by a duly authorized officer of Lessee and constitutes the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms.

IN WITNESS WHEREOF, Lessee and Lessor have caused this Master Lease Agreement to be executed by their duly authorized representatives as of the date first above written.

LESSOR :

NATIONAL CITY BANK ,
FOR ITSELF AND AS AGENT FOR
CERTAIN PARTICIPANTS

LESSEE :

BRUSH WELLMAN INC .

By: By:
Name: Name:
Title: Title:

EXHIBIT NO. 1

DISBURSEMENT SCHEDULE

SCHEDULE NO. _____
DATED THIS _____ DAY OF _____, 199__
TO MASTER LEASE AGREEMENT DATED AS OF December 30, 1996

Lessor & Mailing Address:

NATIONAL CITY BANK,
FOR ITSELF AND AS AGENT FOR
CERTAIN PARTICIPANTS
1900 East 9th Street
Cleveland, Ohio 44114

Lessee & Mailing Address:

BRUSH WELLMAN INC.
17876 St. Clair Avenue
Cleveland, Ohio 44110

This Disbursement Schedule is executed pursuant to, and incorporates by reference the terms and conditions of, and capitalized terms not defined herein shall have the meanings assigned to them in, the Master Lease Agreement identified above ("Agreement;" said Agreement and this Schedule being collectively referred to as "Lease"). This Disbursement Schedule, incorporating by reference the Agreement, constitutes a separate instrument of lease.

A. Disbursement Equipment.

Pursuant to the terms of the Lease, Lessor agrees to fund disbursements in respect of the Disbursement Equipment listed on Annex A attached hereto and made a part hereof.

B. Financial Terms.

1. Capitalized Lessor's Cost: \$

(on the date of this Schedule)

2. Daily Lease Rate Factor: LIBOR Rate plus sixty (60) basis points per annum

3. Basic Term: The three-year period commencing on the Basic Term Commencement Date

4. Basic Term Commencement Date: The earlier of (a) the date that Lessee designates as the Basic Term Commencement Date in a written notice to Lessor, or (b) December 15, 1998.

5. Equipment Location: Lessee's plant at 14710 W. Portage River South Road, Harris Township, Ottawa County, Ohio 43416.

6. Lessee Federal Tax ID No.: 34-0119320

7. Maximum Lease Term: The Term shall not exceed twelve (12) years.

8. Last Delivery Date: The earlier of November 15, 1998 or the Basic Term Commencement Date.

C. Interim Term and Interim Rent.

1. Interim Rent. For the period from and including the Disbursement Commencement Date to the Basic Term Commencement Date ("Interim Lease Term"), rent ("Interim Rent") shall accrue on the Capitalized Lessor's Cost in an amount equal to the product of the Daily Lease Rate Factor times the Capitalized Lessor's Cost of the Disbursement Equipment times the number of days in the Interim Interest Period. Interest shall be calculated on the basis of a 360 day year for the actual number of days elapsed. Interim Rent shall accrue during each Interim Interest Period and, at the end of each Interim Interest Period, shall be added to and become part of the Lessor's Capitalized Cost outstanding under this Disbursement Schedule, unless otherwise paid as provided in the Agreement.

2. Disbursement Equipment. Lessee represents, warrants and covenants as follows with respect to the Disbursement Equipment listed on Annex A attached hereto:

(i) To the best of its knowledge, the Disbursement Equipment will be completed, shipped and delivered to Lessee, and installed at the Equipment Location on or prior to the Last Delivery Date;

(ii) Each item of Disbursement Equipment constitutes a portion or unit of the Equipment described on Annex A attached hereto; and

(iii) The Purchase Order or Purchase Orders relating to that Disbursement Equipment require the disbursement of funds in an amount equal to the Capitalized Lessor's Cost, and Lessee has received invoices for those funds.

As used in this Schedule, the following terms shall have the following meanings:

"Interim Interest Period" or "Interest Period" shall mean the period beginning on the date of this Schedule and ending on the same day of each month thereafter during the Interim Lease Term.

"Interest Rate" shall mean that percentage per annum calculated as the sum of the LIBOR Rate redetermined monthly, plus sixty (60) basis points.

"LIBOR Rate" shall mean, with respect to any Interim Interest Period occurring during the term of the Lease, an interest rate per annum equal at all times during such Interim Interest Period to the quotient of (1) the rate per annum as determined by Lessor at which deposits of U.S. Dollars in immediately available and freely transferable funds are offered at 11:00 a.m. (London, England time) two (2) Business Days before the commencement of such Interim Interest Period to major banks in the London interbank market for a period of one (1) month and in an amount equal or comparable to the Capitalized Lessor's Cost, divided by (2) a number equal to 1.00 minus the aggregate (without duplication) of the rates (expressed as a decimal fraction) of the LIBOR Reserve Requirements current on the date three (3) Business Days prior to the first day of the Interim Interest Period.

"LIBOR Reserve Requirements" shall mean the daily average for the applicable Interest Period of the maximum rate applicable to Lessor or its Participants at which reserves (including, without limitation, any supplemental, marginal and emergency reserves) are imposed during such Interest Period by the Board of Governors of the Federal Reserve System (or any successor) on "Eurocurrency liabilities", as defined in such Board's Regulation D (or in respect of any other category of liabilities that include deposits by reference to which the interest rates on Eurodollar loans is determined or any category of extensions of credit or other assets that include loans by non-United States offices of any lender to United States residents), having a term equal to such Interest Period, subject to any amendments of such reserve requirement by such Board or its successor, taking into account any transitional adjustments thereto.

If at any time Lessor or any Participant (or, without duplication, the bank holding company of which such Participant is a subsidiary) determines that either adequate and reasonable means do not exist for ascertaining the LIBOR Rate, or it becomes impractical for Lessor or any Participant to obtain funds to make or maintain the financing hereunder with interest at the LIBOR Rate, or Lessor or any Participant reasonably determines that, as a result of changes to applicable law after the date of execution of the Agreement, or the adoption or making after such date of any interpretations, directives or regulations (whether or not having the force of law) by any court, governmental authority or reserve bank charged with the interpretation or administration thereof, it shall be or become unlawful or impossible to make, maintain, or fund the transaction hereunder at the LIBOR Rate, then Lessor promptly shall give notice to Lessee of such determination and Lessor and Lessee shall negotiate in good faith a mutually acceptable alternative method of calculating the Interest Rate and shall execute and deliver such documents as reasonably may be required to incorporate such alternative method of calculating the Interest Rate in this Schedule, within thirty (30) days after the date of Lessor's notice to Lessee. If the parties are unable mutually to agree to such alternative method of calculating the Interest Rate in a timely fashion, (a) effective on the commencement of the next succeeding Interest Period or the date that it becomes impractical for Lessor or any Participant to maintain the financing

hereunder with interest at the LIBOR Rate as aforesaid, as the case may be, the Interest Rate shall become a floating rate equal to the Federal Funds Rate plus sixty (60) basis points, and (b) on the Rent Payment Date next succeeding the expiration of such thirty (30) day period Lessee shall purchase all (but not less than all) of the Disbursement Equipment described on all Disbursement Schedules executed pursuant to the Agreement and shall pay to Lessor, in cash, the purchase price for the Disbursement Equipment so purchased, determined as hereinafter provided. (As used herein, "Federal Funds Rate" means the rate of interest, as reasonably determined by Lessor, paid by or available to Lessor for the purchase of "federal funds" at the time or times in question on a daily overnight basis.) The purchase price of the Disbursement Equipment shall be an amount equal to all amounts disbursed by Lessor in respect of that Disbursement Equipment, together with all rent and other sums then due on such date, plus all taxes and charges upon sale and all other reasonable and documented expenses incurred by Lessor in connection with such sale. Upon satisfaction of the conditions specified in this Paragraph, Lessor will transfer, on an AS IS, WHERE IS BASIS, all of Lessor's interest in and to the Disbursement Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of the Disbursement Equipment and other matters (except that Lessor shall warrant that it conveyed whatever interest it received in such Disbursement Equipment free and clear of any Lien created by Lessor). Lessor shall execute and deliver to Lessee such Uniform Commercial Code statements of termination as reasonably may be required in order to terminate any interest of Lessor in and to the Disbursement Equipment.

3. Lessee shall pay to Lessor, for the account of each Participant, from time to time, the amounts as such Participant may determine to be necessary to compensate it for any costs which such Participant determines are attributable to its making or maintaining its interest in the Lease and the Disbursement Equipment (the "Interest") or any reduction in any amount receivable by such Participant in respect of any such Interest (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any Regulatory Change (as defined below) which:

(i) changes the basis of taxation of any amounts payable to Lessor for the account of such Participant in respect of such Interest (other than taxes imposed on or measured by the overall net income of such Participant in respect of the interest by the jurisdiction in which such Participant has its principal office or its lending office); or

(ii) imposes or modifies any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Participant; or

(iii) imposes any other condition affecting this Lease or any Interest.

For purposes hereof, "Regulatory Change" shall mean any change after the date of this Lease in United States federal, state or foreign law or regulations (including, without limitation, Regulation D of the Board of Governors of the Federal Reserve System (or any

successor), as amended or supplemented from time to time) or the adoption or making after such date of any interpretation, directive or request applying to a class of banks including any Participant or under any United States federal, state or foreign law and whether or not failure to comply therewith would be unlawful) by any court or governmental or monetary authority charged with the interpretation or administration thereof. In addition, whenever Lessee shall revoke any Disbursement Funding Notice or shall for any other reason fail to take a disbursement pursuant thereto or shall fail otherwise to comply therewith, then, in each case on the demand of Lessor or any Participant, Lessee shall pay that Person such amount as will compensate it for any loss, cost or loss of profit incurred by it by reason of its liquidation or reemployment of deposits or other funds.

Without limiting the effect of the foregoing Paragraph (but without duplication), Lessee shall pay to Lessor, for the account of each Participant, from time to time on request such amounts as such Participant may determine to be necessary to compensate such Participant (or, without duplication, the bank holding company of which such Participant is a subsidiary) for any costs which it determines are attributable to the maintenance by such Participant (or any lending office or such bank holding company), pursuant to any law or regulation or any interpretation, directive or request (whether or not having the force of law) of any court or governmental or monetary authority (i) following any Regulatory Change or (ii) implementing any risk-based capital guideline or requirement (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) heretofore or hereafter issued by any government or governmental or supervisory authority implementing at the national level the Basle Accord (including, without limitation, the Final Risk-Based Capital Guidelines of the Board of Governors of the Federal Reserve System (12 C.F.R. Part 208, Appendix A; 12 C.F.R. Part 225, Appendix A) and the Final Risk-Based Capital Guidelines of the Office of the Comptroller of the Currency (12 C.F.R. Part 3, Appendix A)), of capital in respect of such Participant's Interest (such compensation to include, without limitation, an amount equal to any reduction of the rate of return on assets or equity of such Participant (or any lending office or bank holding company) to a level below that which such Participant (or any lending office or bank holding company) could have achieved but for such law, regulation, interpretation, directive or request). For purposes of this Paragraph, "Basle Accord" shall mean the proposals for risk-based capital framework described by the Basle Committee on Banking Regulations and Supervisory Practices in its paper entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988, as amended, modified and supplemented and in effect from time to time or any replacement thereof.

Each Participant shall notify Lessee of any event occurring after the date of this Lease that will entitle such Participant to compensation under the preceding two Paragraphs as promptly as practicable, but in any event within thirty (30) days, after such Participant obtains actual knowledge thereof; provided, that (i) if such Participant fails to give such notice within thirty (30) days after it obtains actual knowledge of such an event, such Participant shall, with respect to compensation payable pursuant to the preceding two Paragraphs in respect of any costs resulting from such event, only be entitled to payment under the referenced Paragraphs for costs incurred from and after the date thirty (30) days

prior to the date that such Participant does give such notice, and (ii) such Participant will designate a different lending office for the Interest if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole opinion of such Participant, be disadvantageous to such Participant. Each Participant will furnish to Lessee a certificate setting forth the basis and amount of each request by such Participant for compensation under the preceding two Paragraphs. Determinations and allocations by each Participant for purposes of the preceding two Paragraphs shall be conclusive, absent manifest error.

D. Insurance.

- 1. Public Liability: \$1,000,000 total liability per occurrence and \$2,000,000 in the aggregate, with excess liability in umbrella form of \$10,000,000 per occurrence and in the aggregate, with a maximum deductible amount of (a) \$1,500,000 per occurrence or (b) an amount equal to \$1,500,000 per occurrence plus the amount of any reserves specifically allocated by Lessee for this type of liability that are satisfactory to Lessor, but in no event greater than \$2,500,000 per occurrence.
- 2. Casualty and Property Damage: An amount equal to the higher of the full replacement cost of each unit of Disbursement Equipment or the amounts disbursed by Lessor in respect of each unit of Disbursement Equipment, with a maximum deductible amount of \$1,000,000 per occurrence.

This Schedule is not binding or effective with respect to the Agreement or Equipment until executed on behalf of Lessor and Lessee by an authorized representative of Lessor and Lessee, respectively.

IN WITNESS WHEREOF, Lessee and Lessor have caused this Schedule to be executed by their duly authorized representatives as of the date first above written.

LESSOR :	LESSEE :
NATIONAL CITY BANK ,	BRUSH WELLMAN INC .
FOR ITSELF AND AS AGENT FOR	
CERTAIN PARTICIPANTS	
By :	By :
Name :	Name :

Title: Title:

ANNEX A

TO
DISBURSEMENT SCHEDULE NO. _____
DATED THIS _____ DAY OF _____, 199__
TO MASTER LEASE AGREEMENT DATED AS OF December 30, 1996

DESCRIPTION OF DISBURSEMENT EQUIPMENT

Vendor	Serial Numbers	Type and Model of Equipment	Number of Units	Cost per Unit
	Initials:	-----	-----	
		Lessor	Lessee	

EXHIBIT NO. 2

EQUIPMENT SCHEDULE

SCHEDULE NO. _____
DATED THIS _____ DAY OF _____, 199__
TO MASTER LEASE AGREEMENT DATED AS OF December 30, 1996

Lessor & Mailing Address:

NATIONAL CITY BANK,
FOR ITSELF AND AS AGENT FOR
CERTAIN PARTICIPANTS
1900 East 9th Street
Cleveland, Ohio 44114

Lessee & Mailing Address:

BRUSH WELLMAN INC.
17876 St. Clair Avenue
Cleveland, Ohio 44110

This Equipment Schedule is executed pursuant to, and incorporates by reference the terms and conditions of, and capitalized terms not defined herein shall have the meanings assigned to them in, the Master Lease Agreement identified above ("Agreement;" said Agreement and this Schedule being collectively referred to as "Lease"). This Equipment Schedule, incorporating by reference the Agreement, constitutes a separate instrument of lease.

A. Equipment.

Pursuant to the terms of the Lease, Lessor agrees to acquire and lease to Lessee the Equipment listed on Annex A attached hereto and made a part hereof.

B. Financial Terms.

1. Capitalized Lessor's Cost: \$ (being an amount equal to funds disbursed and Interim Rent accrued and unpaid in respect of the Equipment and its parts and components during the Interim Lease Period)
2. Daily Lease Rate Factor: LIBOR Rate plus sixty (60) basis points per annum
3. Basic Term: The three-year period commencing on the Basic Term Commencement Date

4. Basic Term Commencement Date: The earlier of (a) the date that Lessee designates as the Basic Term Commencement Date in a written notice to Lessor, or (b) December 15, 1998.
5. Equipment Location: Lessee's plant in 14710 W. Portage River South Road, Harris Township, Ottawa County, Ohio 43416.
6. Lessee Federal Tax ID No.: 34-0119320
7. Lessee agrees and acknowledges that the Capitalized Lessor's Cost of the Equipment as stated on the Schedule is equal to the fair market value of the Equipment on the date hereof.
8. Renewal Term: Each Renewal Term will consist of a one-year period, and subject to Section XVIII(b), Lessee may elect up to seven (7) Renewal Terms.
9. Maximum Lease Term: The Term shall not exceed twelve (12) years.
10. Stipulated Loss Values: See Annex D.
11. Termination Values: See Annex D.
12. Assumed Interest Rate: _____ % (which will be determined three (3) Business Days before the date of execution of this Schedule).
13. Last Delivery Date: The earlier of November 15, 1998 or the Basic Term Commencement Date.

C. Term and Rent.

1. Basic Term and Renewal Term Rent. Commencing on the Basic Term Commencement Date and payable, in arrears, on the same day of each quarter thereafter (each, a "Rent Payment Date") during the Basic Term ("Basic Term Rent") and any Renewal Term ("Renewal Term Rent"), Lessee shall pay as Rent quarterly installments of (a) interest on the unamortized portion of the unpaid Capitalized Lessor's Cost as of the immediately preceding Rent Payment Date (after application of the Rent paid on such date) at the Interest Rate for the Interest Period following such immediately preceding Rent Payment Date and (b) of principal in the principal amounts described on the Amortization Schedule attached as Annex E. Interest shall be calculated on the basis of a 360 day year for the actual number of days elapsed. Said Rent consists of principal and interest components, such principal components being as provided in the Amortization Schedule attached hereto as Annex E.

As used herein, the following terms shall have the following meanings:

"Interest Period" shall mean the period beginning on the Basic Term Commencement Date and ending on the next Rent Payment Date, and each subsequent quarterly period.

"Interest Rate" shall mean that percentage per annum calculated as the sum of the LIBOR Rate redetermined quarterly, plus sixty (60) basis points.

"LIBOR Rate" shall mean, with respect to any Interest Period occurring during the term of the Lease, an interest rate per annum equal at all times during such Interest Period to the quotient of (1) the rate per annum as determined by Lessor at which deposits of U.S. Dollars in immediately available and freely transferable funds are offered at 11:00 a.m. (London, England time) two (2) Business Days before the commencement of such Interest Period to major banks in the London interbank market for a period of three (3) months and in an amount equal or comparable to the Capitalized Lessor's Cost, divided by (2) a number equal to 1.00 minus the aggregate (without duplication) of the rates (expressed as a decimal fraction) of the LIBOR Reserve Requirements current on the date three (3) Business Days prior to the first day of the Interest Period.

"LIBOR Reserve Requirements" shall mean the daily average for the applicable Interest Period of the maximum rate applicable to Lessor or its Participants at which reserves (including, without limitation, any supplemental, marginal and emergency reserves) are imposed during such Interest Period by the Board of Governors of the Federal Reserve System (or any successor) on "Eurocurrency liabilities", as defined in such Board's Regulation D (or in respect of any other category of liabilities that include deposits by reference to which the interest rates on Eurodollar loans is determined or any category of extensions of credit or other assets that include loans by non-United States offices of any lender to United States residents), having a term equal to such Interest Period, subject to any amendments of such reserve requirement by such Board or its successor, taking into account any transitional adjustments thereto.

If at any time Lessor or any Participant (or, without duplication, the bank holding company of which such Participant is a subsidiary) determines that either adequate and reasonable means do not exist for ascertaining the LIBOR Rate, or it becomes impractical for Lessor or any Participant to obtain funds to make or maintain the financing hereunder with interest at the LIBOR Rate, or Lessor or any Participant reasonably determines that, as a result of changes to applicable law after the date of execution of the Agreement, or the adoption or making after such date of any interpretations, directives or regulations (whether or not having the force of law) by any court, governmental authority or reserve bank charged with the interpretation or administration thereof, it shall be or become unlawful or impossible to make, maintain, or fund the transaction hereunder at the LIBOR Rate, then Lessor promptly shall give notice to Lessee of such determination and Lessor and Lessee shall negotiate in good faith a mutually acceptable alternative method of calculating the Interest Rate and shall execute and deliver such documents as reasonably may be required to incorporate such alternative method of calculating the Interest Rate in this Schedule, within thirty (30) days after the date of Lessor's notice to Lessee. If the parties

are unable mutually to agree to such alternative method of calculating the Interest Rate in a timely fashion, (a) effective on the commencement of the next succeeding Interest Period or the date that it becomes impractical for Lessor or any Participant to maintain the financing hereunder with interest at the LIBOR Rate as aforesaid, as case may be, the Interest Rate shall become a floating rate equal to the Federal Funds Rate plus sixty (60) basis points, and (b) on the Rent Payment Date next succeeding the expiration of such thirty (30) day period Lessee shall purchase all (but not less than all) of the Equipment described on all Schedules executed pursuant to the Agreement and shall pay to Lessor, in cash, the purchase price for the Equipment so purchased, determined as hereinafter provided. (As used herein, "Federal Funds Rate" means the rate of interest, as reasonably determined by Lessor, paid by or available to Lessor for the purchase of "federal funds" at the time or times in question on a daily overnight basis.) The purchase price of the Equipment shall be an amount equal to the Stipulated Loss Value of such Equipment calculated in accordance with Annex D as of the date of payment, together with all rent and other sums then due on such date, plus all taxes and charges upon sale and all other reasonable and documented expenses incurred by Lessor in connection with such sale. Upon satisfaction of the conditions specified in this Paragraph, Lessor will transfer, on an AS IS, WHERE IS BASIS, all of Lessor's interest in and to the Equipment. Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of the Equipment and other matters (except that Lessor shall warrant that it conveyed whatever interest it received in such Equipment free and clear of any Lien created by Lessor). Lessor shall execute and deliver to Lessee such Uniform Commercial Code statements of termination as reasonably may be required in order to terminate any interest of Lessor in and to the Equipment.

2. If the Rent Payment Date or any Rent Payment Date is not a Business Day, the Rent otherwise due on such date shall be payable on the immediately preceding Business Day.

3. Lessee shall pay to Lessor, for the account of each Participant, from time to time the amounts as such Participant may determine to be necessary to compensate it for any costs which such Participant determines are attributable to its making or maintaining its interest in the Lease and the Equipment (the "Interest") or any reduction in any amount receivable by such Participant in respect of any such Interest (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any Regulatory Change (as defined below) which:

(i) changes the basis of taxation of any amounts payable to Lessor for the account of such Participant in respect of such Interest (other than taxes imposed on or measured by the overall net income of such Participant in respect of the interest by the jurisdiction in which such Participant has its principal office or its lending office); or

(ii) imposes or modifies any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Participant; or

(iii) imposes any other condition affecting this Lease or any Interest.

For purposes hereof, "Regulatory Change" shall mean any change after the date of this Lease in United States federal, state or foreign law or regulations (including, without limitation, Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as amended or supplemented from time to time) or the adoption or making after such date of any interpretation, directive or request applying to a class of banks including any Participant or under any United States federal, state or foreign law and whether or not failure to comply therewith would be unlawful) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

Without limiting the effect of the foregoing Paragraph (but without duplication), Lessee shall pay to Lessor, for the account of each Participant, from time to time on request such amounts as such Participant may determine to be necessary to compensate such Participant (or, without duplication, the bank holding company of which such Participant is a subsidiary) for any costs which it determines are attributable to the maintenance by such Participant (or any lending office or such bank holding company), pursuant to any law or regulation or any interpretation, directive or request (whether or not having the force of law) of any court or governmental or monetary authority (i) following any Regulatory Change or (ii) implementing any risk-based capital guideline or requirement (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) heretofore or hereafter issued by any government or governmental or supervisory authority implementing at the national level the Basle Accord (including, without limitation, the Final Risk-Based Capital Guidelines of the Board of Governors of the Federal Reserve System (12 C.F.R. Part 208, Appendix A; 12 C.F.R. Part 225, Appendix A) and the Final Risk-Based Capital Guidelines of the Office of the Comptroller of the Currency (12 C.F.R. Part 3, Appendix A)), of capital in respect of such Participant's Interest (such compensation to include, without limitation, an amount equal to any reduction of the rate of return on assets or equity of such Participant (or any lending office or bank holding company) to a level below that which such Participant (or any lending office or bank holding company) could have achieved but for such law, regulation, interpretation, directive or request). For purposes of this Paragraph, "Basle Accord" shall mean the proposals for risk-based capital framework described by the Basle Committee on Banking Regulations and Supervisory Practices in its paper entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988, as amended, modified and supplemented and in effect from time to time or any replacement thereof.

Each Participant shall notify Lessee of any event occurring after the date of this Lease that will entitle such Participant to compensation under the preceding two Paragraphs as promptly as practicable, but in any event within thirty (30) days, after such Participant obtains actual knowledge thereof; provided, that (i) if such Participant fails to

give such notice within thirty (30) days after it obtains actual knowledge of such an event, such Participant shall, with respect to compensation payable pursuant to the preceding two Paragraphs in respect of any costs resulting from such event, only be entitled to payment under the referenced Paragraphs for costs incurred from and after the date thirty (30) days prior to the date that such Participant does give such notice, and (ii) such Participant will designate a different lending office for the Interest if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole opinion of such Participant, be disadvantageous to such Participant. Each Participant will furnish to Lessee a certificate setting forth the basis and amount of each request by such Participant for compensation under the preceding two Paragraphs. Determinations and allocations by each Participant for purposes of the preceding two Paragraphs shall be conclusive, absent manifest error.

D. Insurance.

1. Public Liability: \$1,000,000 total liability per occurrence and \$2,000,000 in the aggregate, with excess liability in umbrella form of \$10,000,000 per occurrence and in the aggregate, with a maximum deductible amount of (a) \$1,500,000 per occurrence or (b) an amount equal to \$1,500,000 per occurrence plus the amount of any reserves specifically allocated by Lessee for this type of liability that are satisfactory to Lessor, but in no event greater than \$2,500,000 per occurrence.
2. Casualty and Property Damage: An amount equal to the higher of the Stipulated Loss Value or the full replacement cost of the Equipment, with a maximum deductible amount of \$1,000,000 per occurrence.

E. Fixed Purchase Price and Residual Risk Amount

End of	Fixed Purchase Price (Percent of Capitalized Lessor's Cost)	Residual Risk Amount (Percent of Capitalized Lessor's Cost)
Basic Term	100.0000%	12.3800%
Renewal Term 1	92.1681%	10.7393%
Renewal Term 2	83.7655%	9.8982%
Renewal Term 3	74.7508%	8.9959%
Renewal Term 4	64.8705%	8.1000%
Renewal Term 5	54.0542%	6.9760%
Renewal Term 6	42.4499%	5.8051%
Renewal Term 7	30.0000%	4.5588%

The Fixed Purchase Price and Residual Risk Amount are each expressed as a percentage of the Capitalized Lessor's Cost of the Equipment.

This Schedule is not binding or effective with respect to the Agreement or Equipment until executed on behalf of Lessor and Lessee by an authorized representative of Lessor and Lessee, respectively.

IN WITNESS WHEREOF, Lessee and Lessor have caused this Schedule to be executed by their duly authorized representatives as of the date first above written.

LESSOR :	LESSEE :
NATIONAL CITY BANK ,	BRUSH WELLMAN INC .
FOR ITSELF AND AS AGENT FOR	
CERTAIN PARTICIPANTS	
By :	By :
Name :	Name :

Title: Title:

ANNEX A

TO
SCHEDULE NO. _____
DATED THIS _____ DAY OF _____, 199__
TO MASTER LEASE AGREEMENT DATED AS OF December 30, 1996

	DESCRIPTION OF EQUIPMENT			
Vendor	Serial Numbers	Type and Model of Equipment	Number of Units	Cost per Unit
	Initials:	-----	-----	
		Lessor	Lessee	

ANNEX B

**TO
SCHEDULE NO. _____
DATED THIS _____ DAY OF _____, 199__
TO MASTER LEASE AGREEMENT DATED AS OF December 30, 1996**

ASSIGNMENT OF PURCHASE ORDERS

[See Exhibit No. 6 to Master Lease Agreement]

ANNEX C

**TO
SCHEDULE NO. _____
DATED THIS _____ DAY OF _____, 199____
TO MASTER LEASE AGREEMENT DATED AS OF December 30, 1996**

CERTIFICATE OF ACCEPTANCE

To: National City Bank,
for Itself and as Agent for Certain Participants

Pursuant to the provisions of the above Schedule and Master Lease Agreement (collectively, the "LEASE"; capitalized terms used but not defined herein have the meanings ascribed thereto in the Lease), Lessee hereby certifies and warrants that (a) all equipment listed in the attached invoice or invoices (the "Equipment") is in good condition, installed (if applicable), and in working order; and (b) Lessee accepts the Equipment for all purposes of the Lease, each Purchase Order relating to the Equipment and all attendant documents.

Lessee does further certify that as of the date hereof (i) no Default or Potential Default has occurred; and (ii) the representations and warranties made by Lessee pursuant to or under the Lease are true and correct on the date hereof.

BRUSH WELLMAN INC.

By:
Name:
Authorized Representative

Dated: , 199__

ANNEX D
TO
SCHEDULE NO. _____
DATED THIS _____ DAY OF _____, 199____
TO MASTER LEASE AGREEMENT DATED AS OF December 30, 1996

STIPULATED LOSS AND TERMINATION VALUE TABLE

NO. OF RENT PAYMENT DATE (after Basic Term Commencement Date)	STIPULATED LOSS AND TERMINATION VALUE*
1	100.0000%
2	100.0000%
3	100.0000%
4	100.0000%
5	100.0000%
6	100.0000%
7	100.0000%
8	100.0000%
9	100.0000%
10	100.0000%
11	100.0000%
12	100.0000%
13	98.0934%
14	96.1529%
15	94.1780%
16	92.1681%
17	90.1225%
18	88.0407%
19	85.9219%
20	83.7655%
21	81.5709%
22	79.3374%
23	77.0642%
24	74.7508%
25	72.3963%
26	70.0000%
27	67.4578%
28	64.8705%
29	62.2373%
30	59.5574%
31	56.8300%
32	54.0542%
33	51.2292%
34	48.3540%
35	45.4279%
36	42.4499%
37	39.4190%
38	36.3344%
39	33.1950%
40	30.0000%

Initials:

Lessor Lessee

- - - - -
*The Stipulated Loss Value and Termination Value for any unit of Equipment shall be equal to the Capitalized Lessor's Cost of such unit multiplied by the appropriate percentage derived from the above table. In the event that the Lease is for any reason extended, then the last percentage figure shown above shall control throughout any such extended term.

ANNEX E
TO
SCHEDULE NO. _____
DATED THIS _____ DAY OF _____, 199__
TO MASTER LEASE AGREEMENT DATED AS OF December 30, 1996

AMORTIZATION SCHEDULE

NO. OF RENT PAYMENT DATE (after Basic Term Commencement Date)	PERCENT OF PRINCIPAL PAYABLE*	PERCENT OF REMAINING PRINCIPAL BALANCE*
1	0.0000%	100.0000%
2	0.0000%	100.0000%
3	0.0000%	100.0000%
4	0.0000%	100.0000%
5	0.0000%	100.0000%
6	0.0000%	100.0000%
7	0.0000%	100.0000%
8	0.0000%	100.0000%
9	0.0000%	100.0000%
10	0.0000%	100.0000%
11	0.0000%	100.0000%
12	0.0000%	100.0000%
13	1.9066%	98.0934%
14	1.9405%	96.1529%
15	1.9749%	94.1780%
16	2.0099%	92.1681%
17	2.0456%	90.1225%
18	2.0818%	88.0407%
19	2.1188%	85.9219%
20	2.1564%	83.7655%
21	2.1946%	81.5709%
22	2.2335%	79.3374%
23	2.2732%	77.0642%
24	2.3135%	74.7508%
25	2.3545%	72.3963%
26	2.3963%	70.0000%
27	2.5422%	67.4578%
28	2.5873%	64.8705%
29	2.6332%	62.2373%
30	2.6799%	59.5574%
31	2.7274%	56.8300%
32	2.7758%	54.0542%
33	2.8250%	51.2292%
34	2.8751%	48.3540%
35	2.9261%	45.4279%
36	2.9780%	42.4499%
37	3.0309%	39.4190%
38	3.0846%	36.3344%
39	3.1393%	33.1950%
40	3.1950%	30.0000%

Initials:

Lessor Lessee

*The Principal, and the Outstanding Principal Balance as of any Rent Payment Date payment (assuming the principal payments due on each Rental Payment Date are paid when due), shall be equal to the Capitalized Lessor's Cost of the Equipment multiplied by the appropriate percentage derived from the above table.

ANNEX F

**TO
SCHEDULE NO. _____
DATED THIS _____ DAY OF _____, 199____
TO MASTER LEASE AGREEMENT DATED AS OF December 30, 1996**

RETURN PROVISIONS: In addition to the provisions provided for in Section X of this Lease, and provided that Lessee has elected not to exercise its purchase option pursuant to Section XVIII(d) of the Lease, Lessee shall, at its expense:

(a) at least one hundred eighty (180) days and not more than three hundred sixty-five (365) days prior to expiration or earlier termination of the Lease, provide to Lessor a detailed inventory of all components of the Equipment. The inventory should include, but not be limited to, a listing of models and serial numbers for all components comprising the Equipment;

(b) at least one hundred eighty (180) days prior to expiration or earlier termination of the Lease, upon receiving reasonable notice from Lessor, provide or cause the vendor(s) or manufacturer(s) to provide to Lessor the following documents: (i) one set of service manuals, blueprints, process flow diagrams and operating manuals including replacements and/or additions thereto, such that all documentation is completely up-to-date; (ii) one set of documents, detailing Equipment configuration, operating requirements, maintenance records, and other mechanical data concerning the set-up and operation of the Equipment, including replacements and/or additions thereto, such that all documentation is completely up-to-date;

(c) at least one hundred eighty (180) days prior to expiration or earlier termination of the Lease, upon receiving reasonable notice from Lessor, make the Equipment available for on-site operational inspections by potential purchasers, under power, and provide personnel, power and other requirements necessary to demonstrate electrical and mechanical systems for each item of the Equipment;

(d) at least ninety (90) days prior to expiration or earlier termination of the Lease, cause the manufacturer's representative or qualified equipment maintenance provider, acceptable to Lessor (the "Authorized Inspector"), to perform a comprehensive physical inspection, including testing all material and workmanship of the Equipment and if during such inspection, examination and test, the Authorized Inspector finds any of the material or workmanship to be defective or the Equipment not operating within the manufacturer's specifications, then Lessee shall repair or replace such defective material and, after corrective measures are completed, Lessee will provide for a follow-up inspection of the Equipment by the Authorized Inspector as outlined in the preceding Paragraph;

(e) have each item of Equipment returned with an in-depth field service report detailing said inspection as outlined in Subsection (d) above. The report shall certify that

the Equipment has been properly inspected, examined and tested and is operating within the manufacturer's specifications;

(f) permit Lessor to videotape the Equipment "under power" at Lessee's or at any facility where any Equipment is located at a time during normal working hours mutually agreeable to Lessor and Lessee prior to deinstallation;

(g) have any repairs made to the Equipment in a professional and workmanlike manner. Any Equipment enhancements or additions will revert to Lessor upon expiration or earlier termination of the Lease and shall not affect, in an adverse manner, the Fair Market Value of the Equipment at Lease expiration. Such additions or enhancements shall be made only with prior written approval of Lessor (whose approval shall not unreasonably be withheld);

(h) have the Equipment returned in good appearance with adequate protective coatings over all surfaces as originally painted or coated, and the Equipment shall be free from rust, and shall be in good, complete working order;

(i) have the Equipment cleaned (including the removal of all beryllium) and approved by the necessary governmental agencies which regulate the use and operation of such Equipment so as to be available for immediate use;

(j) properly remove all Lessee installed markings which are not necessary for the operation, maintenance or repair of the Equipment; and

(k) provide for the deinstallation and packing of the Equipment to include, but not be limited to, the following: (i) all process fluids shall be removed from the Equipment and disposed of in accordance with the then current waste disposal laws and regulations. At no time are materials which could be considered hazardous waste by any regulatory authority to be shipped with machinery; (ii) all internal fluids such as lube oil and hydraulic fluid are to be filled to operating levels; filler caps are to be secured and disconnected hoses are to be sealed to avoid spillage; (iii) the manufacturer's representative shall deinstall and match mark all Equipment in accordance with the specifications of the manufacturer; (iv) the Equipment shall be packed properly and in accordance with the manufacturer's recommendations; (v) Lessee shall provide for the transportation of the Equipment in a manner consistent with the manufacturer's recommendations and practices to any locations within the United States of America as Lessor shall direct; and shall have the Equipment unloaded at such locations; and (vi) Lessee shall obtain and pay for a policy of transit insurance for the redelivery period in an amount equal to the replacement value of the Equipment, and Lessor shall be named as the loss payee on all such policies of insurance.

EXHIBIT NO. 3

COMPLIANCE CERTIFICATE

-----, ----

To: National City Bank, for itself and as Agent for certain Participants 1900 East Ninth Street
Cleveland, Ohio 44114

Subject: Master Lease Agreement, dated as of December 30, 1996, between
National City Bank, for itself and as Agent for certain
Participants, as lessor, and Brush Wellman Inc., as lessee
(the "Lease Agreement")

Greetings:

Pursuant to Section IV(b)(iii) of the Lease Agreement and in

my capacity as the chief financial officer of Brush Wellman Inc., I hereby certify that to the best of my knowledge and belief (capitalized terms used, but not defined herein shall have the meanings ascribed thereto in the Lease Agreement):

1. The financial statements of the Companies accompanying this letter are true and complete and fairly present in all Material respects their consolidated financial condition as of _____, _____ (the "Closing Date") and the consolidated results of their operations for the fiscal period then ending,
2. No Default or Potential Default under the Lease Agreement exists *[except for those which, together with our intentions in respect thereof, are set forth in Exhibit One to this Certificate], and
3. As indicated by the calculations below, the Companies are *[not] in full compliance with Sections XXIII(a) through (d), inclusive.

[* - In (b) and (c), delete the bracketed language if inapplicable.]

(a) The actual amount of the Companies' Tangible Net Worth at the Closing Date is equal to or is greater than the required amount.

plus \$170,696,000
 plus \$_____ 40% of \$_____ annual earnings
 accumulated from
 December 31, 1996 to the
 end of the preceding
 fiscal year (see Section
 XXIII(a))
 sum \$_____ required amount
 \$_____ actual Tangible Net Worth as of the Closing
 Date

(b) The Funded Indebtedness of the Companies does not exceed an amount equal to the Leverage Multiplier times the Companies' EBITDA for the four consecutive fiscal quarters most recently ended -- the Leverage Multiplier being (i) from the date of the Lease Agreement to December 30, 1999, inclusive, 3.00, and (ii) on and after December 31, 1999, 2.75.

divided by \$_____ Funded Indebtedness
 EBITDA
 \$_____ EBIT
 \$_____ Depreciation
 \$_____ Amortization
 quotient _____

(c) The ratio of (i) the aggregate of the Companies' EBITDA for the four consecutive fiscal quarters most recently ended, to (ii) the aggregate Interest Expense of the Companies for that period, to be less 5.00 to 1:00, all as determined on a consolidated basis.

ratio of \$_____ EBITDA
 \$_____ EBIT
 \$_____ Depreciation
 \$_____ Amortization
 to \$_____ Interest Expense
 ratio _____ to _____

(d) The Funded Indebtedness of the Companies does not exceed an amount equal to the Required Multiplier times the sum of the Companies' Funded Indebtedness plus the Companies' Tangible Net Worth -- the Required Multiplier being (i) from the date of the Lease Agreement to December 31, 2000, inclusive, 0.50, and (ii) on and after January 1, 2001, 0.45.

\$_____ Funded Indebtedness divided by \$_____ Funded Indebtedness plus Tangible Net Worth
quotient _____

BRUSH WELLMAN INC.

By:
Title:

EXHIBIT NO. 4**LIST OF EQUIPMENT AND ACQUISITION COST**

	EQUIPMENT	PURCHASE ORDER NO. AND VENDOR	TOTAL ACQUISITION COST
1.	Walking Beam Furnace	EX90006/Seco-Warwick	\$2,130,000.00
2.	Hot Mill	EX90003/Griset Engineering	\$14,600,000.00
3.	Bell Aging Furnace	EX90012/RAD-CON Inc.	\$2,400,000.00
4.	Slab Mill	EX90007/Integrated Industrial Systems	\$7,750,000.00
5.	Finish Pickle Line	EX90010/SMS Process Lines	\$5,270,000.00
6.	Four-High Rolling Mill	EX90002/Griset Engineering	\$9,590,000.00
7.	Anneal/Pickle Line	1. EX90009/SMS Process Lines Anneal/Pickle Line 2. EX90008/Drever Company Cont. Anneal Line	\$11,150,000.00
8.	Degreasing Line	EX90011/SMS Process Lines	\$3,190,000.00
	TOTAL		\$56,080,000.00

EXHIBIT NO. 5

FORM OF FUNDING NOTICE

National City Bank, for itself and as Agent 1900 East 9th Street, 10th Floor
Cleveland, Ohio 44114
Attention: _____

Gentlemen and Ladies:

Reference is made to the Master Lease Agreement, dated as of December 30, 1996 (as amended and supplemented from time to time, the "Lease") between NATIONAL CITY BANK, FOR ITSELF AND AS AGENT FOR CERTAIN PARTICIPANTS, as Lessor, and BRUSH WELLMAN INC., as Lessee. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Lease.

The undersigned hereby gives notice to Lessor pursuant to Section XXVI(b) of the Lease of its request for a disbursement of funds. In connection with therewith, Lessee sets forth the following information:

(i) Date of disbursement:

(ii) Acquisition Cost to be funded:

(iii) Items of equipment to be funded by Lessor on the date of disbursement and identification of those items that have been accepted by Lessee: See Annex A

(iv) True and correct copies of invoices, or other such evidence approved in advance by Lessor, for items of Disbursement Equipment described in clause (iii) above are attached hereto.

(v) True and correct wire transfer instructions for, and the funds to be disbursed to, each Vendor are set forth in Annex B hereto.

Very truly yours,

BRUSH WELLMAN INC., as Lessee

By:
Name:

Title:

EXHIBIT NO. 6

FORM OF ASSIGNMENT OF PURCHASE ORDERS

ASSIGNMENT OF PURCHASE ORDERS

THIS ASSIGNMENT OF PURCHASE ORDERS (this "Agreement"), dated as of December 30, 1996, made by B.W. ALLOY, LTD., an Ohio limited liability company ("BWA"), and BRUSH WELLMAN INC., an Ohio corporation ("Lessee") (BWA and Lessee hereinafter sometimes collectively referred to as "Assignors" and individually as an "Assignor"), in favor of NATIONAL CITY BANK, FOR ITSELF AND AS AGENT FOR CERTAIN PARTICIPANTS (hereinafter called, together with its successors and assigns, if any, "Lessor").

Recitals:

A. Lessee and Lessor have entered into a Master Lease Agreement, dated as of December 30, 1996 (together with all schedules and exhibits thereto and as the same may be amended, modified, supplemented, renewed, extended, substituted or replaced from time to time, the "Equipment Lease"), whereby Lessor, subject to certain conditions, will lease to Lessee from time to time certain equipment described in the Schedules (as defined in the Equipment Lease) executed and delivered by Lessee to Lessor from time to time (collectively, the "Equipment") (capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Equipment Lease); and

B. To secure the payment of rent and the payment and performance of all of Lessee's obligations and liabilities under the Equipment Lease, including all Schedules thereto (collectively, the "Liabilities"), Lessor has required that Lessee grant to Lessor a security interest in all of Lessee's right, title and interest in and to, and assign to Lessor for collateral security purposes all of Lessee's right, title and interest in and to, the Collateral (as defined in the Equipment Lease and herein); and

C. BWA (the membership interests of which are owned by Lessee and a wholly owned subsidiary of Lessee) has entered into the Purchase Orders described on Exhibit A hereto (as amended, modified or supplemented from time to time, collectively the "Purchase Orders" and individually a "Purchase Order"), and the Purchase Orders relate to the Equipment that is to be subject to the Equipment Lease; and

D. Under the Equipment Lease and subject to certain conditions therein, Lessor has agreed to disburse funds to the various vendors under the Purchase Orders (collectively, the "Vendors") when and as requested by Lessee; and

E. The Equipment is to be delivered to an alloy strip mill located at 14710 West Portage River S. Road, Harris Township, Ottawa County, Ohio 43416, the real property on which such mill is located is owned by Lessee, subject to a ground lease and the Port Authority Lease, and Lessee has guaranteed to the Vendors the performance by BWA of its obligations under the Purchase Orders; and

F. The obligations of Lessor to lease the Equipment to Lessee under the Equipment Lease are subject to the condition precedent, among others, that Assignors execute and deliver this Agreement.

NOW, THEREFORE, as an inducement to Lessor to lease the Equipment to Lessee under the Equipment Lease, and intending to be legally bound hereby, Assignors hereby agree with Lessor as follows:

1. Assignment of Rights under Purchase Orders. Each Assignor hereby assigns, transfers, conveys and sets over to Lessor all of Assignor's rights in, to and under the Purchase Orders, including any liens and security interests granted to or for the benefit of Assignor securing the obligations of any Vendor or any other Person to Assignor under any Purchase Orders and any guarantees of or letters of credit securing any such obligations, and including, without limitation, the following:

(a) the right to take title to the Equipment;

(b) all amounts payable to Assignor under or with respect to any Purchase Order or as a result of the exercise of any claim, right, privilege or remedy in respect thereof, including cash and non-cash proceeds;

(c) all claims, rights, privileges and remedies on the part of Assignor, whether arising by contract or by statute or at law or in equity or otherwise, arising under or in connection with any Purchase Order; and

(d) all rights of Assignor to exercise any election or option or to give or receive any notice, consent, waiver or approval under or in respect of the Purchase Orders, and the right (but not the obligation) to do any and all other things Assignor is entitled to do thereunder;

together with full power and authority, in the name of Assignors or otherwise, to enforce, collect, receive and receipt for any and all of the foregoing; provided, however, that until a Default or Potential Default has occurred and is continuing, Assignors may exercise all of their respective rights, powers, privileges and remedies under the Purchase Orders to the extent not prohibited by this Agreement or any other Document, and in connection therewith, Lessor agrees to execute such agreements, instruments and other documents and otherwise take any action reasonably requested by Lessee, all at the expense of Assignors.

The assignment of rights provided for herein shall be effective immediately upon the execution and delivery of this Agreement and shall not be conditioned upon the occurrence of any Default or Potential Default or any default under the Purchase Orders or of any other contingency or event.

In order to secure the prompt payment of the Liabilities from time to time outstanding, and the performance and observance by Assignors of all the obligations of Assignors hereunder and under the other Documents, each Assignor hereby grants to Lessor a first priority security interest in all of its right, title and interest in and to, and assigns to Lessor for collateral security purposes all of that Assignor's right, title and interest in and to, the following, whether now or hereafter acquired and wherever located (the "Collateral"): (1) The Purchase Orders, and any and all other purchase orders, agreements, documents or other writings that evidence or otherwise relate to the purchase of any item of Equipment, and any general intangibles and contract rights in respect of the Equipment, the maintenance, use and operation of the Equipment, and the Purchase Orders (including, without limitation, all rights of Assignor to receive monies due and to become due under or pursuant to any Purchase Orders, general intangibles and contract rights and all of the rights of Assignor to terminate, and to perform, compel performance and otherwise exercise all remedies under the Purchase Orders, general intangibles and contract rights); (2) The Equipment described in the Purchase Orders and the equipment otherwise subject to the Equipment Lease, or otherwise described in any Disbursement Schedule or Equipment Schedule to the Equipment Lease, including, without limitation, the equipment described in Exhibit B hereto, and any components, parts and work-in-process in respect thereof, whether or not in the possession or control of any Assignor, together with all additions, attachments, improvements, accessories and accessions thereto and any and all substitutions, replacements or exchanges therefor; (3) Any sublease of any of the Equipment and all extensions and renewals thereof, and all rentals and other sums due, now or hereafter, thereunder; (4) To the extent the Equipment may constitute or be deemed to be inventory (solely to such extent, the "Inventory"), such Inventory; (5) All documents, books and records in respect of the Equipment and Inventory; and (6) All cash and non-cash proceeds and products of any and all of the foregoing (including, without limitation, proceeds which constitute property of the types described in clauses (1) through (5) above and all payments under any insurance (whether or not Lessor is the loss payee thereof), indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing property).

2. Payment of Assigned Sums. Assignors hereby presently, unconditionally and irrevocably direct each Vendor, upon receipt of notice from Lessor directing such Person to do so, to pay all moneys assigned pursuant to Section 1 to Lessor at such place as Lessor shall direct in writing to such Person and to Lessee.

3. Appointment of Lessor as Attorney with Respect to Purchase Orders. Each Assignor hereby irrevocably (to the fullest extent permitted under applicable law) constitutes Lessor, its successors and assigns, the true and lawful attorney in fact of Assignor, coupled with an interest, with full power (in the name of Assignor or otherwise),

during the existence of any Default or Potential Default: (a) to exercise any rights, powers and remedies of Assignor under or relating to any Purchase Order,

(b) to make any payment to any other party to any Purchase Order as Lessor may deem necessary or appropriate thereunder, (c) to require, demand, receive and give acquittance for any sums or moneys payable to Assignor under or in connection with any Purchase Order, or any letter of credit or other security therefor or guarantee thereof, and to endorse any checks or other instruments or orders in connection therewith, (d) to file any claims or to take any action or institute any proceedings on behalf of any Assignor which Lessor may deem to be necessary or advisable under the circumstances, and (e) generally, to do, execute and perform any other act, matter, document or thing whatsoever that in the opinion of Lessor ought to be done, executed or performed under or in connection with any Purchase Order, as fully as Assignor could do in such situation. Any and all reasonable sums expended by or on behalf of Lessor for any of the foregoing purposes shall be part of the Liabilities secured by the Collateral, shall be described in writing to Lessee, and shall be repaid by Assignors, on a joint and several basis, to Lessor within five (5) days of the date Lessor sends written notice to Lessee requesting payment, with interest thereon at the rate provided in Section XIX(j) of the Equipment Lease until paid. Assignors agree that, upon the occurrence and during the continuation of a Default or Potential Default, Lessor may exercise any election or option or give any notice, consent, waiver or approval under, or deliver any requisition for payment under, or take any other action in respect of, any of the Purchase Orders without requirement of any approval of or action by either of them, but each Assignor will nevertheless execute and deliver any instrument reasonably requested by Lessor to be executed and delivered by Assignor in connection with the exercise by Lessor of any such election or option or the giving by Lessor of any such notice, consent, waiver or approval or the taking by Lessor of any such other action.

4. Rights and Duties of Assignors. Notwithstanding any other provision of this Agreement, Assignors shall have the right, but not to the exclusion of Lessor, to receive from the parties to each Purchase Order all notices and other communications and copies of all documents and all information which such parties are permitted or required to give or furnish to any Assignor. Each Assignor will furnish to Lessor copies of all such notices, communications, documents and information (other than routine items delivered in the ordinary course of business) promptly after receipt thereof by Assignor. Assignors at their expense will perform and comply in all material respects with all the terms of each Purchase Order to be performed or complied with by them, will maintain each Purchase Order (so long as no Default or Potential Default has occurred and is continuing) in full force and effect, will do all things necessary to keep unimpaired all of their respective material rights, powers and remedies thereunder and to prevent any forfeiture or impairment thereof, will enforce each Purchase Order in all material respects in accordance with its respective terms to the extent such enforcement will not require unreasonable efforts on the part of Assignors, and will take all such action to that end or to enforce any Purchase Order as from time to time may be reasonably requested by Lessor. Without the prior written consent of Lessor, which consent will not be unreasonably withheld, Assignor will not (a) amend, supplement, modify, cancel, terminate or otherwise change any term or provision of any Purchase Order, (b) give or join in any waiver or consent in respect of any

Purchase Order, (c) subordinate or surrender any Purchase Order or consent to or accept any subordination or surrender thereof, or permit any condition or event to exist or occur which would, or would entitle any other party to any Purchase Order to, terminate, cancel or surrender the same, (d) settle or compromise any claim against any party to any Purchase Order or any other Person arising out of or in respect of any Purchase Order, or submit or consent to the submission to arbitration of any dispute or disagreement arising out of or in respect of any Purchase Order (except to the extent the terms of such Purchase Order obligate an Assignor to submit to arbitration), (e) waive any material default under or material breach of any Purchase Order or (f) take any other action in connection with any Purchase Order which would have the effect of impairing the value of the rights of Assignors or Lessor thereunder or interest therein.

5. No Release or Assumption, etc.; Lessor Not Liable Under Purchase Orders. Anything contained herein or in the Purchase Orders to the contrary notwithstanding, (a) Assignors shall at all times remain solely liable under the Purchase Orders to perform all of the duties and obligations of any Assignor thereunder to the same extent as if this Agreement had not been executed, (b) neither this Agreement nor any action or inaction on the part of any Assignor or Lessor shall constitute an assumption of any obligations of any Assignor under the Purchase Orders by Lessor, and (c) Lessor shall not have any obligation or liability under the Purchase Orders or otherwise by reason of or arising out of this Agreement (other than to the extent due to the gross negligence or intentional misconduct of Lessor), nor shall Lessor be required or obligated in any manner to perform or fulfill any obligation of any Assignor under or in respect of the Purchase Orders.

6. Representations, Warranties and Covenants. Each Assignor represents and warrants to Lessor that (a) it has not assigned, transferred, mortgaged, pledged or otherwise encumbered any of its right, title and interest hereby assigned to any other Person and no part of such right, title and interest hereby assigned is subject to any Lien, (b) each Purchase Order is a legal, valid and binding obligation of BWA and, to its knowledge, the Vendor that is party thereto, enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies, (c) no Purchase Order has been amended, modified or supplemented except for such amendments, modifications or supplements specifically described in Exhibit A hereto, and (d) it has paid all sums required to be paid by it prior to the date hereof under the terms of the Purchase Orders and no default exists by BWA or, to its knowledge, any other party under any of the Purchase Orders. Each Assignor covenants that, so long as this Agreement shall not have been terminated, it will not assign or pledge, or create or suffer to exist any Lien on any of its right, title or interest hereby assigned.

7. Further Assurances, Compromise, etc. At any time and from time to time, upon the request of Lessor, each Assignor, at its expense, shall promptly and duly execute and deliver any and all such further instruments and documents as Lessor may

reasonably deem desirable in order to obtain the full benefits of this Agreement and of the rights, powers and remedies herein granted.

8. Amendments and Waivers. This Agreement may not be amended, waived, discharged or terminated except to the extent specifically set forth in a writing manually signed by or on behalf of Assignors and Lessor in accordance with Section XIX(g) of the Equipment Lease.

9. Remedies Cumulative. The rights and remedies of Lessor under this Agreement are cumulative and not exclusive of any other rights or remedies available to Lessor hereunder, under the Equipment Lease or any other Document, at law, or otherwise (including without limitation the rights and remedies of a secured party under the Ohio Uniform Commercial Code, which Assignors agree Lessor shall have).

10. Location; Notice of Change of Address. The chief place of business and chief executive office of each Assignor and the office where Assignor keeps its records concerning the Purchase Orders, the original copies of the Purchase Orders and each item are located at 17876 St. Clair Avenue, Cleveland, Ohio 44110. Each Assignor shall keep its chief place of business and chief executive office at the location therefor specified in this Section 10, or upon forty-five (45) days' prior written notice to Lessor, at such other location in a jurisdiction in which all actions required by Section 7 shall have been taken with respect to the Purchase Orders.

11. Consent of BWA, as Sublessee. With respect to the Sublease, dated as of October 1, 1996 (as the same may be amended, modified or extended from time to time, the "Sublease"), between Lessee, as sublessor, and BWA, as sublessee, BWA covenants, agrees, represents and warrants as follows:

(a) BWA waives all rights which it now or hereafter may have, under the laws of the State of Ohio or by virtue of the Sublease, to claim or assert any lien on or right, claim or title to, any of the Collateral which now or hereafter may be located on the premises subject to the Sublease (the "Premises").

(b) BWA agrees that (i) the Equipment is and shall remain personal property of Lessee notwithstanding the manner or mode of the attachment of any item of Equipment to the Premises and (ii) the Equipment is not and shall not become or be deemed to be fixtures.

(c) In the event of any Default, Lessor may (subject to the terms and provisions of the Equipment Lease and this Agreement and in accordance with applicable law) remove the Equipment and any other item of Collateral or any part thereof from the Premises without objection, delay, hindrance or interference by BWA and, in such case, BWA will make no claim or demand whatsoever against any of the Collateral. In the event of any Default, BWA agrees that, without any charge, expense, rent or fee being charged to Lessor, BWA will (i) cooperate with Lessor in its efforts to assemble or remove or assemble

and remove any or all of the Collateral located on the Premises; (ii) permit Lessor to enter and occupy the Premises to remove, appraise, display, maintain, prepare for sale or lease or other disposition, repair, or lease, transfer, sell or otherwise dispose of, or to do any combination of the foregoing in respect of, the Collateral; and (iii) not hinder Lessor's actions in enforcing its security interest in any or all of the Collateral.

(d) BWA acknowledges and agrees that Lessor shall not be deemed a lessee of the Premises for purposes of the Sublease and shall have no further responsibility to BWA under the Sublease or other agreement or instrument for any obligation or liability of Lessee thereunder.

(e) Lessor may, without affecting the validity of this Agreement, extend, amend or in any way modify the terms of payment or performance of the Equipment Lease and any of the obligations without the consent of BWA and without giving notice thereof to BWA.

12. Miscellaneous. All notices under the provisions of this Agreement shall be given and shall be effective as provided in Section XIX(f) of the Equipment Lease and any notice to BWA shall be deemed given if delivered to Lessee. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Ohio, without regard to conflict of laws principles, except as required by mandatory provisions of law.

[Remainder of page intentionally left blank]

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

B.W. ALLOY, LTD.

By:

Title:

BRUSH WELLMAN INC.

By:

Title:

ACCEPTED:

**NATIONAL CITY BANK, FOR ITSELF
AND AS AGENT FOR CERTAIN PARTICIPANTS**

By:

Title:

EXHIBIT A TO ASSIGNMENT OF PURCHASE ORDERS

1. Purchase Order No. EX90006, dated 5 November, 1996, of B.W. Alloy, Ltd. and Seco-Warwick, as the vendor, and related documents referenced therein.
2. Purchase Order No. EX90008, dated 4 December, 1996, of B.W. Alloy, Ltd. and Drever Company, as the vendor, and related documents referenced therein.
3. Purchase Order No. EX90009, dated 25 November, 1996, of B.W. Alloy, Ltd. and SMS Process Lines, as the vendor, and related documents referenced therein.
4. Purchase Order No. EX90010, dated 25 November, 1996, of B.W. Alloy, Ltd. and SMS Process Lines, as the vendor, and related documents referenced therein.
5. Purchase Order No. EX90011, dated 25 November, 1996, of B.W. Alloy, Ltd. and SMS Process Lines, as the vendor, and related documents referenced therein.
6. Purchase Order No. EX90012, dated 6 December, 1996, of B.W. Alloy, Ltd. and RAD-CON Inc., as the vendor, and related documents referenced therein.
7. Purchase Order No. EX90007, dated 23 October, 1996, as amended by Change Order #001, dated 9 December, 1996, of B.W. Alloy, Ltd. and Integrated Industrial Systems, as the vendor, and related documents referenced therein.
8. Purchase Order No. EX90002, dated 10 December, 1996, of B.W. Alloy, Ltd. and Griset Engineering, as the vendor, and related documents referenced therein.
9. Purchase Order No. EX90003, dated 10 December, 1996, of B.W. Alloy, Ltd. and Griset Engineering, as the vendor, and related documents referenced therein.

EXHIBIT B TO ASSIGNMENT OF PURCHASE ORDERS

	EQUIPMENT	PURCHASE ORDER NO. AND VENDOR	TOTAL PRICE
1.	Walking Beam Furnace	EX90006/Seco-Warwick	\$2,130,000
2.	Hot Mill	EX90003/Griset Engineering	\$14,600,000
3.	Bell Aging Furnace	EX90012/RAD-CON Inc.	\$2,400,000
4.	Slab Mill	EX90007/Integrated Industrial Systems	\$7,750,000
5.	Finish Pickle Line	EX90010/SMS Process Lines	\$5,270,000
6.	Four-High Rolling Mill	EX90002/Griset Engineering	\$9,590,000
7.	Anneal/Pickle Line	1. EX90009/SMS Process Lines Anneal/Pickle Line	\$11,150,000
		2. EX90008/Drever Company Cont. Anneal Line	
8.	Degreasing Line	EX90011/SMS Process Lines	\$3,190,000
	TOTAL		\$56,080,000

EXHIBIT 11

BRUSH WELLMAN INC. AND SUBSIDIARIES

COMPUTATION OF PER SHARE EARNINGS

	1996	1995	1994
	-----	-----	-----
Primary:			
Average shares outstanding	15,975,337	16,198,575	16,102,350
Dillutive stock options based on the treasury stock method using the higher of average or closing market price	172,357	206,360	80,484
	-----	-----	-----
TOTALS	16,147,694	16,404,935	16,182,834
	=====	=====	=====
Net Income	\$24,491,000	\$20,689,000	\$18,550,000
Per share amount	\$ 1.52	\$ 1.26	\$ 1.15
	=====	=====	=====
Fully diluted:			
Average shares outstanding	15,975,337	16,198,575	16,102,350
Dillutive stock options based on the treasury stock method using the highest of average or closing market price	172,894	209,978	140,983
	-----	-----	-----
TOTALS	16,148,231	16,408,553	16,243,333
	=====	=====	=====
Net Income	\$24,491,000	\$20,689,000	\$18,550,000
Per share amount	\$ 1.52	\$ 1.26	\$ 1.14
	=====	=====	=====

EXHIBIT 13

**BRUSH WELLMAN INC. 1996 ANNUAL REPORT
BLUEPRINT FOR GROWTH**

[PHOTO]

[PHOTO]

Brush Wellman has completed a major transition which began in the early 1990's. For the future, the Company's Blueprint for Growth involves improving the base business, expanding alloy capabilities, and building a microelectronics business. Brush Wellman products are described below.

Alloy Products are tailored metallurgically to specific customer performance requirements. Copper beryllium alloys exhibit high electrical and thermal conductivities, high strength and hardness, good formability and excellent resistance to corrosion, wear and fatigue. These properties make the alloys ideal choices for a variety of demanding applications in computers, telecommunications, automotive electronics, energy systems, plastic molds and consumer products.

Beryllium is a unique material exhibiting physical and mechanical properties unmatched by any other metal. It is one of the lightest structural materials known, has specific stiffness six times greater than steel. It possesses high heat absorbing capability and has dimensional stability over a wide range of temperatures. Beryllium Products, including AlBeMet(R) and Brush Wellman's new E-Materials, are used primarily in defense and commercial aerospace applications.

Ceramic products offer unique solutions for thermal management applications. Beryllia ceramic is an effective electrical insulator and it has excellent thermal conductivity. It has high strength and hardness, and a low dielectric constant. Ceramic Products are used in automotive and power electronic systems, wireless telecommunications, thermoelectric cooling systems, and lasers.

Engineered Material Systems, manufactured by technical Materials, Inc. are combinations of precious and non-precious metals in continuous strip form and are used in complex electronic and electrical components in telecommunications systems, automobiles and computers.

Precious Metal Products are produced by Williams Advanced Materials Inc. for a variety of high reliability applications in electrical and electronic interconnection, packaging and processing markets, principally in North America and the Far East.

FINANCIAL HIGHLIGHTS

(Dollars in millions except per share amounts)	1996	1995	% Change
	-----	-----	-----
Sales	\$376.3	\$369.6	+2%
Net Income.....	24.5	20.7	+18%
Net Income per share	1.52	1.26	+21%
Dividends per share.....	0.42	0.36	+16%
Shareholders' equity per share.....	13.46	12.46	+8%

	1992	1993	[GRAPH] 1994	1995	1996
	----	----	----	----	----
Net Sales (in millions)	\$265.0	\$295.5	\$345.9	\$369.6	\$376.3
Net Income (in millions)	\$10.5	\$6.5	\$18.6	\$20.7	\$24.5
Net Income Per Share	\$0.65	\$0.40	\$1.14	\$1.26	\$1.52
Return On Shareholders' Equity	6.2%	3.8%	9.9%	10.3%	11.2%

[LOGO] Brush Wellman Inc.

is a leading supplier of high performance engineered materials. Since its founding in 1931, the Company has concentrated its operations and skills on the advancement of beryllium-based materials. Today, Brush Wellman is the only fully integrated supplier of beryllium, beryllium-containing alloys and beryllia ceramic in the world. Brush Wellman also supplies high quality specialty metal systems and precious metal products. Brush Wellman markets its products around the world through Company-owned service, distribution and technical centers in England, Germany, Japan and the United States, as well as through a worldwide network of independent distributors. In addition, Brush Wellman recycles beryllium and copper through its Resource Recovery operations.

Brush Wellman is headquartered in Cleveland, Ohio. Its stock is traded on the New York Stock Exchange and identified by the symbol BW.

[LOGO]

To Our Shareholders

The employees of Brush Wellman can take pride in achieving another annual sales and production record, as well as a 21% increase in earnings per share in 1996. Sales have now increased for four consecutive years, and have established record levels in each of the last three years. Clearly, we are succeeding in developing new applications for our products, and are effectively delivering high quality products, on time, to our customers. To equip the Company to fully capitalize on future opportunities to grow, the Board of Directors during 1996 approved a plan to significantly modernize and expand the alloy strip capabilities at the our Elmore, Ohio facility. This major investment is a part of Brush Wellman's Blueprint for Growth.

1996 FINANCIAL RESULTS

For the year 1996, Brush Wellman Inc. achieved earnings per share of \$1.52, and net income of \$24.5 million. This represents an increase of 21% over 1995 earnings of \$1.26 per share, and an 18% improvement in net income compared with \$20.7 million net income in 1995. Sales during 1996 totaled a record \$376 million, a 2% increase over 1995 sales of \$370 million.

Sales of Alloy Products in North America continued to grow in 1996, reflecting high levels of demand for these materials in electronics applications, and our continuing success in developing new applications in automotive electronics, appliances, telecommunications, commercial aircraft and sporting goods markets. International Sales were down relative to last year, due to softer overseas markets and the translation effects from a stronger dollar. However, we were encouraged by the strengthening of demand from international markets during the fourth quarter.

Technical Materials, Inc. (TMI) sales of Engineered Material Systems, also increased, reflecting continued success in marketing and production of this unique line of specialty materials. Over the past four years TMI has consistently contributed to Brush Wellman's growth and profitability.

Beryllium Products sales declined compared with last year due to continuing weakness in aerospace and defense applications. In addition, particularly over the past two years, Beryllium Products sales have been adversely affected by imports of beryllium from Kazakstan at prices which we believe to be far below fair market value. In March 1996, the Company filed a petition with the United States International Trade Commission seeking government intervention in this matter. In February 1997, the International Trade Commission ruled that the Company was not sufficiently damaged by these imports to warrant the imposition of sanctions, and Brush Wellman's petition on this case was denied. Despite the fact that Beryllium Products represent less than 10% of the Company's total sales, they remain an important part of Brush Wellman's business. Moreover, these products are critical to many defense, aerospace and commercial applications. While the decision from the ITC is disappointing to us, it does not diminish our strategy to develop new markets and new applications for Beryllium, AlBeMet(R) and E-Materials.

Ceramic Products sales also declined in 1996 due to reduced demand from the telecommunications market and product mix shifts. We are, however, encouraged by recent progress in the development of direct bond copper products.

Williams Advanced Materials Inc. (WAM) sales declined in 1996. However, all of the sales decline occurred during the first half of the year, compared with a very strong

performance in the first half 1995. The decline was caused by the redesign of a major microprocessor application, which had been anticipated by management. Williams Advanced Materials sales increased in the second half 1996, led by sales of new products, including vapor deposition products and fine wire. As well, due to effective planning and hard work by the team at WAM, the profitability of this business unit increased in 1996, despite lower sales for the year.

Additional details of sales and financial performance during 1996 are contained in Management's Discussion and Analysis, beginning on page 19.

STRATEGIC REVIEW

By 1996, Brush Wellman had successfully completed a major transition which began in the early 1990's. At the beginning of the decade, defense, aerospace and mainframe computer applications represented nearly 70% of the Company's sales. The end of the Cold War and the major structural changes in mainframe computer design resulted in dramatic reductions in demand for our materials. By adopting new strategies, Brush Wellman successfully met the challenge created by these changes in the marketplace.

Over the past five years our sales have grown by 42%, after declining from 1988 through 1992. This growth has been achieved fundamentally by developing new applications in new markets, worldwide, as our traditional markets -- defense/aerospace and mainframe computers -- declined precipitously. Target markets, such as automotive electronics, personal computers, appliances, telecommunications, commercial aerospace, plastic molds and high performance sporting goods have all contributed to the Company's growth. Most of the growth the Company has achieved in recent years has been in new or improved products. As a world leader in the production of high-performance engineered materials, we realize that our success in the future depends on our ability to remain a technology leader, and to develop a continuing stream of ever improving products and processes to meet the changing needs of a dynamic marketplace.

International marketing has been another major strategic effort, and overseas sales have contributed greatly to the Company's growth. The largest overseas customer concentrations are in Germany, Japan, the United Kingdom, Switzerland and Singapore. After attaining an all-time high in 1995, Brush Wellman sales outside the United States declined in 1996, due to softer market conditions and the translation effects of a stronger dollar. Despite this decline overseas, total Company sales increased for the fourth year in a row.

THE FUTURE: BRUSH WELLMAN'S BLUEPRINT FOR GROWTH

Brush Wellman is the world's leading producer of beryllium materials. Any strategy for the future must recognize and build upon this unique core competency. Our materials can simultaneously provide light weight and strength, or thermal conductivity and electrical insulating properties. They can withstand high temperatures, readily conduct electricity and resist stress and fatigue. Because of their unique combinations of properties, materials produced by Brush Wellman can enable our customers to produce safer, smaller, more reliable and more efficient products, improve productivity, and reduce costs, over the life of their products. Given the continuing trends toward miniaturization, weight reduction, increased electronic content, and the heightened awareness of the costs of component failure and repair-related downtime, we are convinced that our materials have the potential to capture a far greater portion of the worldwide specialty materials market.

Brush Wellman's performance has been strong in recent years, but our returns to shareholders have not yet reflected the improved results. To increase returns to our shareholders, we believe that we must build on our successes, and grow the business faster and

[GRAPH]

1992	1993	1994	1995	1996
----	----	----	----	----

Long-Term Debt
% of Capital at Year-End

EBITDA
(Earnings Before Interest,
Taxes, Depreciation and
Amortization - in millions)

more consistently in the future. To do this, we will be focusing efforts on three major Strategic Thrusts:

- - - First, improve the base business,
- - - Second, expand alloy capabilities, and
- - - Third, build a microelectronics business.

Despite our increased sales and higher earnings, significant opportunities still exist to **IMPROVE THE BASE BUSINESS**. Each business team has identified places for improving profitability. Yield, productivity and working capital management are all targets for improvement through our BrushBREAKTHRU program and other efforts. In particular, many opportunities for improvement have been identified at our Elmore operation, and focused improvement efforts are underway.

We are also addressing attention to two underperforming units, Ceramic and Beryllium Products. Ceramic profitability improvement efforts will be focused on cost reduction through yield improvement, and the pursuit of new opportunities for growth. Direct Bond Copper and copper tungsten are two technologies which offer interesting potential for growth. Beryllium Products profitability should be enhanced through a combination of cost reduction efforts, product and process improvements, and growth in sales of AlBeMet(R).

Our second strategic thrust involves **EXPANDING OUR ALLOY CAPABILITIES**, with a goal to become the global leader in non-ferrous specialty alloys. Brush Wellman's Alloy Products have enjoyed good growth over the past five years. As this has happened, our patented Alloy 174 has become a more significant part of the Alloy Product mix, in terms of dollar sales, and an even larger portion of alloy production in terms of pounds. Traditional alloy strip, while at a lesser rate, has also continued to grow. The Alloy business serves markets around the world, in a wide variety of end-use applications, yet copper beryllium represents a small proportion of the worldwide non-ferrous alloy sales. We are convinced that our products have the potential to capture a larger share of this market, if we make some fundamental changes. Specifically, the keys to positioning Alloy to become a world leader in specialty/high performance non-ferrous alloys are to: expand capacity, introduce new alloys, broaden international marketing capabilities, reduce costs and cycle time and add non-beryllium-containing alloys to our product line.

In May 1996, the Board of Directors approved a plan for a major expansion and upgrading of our alloy strip capabilities, involving the investment of \$110 million at our Elmore, Ohio facility. The goals of this investment are to increase strip production capacity, reduce production costs, improve quality, reduce delivery lead-times, and optimize working capital utilization. In addition, the new capacity will incorporate the best available environmental, health and safety technology, so as to be the safest possible work place, and have minimal impact on the external environment.

The expansion involves three major phases. Phase one is a new cast shop. The new cast shop is intended to increase capacity, improve quality and reduce the cost of all our alloy products. The cast shop involves \$35 million of capital expense. Phase two and three are heavy gauge and finishing equipment for alloy strip. These two phases involve \$75 million of capital.

This project is not simply an expansion of existing capabilities. Rather, it is designed to allow Brush Wellman to reposition itself in the materials marketplace, and thereby create major opportunities for growth. Brush Wellman has historically done an outstanding job as a supplier of premium alloys. We are recognized as the industry leader in terms of quality and technical support. But, our cost structure and capacity have limited us to the highest end, premium niche of the materials market. By

-
1. improve the base business,
 2. expand alloy capabilities, and
 3. build a microelectronics business.
-

reducing our costs and allowing us to produce strip in much larger coils, the new capacity should enable Brush Wellman to compete for many applications which were not accessible to us before. The combination of our quality, technical abilities and the properties of our materials with world class production facilities, a lower cost structure and greater casting and rolling capacity should position Brush Wellman to be a formidable competitor in the worldwide copper based specialty alloys market as we approach the 21st century.

Ground was officially broken on the expansion in June 1996. The new capacity should be fully operational in 1998. It is being financed by a combination of operating leases, and traditional debt and cash flow (See Notes E and F on pages 10 and 11). Our long-term debt at the end of 1996 was less than 8% of capital.

In financing the expansion, we are confident that the project will not result in over leveraging the Company's balance sheet. Over the long run, the expansion should significantly enhance the Company's ability to provide a superior return on investment, and thus improve shareholder value.

The expansion is obviously a major and necessary step, but to maximize growth potential in the non-ferrous alloys market, we are also introducing new alloys. Our new product development process focuses on target markets, listening to the voice of the customer to develop products representing value innovation. Through a combination of product development and capacity expansion, we are taking steps to offer products with significant competitive advantages for the larger, "specialty" segment of the market. We are now introducing a new alloy family, Alloy 171, directed at large volume users in the automotive, and appliance markets. Thus far, the interest in this new alloy system among potential users is very strong.

We also continue to broaden international marketing capabilities. We have been successful in Europe and Japan in recent years. Our work in these markets will intensify as we move forward. In addition, we are broadening our efforts in the ASEAN region and South America.

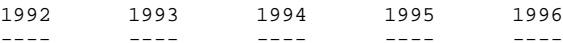
Our efforts to reduce costs and cycle time are continuous, and should be significantly enhanced by our strip expansion and capabilities upgrade.

We intend to exploit opportunities in non-beryllium-containing alloys. In August, the Board of Directors approved a plan for the Company to produce Brush Engineered Bronze, a family of specialty alloys in rod, bar and tube form. This new endeavor will involve the investment of over \$10 million for a new plant, equipment and working capital. The new plant will be a 50,000 square foot facility located in Lorain, Ohio. Construction of the new facility commenced during the fourth quarter 1996, with a target completion date in 1997. The addition of Brush

"OUR GOAL IS TO BECOME THE WORLD'S LEADING SUPPLIER OF HIGH QUALITY, SPECIALTY NON-FERROUS ALLOYS."

COMMON STOCK PRICE

[GRAPH]



Engineered Bronze to our product line further strengthens our position in the specialty alloys business. It represents another step toward our goal to become the world's leading producer of high quality, specialty non-ferrous alloys.

Our Third Strategic Thrust involves BUILDING A MICROELECTRONICS BUSINESS. Microelectronics is currently a multi-billion dollar market, worldwide. Alloy, Precious Metals, Specialty Metal Strip, Ceramic and even Beryllium Products all offer properties which are attractive to designers of sophisticated semiconductor packages, lead frames, connectors and other microelectronic components. Today, nearly one fifth of Brush Wellman's sales are to microelectronics applications. We have an established marketing/sales presence in this business, and believe by executing a more coordinated strategy, we will be able to significantly expand our presence in these attractive, fast growing worldwide markets.

As part of our strategy to expand the range of products serving the microelectronics market, during the fourth quarter 1996 Brush Wellman acquired Circuits Processing Technology Incorporated (CPT), in exchange for common stock. CPT is a San Diego based producer of thick film circuits. CPT primarily serves the commercial and satellite telecommunications markets and also supplies parts to military, aerospace, and medical markets. CPT has been supplying the microelectronics industry with high quality precious metal thick film circuits for the past 14 years.

The addition of CPT augments Brush Wellman's position as a supplier of value-added microelectronic materials, circuits, and sub-assemblies. At the same time, CPT's ability to continue its rapid growth and extend their unique technology into new markets should be enhanced by Brush Wellman's sales and marketing resources. CPT contributed to sales and profitability in the fourth quarter 1996.

SHARE REPURCHASE

In December 1995, The Board of Directors authorized a program to repurchase up to one million shares of the Company's common stock. The Company repurchased over 500,000 shares under this program through April 1996. In May, the Board of Directors suspended the repurchase authority until the financing needs for the alloy strip expansion project were determined, and the financing package was put in place.

DIVIDEND INCREASE

In August, the Board of Directors approved a 10% increase in the quarterly cash dividend to a rate of 11 cents per share. This raised the annualized dividend rate to 44 cents per share from the previous rate of 40 cents.

ORGANIZATION

In October, Brush Wellman announced the appointment of Mr. James P. Mooney to its Board of Directors. Mr. Mooney is currently Chairman and Chief Executive Officer of OM Group, Inc. He has been a member of the OM Group Board of Directors since 1991. He joins the Brush Wellman Board of Directors as part of a class of Directors whose term ends in 1998.

In December, we were saddened to learn of the passing of Nathan Winthrop (Nate) Bass, at the age of 79. Mr. Bass was one of the pioneers of the beryllium industry, who, from 1945 until he retired in 1985, played a major role in the development of the Brush Beryllium Company, and eventually Brush Wellman Inc.

Mr. Robert H. Rozek, Senior Vice President International will retire at the end of March 1997, following a long and distinguished career with Brush Wellman. In over 38 years with the Company, Mr. Rozek was involved, at a senior level, in nearly all aspects of the business. Under his leadership, our international subsidiaries were established, thus positioning the Company to be an effective worldwide competitor in Alloy Products.

ENVIRONMENTAL, HEALTH AND SAFETY ISSUES

For nearly fifty years, it has been known that inhalation of very fine airborne particles of beryllium may cause a lung disorder, known as chronic beryllium disease. Chronic beryllium disease is a lung condition that occurs in that minority of persons whose immune systems react to beryllium in the lungs. The large majority of people do not have an adverse reaction to beryllium exposure. In solid form, beryllium and beryllium alloys pose no special health risk. Thus, the risk of CBD is generally confined to workplaces in which operations are performed that generate beryllium-containing dust or fumes. As the world's leading producer of beryllium we are committed to remain the leader in knowledge about the health effects of beryllium exposure, and are determined to work to develop more effective prevention methods and treatments. We are also committed to openly communicate our knowledge about the issue, so that all parties are properly informed and so as to encourage a continuing, open dialogue on scientific and medical knowledge. In 1996 we completed surveillance blood testing of employees in Ohio and presented results of this work and a related Epidemiological Study to all employees. In addition, we expanded the blood testing program to our Utah facilities. We also continue to support the work of the Beryllium Industry Science Advisory Committee.

Unfortunately, our efforts to learn more may also have led to an increase in litigation, as well as some negative publicity during 1996. We will continue to vigorously defend Brush Wellman against these lawsuits, while we proceed in our efforts to protect workers from the risk of adverse health effects, and work to increase medical knowledge regarding chronic beryllium disease.

OUTLOOK

Looking forward, for 1997, our goal is to produce improved returns to our shareholders. We will strive for continued growth in earnings, and increases in our sales penetration in the worldwide specialty materials market. Recognizing that this is a year of investment for the future, it is not realistic to expect significant growth in 1997, but we remain determined to do all in our power to continue improving sales and earnings this year.

For the longer term, we recognize that, fundamentally, sales growth remains the key to our success. We are committed to a major expansion of our alloy strip capability. This investment is designed to enable the Company to significantly expand sales, reduce production costs, improve working capital management and offer better quality and service to our customers of alloy strip products. By implementing this capabilities expansion and upgrade, and by executing the other aspects of our strategic plan, Brush Wellman will be equipped to show consistent, strong growth in sales and earnings, and produce superior returns for our shareholders.

/s/ Gordon D. Harnett

*Gordon D. Harnett
Chairman of the Board
President and Chief Executive Officer
March 1997*

Consolidated Statements of Income

Brush Wellman Inc. and Subsidiaries
Years ended December 31, 1996, 1995 and 1994
(Dollars in thousands except per share amounts)

	1996	1995	1994
Net Sales	\$ 376,279	\$ 369,618	\$ 345,878
Cost of sales	267,713	268,732	253,938
	-----	-----	-----
Gross Margin	108,566	100,886	91,940
Selling, administrative and general expenses	64,991	62,736	55,502
Research and development expenses	8,309	7,814	8,754
Other-- net	961	1,250	2,586
	-----	-----	-----
Operating Profit	34,305	29,086	25,098
Interest expense	1,128	1,653	2,071
	-----	-----	-----
INCOME BEFORE INCOME TAXES	33,177	27,433	23,027
Income taxes:			
Currently payable	9,825	9,547	6,270
Deferred	(1,139)	(2,803)	(1,793)
	-----	-----	-----
	8,686	6,744	4,477
	-----	-----	-----
NET INCOME .	\$ 24,491	\$ 20,689	\$ 18,550
	=====	=====	=====
Net Income Per Share of Common Stock	\$ 1.52	\$ 1.26	\$ 1.14
	=====	=====	=====
Average number of shares of Common Stock outstanding	16,148,231	16,408,553	16,243,333

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Brush Wellman Inc. and Subsidiaries
Years ended December 31, 1996, 1995 and 1994
(Dollars in thousands)

	1996	1995	1994
	----	----	----
Cash Flows from Operating Activities:			
Net Income	\$ 24,491	\$ 20,689	\$ 18,550
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:			
Depreciation, depletion and amortization	18,537	18,042	17,588
Amortization of mine development	4,417	2,869	2,031
Decrease (Increase) in accounts receivable	(557)	(308)	(4,610)
Decrease (Increase) in inventory	(2,946)	874	(7,058)
Decrease (Increase) in prepaid and other current assets	(460)	(1,951)	565
Increase (Decrease) in accounts payable and accrued expenses	1,158	(1,856)	8,389
Increase (Decrease) in interest and taxes payable	(1,327)	1,050	809
Increase (Decrease) in deferred income tax	(1,189)	(1,284)	(1,879)
Increase (Decrease) in other long-term liabilities	1,954	2,061	704
Other-- net	966	(589)	80
	-----	-----	-----
NET CASH PROVIDED FROM OPERATING ACTIVITIES	45,044	39,597	35,169
Cash Flows from Investing Activities:			
Payments for purchase of property, plant and equipment	(26,825)	(24,244)	(17,214)
Payments for mine development	(3,663)	(787)	(543)
Payments for acquisition of business	--	--	(720)
Other investments-- net	(4,909)	718	(24)
	-----	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(35,397)	(24,313)	(18,501)
Cash Flows from Financing Activities:			
Proceeds from issuance of short-term debt	552	5,845	--
Proceeds from issuance of long-term debt	8,305	--	--
Repayment of long-term debt	(813)	(758)	(704)
Repayment of short-term debt	(2,149)	(5,000)	(1,962)
Purchase of treasury stock	(6,656)	(2,826)	--
Issuance of Common Stock under stock option plans	1,460	1,141	502
Payments of dividends	(6,489)	(5,489)	(3,702)
	-----	-----	-----
NET CASH USED IN FINANCING ACTIVITIES	(5,790)	(7,087)	(5,866)
Effects of Exchange Rate Changes on Cash & Cash Equivalents	(1,661)	915	1,949
	-----	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,196	9,112	12,751
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	29,553	20,441	7,690
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 31,749	\$ 29,553	\$ 20,441
	=====	=====	=====

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

Brush Wellman Inc. and Subsidiaries
December 31, 1996 and 1995
(Dollars in thousands)

	1996	1995
Assets		
Current Assets		
Cash and cash equivalents	\$ 31,749	\$ 29,553
Accounts receivable (less allowance of \$954 for 1996 and \$1,015 for 1995)	52,211	52,532
Inventories	96,324	92,727
Prepaid expenses and deferred income taxes	16,949	16,935
	-----	-----
TOTAL CURRENT ASSETS .	197,233	191,747
Other Assets	28,326	18,912
Property, Plant and Equipment		
Land	5,186	4,399
Buildings	80,057	76,258
Machinery and equipment	274,903	258,265
Construction in progress	19,405	14,564
Allowances for depreciation	(256,690)	(240,449)
	122,861	113,037
Mineral resources	5,693	5,661
Mine development	18,883	15,220
Allowances for amortization and depletion	(17,217)	(12,724)
	-----	-----
	7,359	8,157
	-----	-----
PROPERTY, PLANT AND EQUIPMENT-- NET	130,220	121,194
	-----	-----
	\$ 355,779	\$ 331,853
	=====	=====
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term debt	\$ 25,670	\$ 22,757
Accounts payable	7,713	8,772
Salaries and wages	9,672	10,030
Taxes other than income taxes	2,212	1,981
Other liabilities and accrued items	13,810	11,723
Dividends payable	1,789	1,621
Income taxes	8,195	9,707
	-----	-----
TOTAL CURRENT LIABILITIES .	69,061	66,591
Other Long-Term Liabilities	6,906	4,148
Retirement and Post-Employment Benefits	40,365	41,297
Long-Term Debt	18,860	16,996
Deferred Income Taxes	1,330	2,519
Shareholders' Equity		
Serial Preferred Stock, no par value; 5,000,000 shares authorized, none issued	--	--
Common Stock, \$1 par value		
Authorized 45,000,000 shares; issued 21,908,885 shares (21,330,401 in 1995).....	21,909	21,330
Additional paid-in capital	53,650	45,658
Retained income	236,043	218,209
	-----	-----
	311,602	285,197
Less: Common Stock in treasury, 5,618,377 shares in 1996 (5,259,177 in 1995) .	91,357	84,701
Other Equity transactions	988	194
	-----	-----
TOTAL SHAREHOLDERS' EQUITY .	219,257	200,302
	-----	-----
	\$ 355,779	\$ 331,853
	=====	=====

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Brush Wellman Inc. and Subsidiaries

Years ended December 31, 1996, 1995 and 1994

(Dollars in thousands except per share amounts)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED INCOME	COMMON STOCK IN TREASURY	OTHER
BALANCES AT JANUARY 1, 1994	\$ 21,181	\$ 43,790	\$ 188,978	\$ (81,874)	
Net income			18,550		
Declared dividends \$.26 per share			(4,187)		
Proceeds from sale of 34,500 shares under option plans	34	427			
Income tax benefit from employees' stock options		41			
BALANCES AT DECEMBER 31, 1994	21,215	44,258	203,341	(81,874)	
Net income			20,689		
Declared dividends \$.36 per share			(5,821)		
Proceeds from sale of 71,270 shares under option plans	71	910			
Income tax benefit from employees' stock options		160			
Other equity transactions	44	330		(1)	\$ (194)
Purchase of shares for treasury				(2,826)	
BALANCES AT DECEMBER 31, 1995	21,330	45,658	218,209	(84,701)	(194)
Net income			24,491		
Declared dividends \$.42 per share			(6,657)		
Proceeds from sale of 93,710 shares under option plans	94	1,211			
Income tax benefit from employees' stock options		155			
Purchase of business	368	5,296			
Other equity transactions	117	1,330			(794)
Purchase of shares for treasury				(6,656)	
BALANCES AT DECEMBER 31, 1996	\$ 21,909	\$ 53,650	\$ 236,043	\$ (91,357)	\$ (988)
	=====	=====	=====	=====	=====

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Brush Wellman Inc. and Subsidiaries
December 31, 1996

NOTE A - ACCOUNTING POLICIES

ORGANIZATION: The Company is a manufacturer of engineered materials used in the computer and related electronics, telecommunications and automotive electronic markets. The Company also sells into the aerospace/defense and appliance/consumer markets. The majority of sales are to customers in North America, Western Europe and the Pacific rim. Major products sold include beryllium, beryllium alloys, beryllia ceramic, precious metal products and specialty metal systems. The majority of products are manufactured and/or distributed through shared Company facilities.

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CONSOLIDATION: The consolidated financial statements include the accounts of Brush Wellman Inc. and its subsidiaries, all of which are wholly owned. All significant intercompany accounts and transactions are eliminated in consolidation.

CASH EQUIVALENTS: All highly liquid investments with a put option or maturity of three months or less when purchased are considered to be cash equivalents.

INVENTORIES: Inventories are stated at the lower of cost or market. The cost of domestic inventories except ore and supplies is principally determined using the last-in, first-out (LIFO) method. The remaining inventories are stated principally at average cost.

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment is stated on the basis of cost. Depreciation is computed principally by the straight-line method, except certain facilities for which depreciation is computed by the sum-of-the-years digits or units-of-production method. Depreciable lives that may be used in computing the annual provision for depreciation by class of asset are as follows:

	Years
Land improvements.....	5 to 25
Buildings.....	10 to 40
Leasehold improvements.....	Life of lease
Machinery and equipment.....	3 to 15
Furniture and fixtures.....	4 to 15
Automobiles and trucks.....	2 to 8
Research equipment.....	6 to 12

MINERAL RESOURCES AND MINE DEVELOPMENT: Property acquisition costs and mining costs associated with waste rock removal are recorded at cost and are depleted or amortized by the units of production method based on recoverable proven beryllium reserves. Exploration and pre-production mine development expenses are charged to operations in the period in which they are incurred.

INTANGIBLE ASSETS: The cost of intangible assets is amortized by the straight-line method over the periods estimated to be benefited, which is generally twenty years or less.

ASSET IMPAIRMENT: In the event that facts and circumstances indicate that the carrying value of long-lived and intangible assets may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future cash flow associated with the asset would be compared to the asset's carrying amount to determine if a write-down may be required.

DERIVATIVES: Forward foreign exchange currency contracts and commodity swaps are marked-to-market using the applicable rates and any unrealized losses are taken to income. Realized gains and losses on forward contracts and swaps and realized gains on foreign currency options are taken to income when the financial instrument matures. Option premiums are classified as prepaid expenses and amortized over the term of the option.

ADVERTISING COSTS: The Company expenses all advertising costs as incurred. Advertising costs were immaterial for the years presented in the consolidated financial statements.

INCOME TAXES: The Company uses the liability method as required by Statement of Financial Accounting Standards (SFAS) No. 109 in measuring the provision for income taxes and recognizing deferred tax assets and liabilities on the balance sheet. This statement requires that deferred income taxes reflect the tax consequences of currently enacted rates for differences between the tax bases of assets and liabilities and their financial reporting amounts.

RECLASSIFICATION: Certain amounts in prior years have been reclassified to conform with the 1996 consolidated financial statement

presentation.

NET INCOME PER SHARE: Net income per share is based on the weighted average number of outstanding shares of Common Stock including common stock equivalents (stock options) as appropriate under the treasury stock method.

ENVIRONMENTAL REMEDIATION: In October 1996, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 96-1, "Environmental Remediation Liabilities". The SOP is effective for fiscal years beginning after December 15, 1996. The SOP does not make changes to existing accounting rules, but it clarifies how existing authoritative guidance on loss contingencies should be applied in determining environmental liabilities. The Company does not believe the adoption of the SOP will have a material impact on its financial position or results of operations. The Company will adopt SOP 96-1 in the first quarter of 1997. Contingencies, including environmental remediation liabilities, are further outlined in Note L to the Consolidated Financial Statements.

NOTE B - ACQUISITIONS

In October 1996, the Company acquired the Common Stock of Circuits Processing Technology, Inc. for Company Common Stock. In October 1994, the Company acquired the assets, including net working capital, of Hydrostatics Inc. for cash. These transactions were accounted for as purchases and did not have a material impact on operations.

NOTE C - INVENTORIES

Inventories in the consolidated balance sheets are summarized as follows:

(Dollars in thousands)	December 31	
	1996	1995
Principally average cost:		
Raw materials and supplies.....	\$20,210	\$19,719
In process.....	55,242	57,013
Finished.....	42,536	42,222
	-----	-----
	117,988	118,954
Excess of average cost over LIFO		
inventory value.....	21,664	26,227
	-----	-----
	\$96,324	\$92,727
	=====	=====

Inventories aggregating \$67,730,000 and \$62,675,000 are stated at LIFO at December 31, 1996 and 1995, respectively.

NOTE D - INTEREST

Interest expense associated with active construction and mine development projects is capitalized and amortized over the future useful lives of the related assets. Interest paid was \$2,168,000, \$2,284,000 and \$2,518,000 in 1996, 1995 and 1994, respectively. Interest costs capitalized and the amounts amortized are as follows:

(Dollars in thousands)	1996	1995	1994
-----	----	----	----
Interest incurred	\$2,103	\$2,099	\$2,407
Less capitalized interest	975	446	336
	\$1,128	\$1,653	\$2,071
	-----	-----	-----
Amortization, included principally			
in cost of sales	\$ 573	\$ 578	\$ 525
	=====	=====	=====

In 1986, the Company purchased company-owned life insurance policies insuring the lives of certain United States employees. The contracts are recorded at cash surrender value, net of policy loans, in other assets. The net contract (income) expense, including interest expense recorded in Selling, Administrative and General expenses, was (\$190,000), \$954,000 and \$598,000 in 1996, 1995 and 1994, respectively. The related interest expense was \$5,115,000, \$4,788,000 and \$4,091,000, respectively.

NOTE E - DEBT

A summary of long-term debt follows:

(Dollars in thousands)	December 31	
	1996	1995
	----	----
9.60% - 9.68% medium-term notes, \$5,000,000		
payable in each of 1997 and 2000	\$ 10,000	\$ 10,000
Variable rate industrial development revenue bonds		
payable in installments beginning in 2005	3,000	3,000
5.45% - 6.45% industrial development revenue bonds		
payable in equal installments in 1996 through 2000	3,200	4,000
Variable rate industrial development		
revenue bonds payable in 2016	8,305	0
Variable rate note payable in installments through 1999	253	0
4.90% note payable in yen in equal		
installments through 1997	706	1,495
	-----	-----
	25,464	18,495
Current portion of long-term debt	(6,604)	(1,499)
	-----	-----
	\$ 18,860	\$ 16,996
	=====	=====

Maturities on long-term debt instruments as of December 31, 1996, are as follows:

1997.....	\$ 6,604
1998.....	877
1999.....	878
2000.....	5,800

\$25,464

The Company has a revolving credit agreement with four banks which provides a maximum availability of \$50,000,000 through April 30, 1998. At December 31, 1996, there were no borrowings outstanding against this agreement.

The Company has a private placement agreement whereby the Company can issue up to an aggregate of \$75,000,000 of medium-term notes (\$10,000,000 outstanding at December 31, 1996). The notes bear a fixed interest rate and may have maturities from nine months to thirty years from date of issue as agreed upon in each case by the purchaser and the Company.

Included in short-term debt is \$19,066,000 (\$21,258,000 at December 31, 1995) outstanding under lines of credit totaling \$89,612,000. The \$89,612,000 lines of credit consist of \$50,400,000, \$29,341,000 and \$9,871,000 of domestic, foreign and precious metal (primarily gold) denominated debt respectively. The domestic and foreign lines are uncommitted, unsecured and renewed annually. The precious metal facility is committed, secured and renewed annually. Of the amount outstanding, \$9,642,000 is payable in foreign currencies and \$9,424,000 is denominated in precious metal, primarily gold. Also included in short-term debt is \$800,000 representing the current maturity of an industrial development revenue bond, \$5,000,000 representing the current maturity of a medium-term note, \$98,000 representing the current maturity of a note payable and \$706,000 representing the current portion of the yen note payable. The average rate on short-term debt was 3.5% and 3.6% as of December 31, 1996 and 1995, respectively.

During November 1996, the Company entered into an agreement with the Lorain Port Authority, Ohio to issue \$8,305,000 in variable rate industrial revenue bonds, maturing in 2016. The outstanding cash is shown as cash and cash equivalents on the balance sheet, but is restricted for use in constructing a new facility in Lorain, Ohio, subject to the terms agreed upon with the Lorain Port Authority, Ohio pursuant to the issuance of the bonds.

During 1994, the Company re-funded its \$3,000,000 industrial development revenue bonds. The 7.25% bonds were re-funded into variable rate demand bonds. The variable rate ranged from 2.55% to 4.30% during 1996 and 3.00% to 5.70% during 1995.

In December 1995, the Company entered into an interest rate swap agreement to manage its interest rate exposure on the \$3,000,000 variable rate industrial development revenue bond. The Company converted the variable rate to a fixed rate of 6.03% under the interest rate swap agreement that matures in 2002.

Notes to Consolidated Statements (Continued)

The loan agreements include certain restrictive covenants covering the incurrence of additional debt, interest coverage, and maintenance of working capital, tangible net worth (as defined) and debt to earnings ratio.

NOTE F - LEASING ARRANGEMENTS

The Company leases warehouse and manufacturing space, and manufacturing and computer equipment under operating leases with terms ranging up to 15 years. Rent expense amounted to \$4.7 million, \$4.1 million and \$ 4.8 million during 1996, 1995, and 1994, respectively. The future estimated minimum lease payments under non-cancelable operating leases with initial lease terms in excess of one year at December 31, 1996, are as follows: 1997 - \$0.1 million; 1998 - \$ 1.8 million; 1999 - \$ 5.7 million; 2000 - \$5.7; 2001 - \$ 5.7 million; and thereafter - - - \$19.3 million.

The Company has agreements for the construction and operating leases of a production facility and certain equipment to be located in that facility. The new facility and related equipment will be owned by third parties and have an estimated cost of \$78.5 million. Start-up of this facility is anticipated to be phased in over time, commencing in the fourth quarter of 1997. Lease payments for the facility will commence in 1997 and continue through 2011 with options for renewal. Lease payments of the related equipment commence in 1999 and continue through the initial lease term expiring in 2001. The Company has options to renew the lease of the equipment for seven one-year periods and to purchase the equipment for its estimated fair value at the end of each term. The lease provides for a substantial residual value guarantee by the Company at the termination of the lease.

The Company has guaranteed performance under the construction contracts for the building and equipment. The estimated minimum payments under these leases are included in the preceding paragraph.

The lease agreements include restrictive covenants covering certain liquidity ratios, maintenance of tangible net worth (as defined) and maximum rental expenses.

NOTE G - DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE INFORMATION

DERIVATIVE FINANCIAL INSTRUMENTS

The Company has a program in place to manage foreign currency risk. As part of that program, the Company has entered into forward contracts and purchased foreign currency options to hedge anticipated foreign currency transactions, primarily foreign sales. The purpose of the program is to protect against the reduction in value of the foreign currency transactions from adverse exchange rate movements. Should the dollar strengthen significantly, the decrease in the value of the foreign currency transactions will be partially offset by the gains on the hedge contracts and options.

All hedge contracts mature in two years or less. The options were generally several percent out-of-the-money at the time of purchase and all options matured prior to December 31, 1996. At year end, the Company was in a net unrealized gain position on its forward contracts that was not material to the Company. Therefore, the fair market value of the forward contracts approximates their nominal value as of the balance sheet date. The contracted amounts of the Company's outstanding forward contracts as of December 31, 1996 were as follows:

(Dollars in thousands)	Forward Contracts
-----	-----
Currency:	
Deutschemark.....	\$ 9,300
Yen.....	7,400
Sterling.....	8,293
Total.....	\$ 24,993

CASH AND CASH EQUIVALENTS

Included in cash equivalents are \$12.4 million (\$21.4 million in 1995) in variable rate demand notes which are investments in debt securities that are revalued every seven days and puttable to the remarketing agent with seven days' notice. The notes are guaranteed by letters of credit from highly rated financial institutions. The carrying amounts reported in the balance sheet for cash and cash equivalents approximate fair value.

LONG-AND SHORT-TERM DEBT

The fair value of the Company's debt (which had a carrying value of \$44,530,000) at December 31, 1996 was estimated at \$ 45,915,000 using a discounted cash flow analysis based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

In December 1995, the Company entered into an interest rate swap, converting to a fixed rate from a variable rate on a \$3,000,000 industrial revenue development bond. The fair value of this swap approximates its carrying value.

OTHER SWAP ARRANGEMENTS

The Company has entered into a commodity swap agreement to hedge a portion of anticipated copper purchases during 1997. Under the

agreement, the Company receives or makes payments based on the difference between a specified price and the market price of copper. The fair value of this contract at December 31, 1996 is \$2.3 million (notional amount \$2.1 million). This commitment expires in December 1997.

INTEREST RATE SWAP AGREEMENT

In December, 1996, the Company has entered into an interest rate swap agreement to hedge the variable rate payments to be made during the initial term of an equipment lease (see Note F). The Company has accounted for the swap as a hedge effectively fixing the estimated lease payments at a total of \$13.1 million through the initial lease term. The notional value of the swap approximates its fair value at December 31, 1996.

NOTE H - CAPITAL STOCK

The Company has 5,000,000 shares of Serial Preferred Stock authorized (no par value), none of which has been issued. Certain terms of the Serial Preferred Stock, including dividends, redemption and conversion, will be determined by the Board of Directors prior to issuance.

On January 26, 1988, the Company's Board of Directors declared a dividend of one preferred stock purchase right for each outstanding share of

Common Stock. Each right entitles the shareholder to buy one one-hundredth of a share of Serial Preferred Stock, Series A, at an initial exercise price of \$100. 450,000 unissued shares of Serial Preferred Stock have been designated as Series A Preferred Stock. Each share of Series A Preferred Stock will be entitled to participate in dividends on an equivalent basis with one hundred shares of Brush Wellman Common Stock. Each share of Series A Preferred Stock will be entitled to one vote. The rights are not exercisable and will not be evidenced by separate right certificates until a specified time after any person or group acquires beneficial ownership of 20% or more (or announces a tender offer for 20% or more) of Brush Wellman Common Stock. The rights expire on January 26, 1998, and can be redeemed for 3 cents per right under certain circumstances.

In December 1995, the Company's Board of Directors authorized a program to repurchase up to 1,000,000 shares of its Common Stock. In May 1996, the Company's Board of Directors withdrew the authority for additional share repurchases. The Company repurchased 524,400 shares at a total cost of \$9,482,000 under this program.

The 1995 Stock Incentive Plan authorizes the granting of five categories of incentive awards: performance restricted shares, performance shares, performance units, restricted shares and option rights. In 1996, a total of 116,653 performance restricted shares and 118,127 performance shares were granted to certain employees. In 1995, a total of 43,921 performance restricted shares and 21,961 performance shares (682 and 341 were subsequently forfeited, respectively) were granted to certain employees. The market value of the performance restricted shares and the performance shares adjusted for management's expectation of reaching the Management Objectives as outlined in the plan agreement, and the related dividends on the performance restricted shares have been recorded as deferred compensation-restricted stock and are a component of other equity transactions of shareholders' equity. At December 31, 1996, no amount for the performance shares has been recorded as deferred compensation restricted stock. Deferred compensation on the performance restricted shares is amortized over the vesting period and amounted to \$188,000 and \$366,000 in 1996 and 1995, respectively. Option rights entitle the optionee to purchase common shares at a price equal to or greater than market value on the date of grant. Option rights outstanding under the 1995 Stock Incentive Plan and previous plans generally become exercisable over a four-year period and expire ten years from the date of the grant.

The 1990 Stock Option Plan for Non-Employee Directors provides for a one-time grant of 5,000 options to each non-employee director at an option price equal to the fair market value of the shares at the date of the grant. Options are non-qualified and become exercisable six months after the date of grant. The options generally expire ten years after the date they were granted.

The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock Based Compensation", but applies APB Opinion No. 25 and related Interpretations in accounting for its stock incentive plans. The compensation expense determined in applying SFAS No. 123 was immaterial for 1996 and 1995.

A summary of option activity during the years 1996, 1995 and 1994 follows:

	Shares	Range of Option Prices	Weighted Avg. Exercise Price
Outstanding at January 1, 1994	1,744,090	\$11.81 to \$38.94	
Granted.....	215,700	\$15.19 to \$15.75	
Exercised.....	(34,500)	\$12.00 to \$15.31	
Canceled.....	(346,990)	\$12.00 to \$38.94	

Outstanding at December 31, 1994	1,578,300	\$11.81 to \$38.94	
Granted.....	210,400	\$17.69 to \$19.81	\$17.74
Exercised.....	(71,270)	\$12.00 to \$17.25	\$13.77
Canceled.....	(55,690)	\$12.00 to \$38.94	\$29.34

Outstanding at December 31, 1995	1,661,740	\$11.81 to \$38.94	
Granted.....	35,000	\$18.63 to \$19.06	\$18.69
Exercised.....	(93,710)	\$12.00 to \$15.75	\$13.93
Canceled.....	(58,460)	\$12.00 to \$38.94	\$30.98

Outstanding at December 31, 1996	1,544,570	\$11.81 to \$38.94	
	=====		

At December 31, 1996, options for 1,375,730 shares (1,313,560 shares at December 31, 1995) were exercisable with a weighted average remaining contractual life of 4.9 years and 5.9 years for 1996 and 1995, respectively. The outstanding options as of December 31, 1996, may be divided into the following ranges:

Range of Option Prices	Outstanding	Exercisable	Average Remaining Life
-----	-----	-----	-----
\$11.81 to \$17.69	1,008,570	874,730	6.82
\$18.63 to \$25.50	484,000	449,000	3.20
\$28.38 to \$38.94	52,000	52,000	0.43
Total	1,544,570	1,375,730	

As of December 31, 1996, there were 334,112 shares (545,432 at December 31, 1995) available for future grants.

NOTE I - INCOME TAXES

Income before income taxes and income taxes are made up of the following components, respectively:

(Dollars in thousands)	1996	1995	1994
	-----	-----	-----
Income before income taxes:			
Domestic	\$ 28,750	\$ 20,480	\$ 17,570
Foreign	4,427	6,953	5,457
	-----	-----	-----
Total before income taxes	\$ 33,177	\$ 27,433	\$ 23,027
	=====	=====	=====
Income taxes:			
Current income taxes:			
Domestic	\$ 7,736	\$ 6,779	\$ 5,374
Foreign	2,089	2,768	1,968
Benefit of foreign loss carryforward	--	--	(1,072)
	-----	-----	-----
Total current.....	9,825	9,547	6,270
Deferred income taxes:			
Primarily domestic	(1,139)	(2,803)	(1,793)
	-----	-----	-----
Total income taxes	\$ 8,686	\$ 6,744	\$ 4,477
	=====	=====	=====

A reconciliation of the federal statutory and effective income tax rates(benefits) follows:

	1996	1995	1994
	----	----	----
Federal statutory rate	35.0%	35.0%	34.0%
State and local income taxes, net of federal tax effect	1.1	2.1	3.2
Effect of excess of percentage depletion over cost depletion	(4.9)	(5.5)	(6.1)
Company-owned life insurance	(3.6)	(4.9)	(5.1)
Difference due to book and tax basis of assets of acquired businesses	1.1	0.4	0.4
Taxes on foreign income - net	(1.2)	(2.2)	(3.5)
Reduction of valuation allowance	--	--	(4.7)
Other items	(1.3)	(0.3)	1.2
	----	----	----
Effective tax rate	26.2%	24.6%	19.4%
	====	====	====

Included in income taxes currently payable, as shown in the Consolidated Statements of Income, are \$585,000, \$904,000 and \$1,116,000 of state and local income taxes in 1996, 1995 and 1994, respectively.

The Company made domestic and foreign income tax payments, net of refunds, of \$11,144,000 \$8,087,000 and \$5,353,000 in 1996, 1995 and 1994, respectively.

Under Statement 109, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting bases and the tax bases of assets and liabilities. Deferred tax assets and (liabilities) recorded in the consolidated balance sheets consist of the following at December 31:

(Dollars in thousands)	1996	1995
	----	----
Postretirement benefits other than pensions	\$ 12,391	\$ 12,333
Alternative minimum tax credit	5,155	5,937
Other reserves	6,911	5,339
Restructuring accrual	1,239	1,981
Inventory	380	--
Miscellaneous	744	236
	-----	-----
Total deferred tax assets	26,820	25,826
	=====	=====
Depreciation	(10,015)	(9,836)
Pensions	(3,851)	(3,914)
Mine development	(2,005)	(2,070)
Capitalized interest expense	(1,358)	(1,340)
Inventory	--	(214)
	-----	-----
Total deferred tax liabilities	(17,229)	(17,374)
	-----	-----
Net deferred tax asset	\$ 9,591	\$ 8,452
	=====	=====

NOTE J - PENSIONS

The Company and its subsidiaries have noncontributory pension plans covering substantially all U.S. employees. Plans provide benefits based on the participants' years of service and compensation or stated amounts for each year of service. The Company's funding policy is to make the minimum actuarially computed annual contributions required by applicable regulations. No contributions were made in 1996, 1995 or 1994.

A summary of the components of net periodic pension cost (credits) for pension plans follows (in thousands):

Defined benefit plans:	1996	1995	1994
	----	----	----
Service cost-benefits earned during the period	\$ 2,591	\$ 1,942	\$ 2,125
Interest cost on projected benefit obligation	4,958	4,512	4,247
Actual return (increase)/decrease on plan assets	(11,084)	(12,684)	897
Net amortization and deferral	3,890	5,759	(7,684)
	-----	-----	-----
Total (credit) expense	\$ 355	\$ (471)	\$ (415)
	=====	=====	=====

The following table sets forth the funded status of the Company's plans and the amounts recognized in the consolidated balance sheets at December 31 (in thousands):

	PLANS WHOSE ASSETS EXCEED ACCUMULATED BENEFITS	
	1996	1995
	----	----
Actuarial present value of benefit obligations:		
Vested benefit obligation	\$ 51,898	\$ 49,410
	=====	=====
Accumulated benefit obligation	\$ 56,288	\$ 53,669
	=====	=====
Plan assets at fair value	\$ 84,819	\$ 76,970
	=====	=====
Projected benefit obligation	(68,264)	(65,044)
	-----	-----
Plan assets in excess of projected benefit obligation ..	16,555	11,926
Unrecognized net (gain) or loss	(3,577)	1,731
Unrecognized net assets, at date of adopting		
FAS 87, net of amortization	(4,015)	(4,723)
Unrecognized prior service cost	2,365	2,577
	-----	-----
Net pension asset recognized at December 31	\$ 11,328	\$ 11,511
	=====	=====

Assumptions used in accounting for the pension plans were:

	1996	1995	1994
	----	----	----
Weighted-average discount rate.....	7.50%	7.25%	8.25%
Rate of increase in compensation levels.....	5%	5%	5%
Expected long-term rate of return on assets.....	9%	9%	9%

Plan assets consist primarily of listed common stocks, corporate and government bonds and short-term investments.

The Company also has accrued unfunded retirement arrangements for certain U.S. employees and directors. At December 31, 1996, the projected benefit obligation was \$1,910,000 (\$1,569,000 in 1995). A corresponding accumulated benefit obligation of \$1,747,000 (\$1,421,000 in 1995) has

been recognized as a liability in the balance sheet and is included in retirement and post-employment benefits. Certain foreign subsidiaries have funded and accrued unfunded retirement arrangements which are not material to the consolidated financial statements.

The Company also sponsors a defined contribution plan available to substantially all U.S. employees. Company contributions to the plan are based on matching a percentage of employee savings up to a specified savings level. The Company's contribution was \$1,844,000 in 1996, \$1,683,000 in 1995 and \$1,596,000 in 1994.

NOTE K - OTHER POSTRETIREMENT BENEFIT PLANS

In addition to the Company's defined benefit pension plans and deferred contribution plans, the Company currently provides postretirement medical and death benefits to certain full-time employees and spouses, excluding those of subsidiaries. The Company also provides medical benefits to certain retired employees and spouses from an operation that was divested in 1985.

Employees become eligible at age 55 with 10 years of service. Certain employees, excluding those of subsidiaries, who retired after June 30, 1992 receive credits, based on years of service up to 30, to be used toward the purchase of medical benefits. Contributions toward the cost of medical benefits are required from retirees with less than 30 years of service and also for increases in the cost of medical benefits due to inflation. Employees who retired prior to July 1, 1992 generally had less stringent eligibility criteria and contribution rates, and account for the majority of the postretirement benefit obligation.

The following table presents the plan's funded status and the amounts recognized in the Company's consolidated balance sheets (in thousands):

	December 31, 1996	1995
	----	----
Accumulated postretirement benefit obligation:		
Retirees	\$22,477	\$23,610
Fully eligible active plan participants	5,371	4,696
Other active plan participants	3,995	4,636
	31,843	32,942
Plan assets	--	--
Unrecognized net gain	4,612	2,858
	-----	-----
Accrued postretirement benefit obligation	\$36,455	\$35,800
	=====	=====

Net periodic postretirement benefit cost includes the following components (in thousands):

	1996	1995	1994
	----	----	----
Service cost.....	\$385	\$304	\$341
Interest cost.....	2,277	2,409	2,612
Amortization of (gain).....	(25)	(140)	--
Adjustment to benefit obligation	--	--	--
	-----	-----	-----
Net periodic postretirement benefit cost	\$2,637	\$2,573	\$2,953
	=====	=====	=====

The weighted-average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) used in determining the accumulated postretirement benefit obligation as of December 31, 1996 is 6.50% for retirees age 65 and over and 8.50% for retirees under age 65 in 1997, and both are assumed to decrease gradually to 4.75% until 2005 and remain at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of December 31, 1996 by \$1,751,000 and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for 1996 by \$156,000. This increase would apply only to employees who retired prior to July 1, 1992.

The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7.50% at December 31, 1996, 7.25% at December 31, 1995 and 8.25% at December 31, 1994.

NOTE L - CONTINGENCIES

The Company is from time to time involved in various legal and other proceedings that relate to the ordinary course of operating its business, including, but not limited to: employment-related actions; product liability claims; and workers' compensation claims.

While the Company is unable to predict the outcome of current proceedings, based upon the facts currently known to it, the Company does not believe that resolution of these proceedings will have a material adverse effect on the financial condition or operations of the Company.

The Company has an active program for environmental compliance which includes the identification of environmental projects and estimating

their impact on the Company's financial performance and available resources. Environmental expenditures that relate to current operations, such as wastewater treatment and control of airborne emissions, are either expensed or capitalized as appropriate. For projects involving remediation, estimates of the probable costs are made and the Company established reserves of \$4.0 million at December 31, 1996 (\$3.3 million at December 31, 1995). These reserves cover existing or currently foreseen projects. Expenditures are charged to the reserve which is adjusted from time to time as additional projects are identified and for which probable costs of remediation can be estimated. The current portion of the reserve is included in the balance sheet as other liabilities and accrued items while the long-term portion is included under other long-term liabilities.

As of December 31, 1996, the Company has outstanding commitments of \$13 million to purchase capital equipment.

Notes to Consolidated Statements (continued)

NOTE M - OPERATIONS BY GEOGRAPHIC AREA

Years ended December 31, 1996, 1995 and
1994 (Dollars in thousands)

	1996			
	OPERATIONS IN THE UNITED STATES	INTERNATIONAL DISTRIBUTION SUBSIDIARIES	ADJUSTMENTS & ELIMINATIONS	CONSOLIDATED
Sales to unaffiliated customers	\$ 301,451	\$ 74,828		\$ 376,279
Transfers between operations	43,190		(\$ 43,190)	
Net Sales	\$ 344,641	\$ 74,828	(\$ 43,190)	\$ 376,279
Operating profit (loss)	\$ 29,591	\$ 4,783	(\$ 69)	\$ 34,305
Interest expense				(1,128)
Income before income taxes				\$ 33,177
Identifiable assets at December 31, 1996	\$ 298,832	\$ 43,812	(\$ 5,237)	\$ 337,407
Corporate assets				18,372
Total assets at December 31, 1996 ..				\$ 355,779
	1995			
Sales to unaffiliated customers	\$ 278,455	\$ 91,163		\$ 369,618
Transfers between operations	54,065		(\$ 54,065)	
Net Sales	\$ 332,520	\$ 91,163	(\$ 54,065)	369,618
Operating profit (loss)	\$ 24,932	\$ 7,378	(\$ 3,224)	\$ 29,086
Interest expense				(1,653)
Income before income taxes				\$ 27,433
Identifiable assets at December 31, 1995	\$ 287,977	\$ 44,718	(\$ 4,835)	\$ 327,860
Corporate assets				3,993
Total assets at December 31, 1995 ..				\$ 331,853
	1994			
Sales to unaffiliated customers	\$ 262,358	\$ 83,520		\$ 345,878
Transfers between operations	47,239		(\$ 47,239)	
Net Sales	\$ 309,597	\$ 83,520	(\$ 47,239)	\$ 345,878
Operating profit (loss)	\$ 21,520	\$ 5,841	(\$ 2,263)	\$ 25,098
Interest expense				(2,071)
Income before income taxes				\$ 23,027
Identifiable assets at December 31, 1994	\$ 274,376	\$ 41,687	(\$ 5,538)	\$ 310,525
Corporate assets				6,608
Total assets at December 31, 1994 ..				\$ 317,133

Transfers between operations are accounted for in the same manner as sales to unaffiliated customers. Corporate assets are principally cash and cash equivalents and investments.

Total international sales were \$108,402,000 in 1996, \$127,289,000 in 1995, and \$114,911,000 in 1994. These are comprised of exports from United States operations and direct sales by international distribution subsidiaries, primarily in Europe. Most of these sales represent products manufactured in the United States.

Export sales from United States operations amounted to \$33,574,000 in 1996, \$36,126,000 in 1995, and \$31,391,000 in 1994.

NOTE N - QUARTERLY DATA (UNAUDITED)

Years ended December 31, 1996 and 1995

(Dollars in thousands except per share amounts)

1996					
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Net Sales	\$ 93,801	\$ 104,349	\$ 88,312	\$ 89,817	\$ 376,279
Gross Margin	24,793	31,649	23,728	28,396	108,566
Percent of Sales	26.4%	30.3%	26.9%	31.6%	28.9%
Net Income	5,155	8,144	4,565	6,627	24,491
Per Share of Common Stock:					
Net Income	0.32	0.51	0.28	0.41	1.52
Dividends	0.10	0.10	0.11	0.11	0.42
Stock price range					
High.....	19.88	19.38	20.50	19.50	
Low	17.00	17.25	17.88	16.13	
1995					
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Net Sales.....	\$98,912	\$ 97,283	\$ 89,361	\$ 84,062	\$ 369,618
Gross Margin	27,372	27,241	22,632	23,641	100,886
Percent of Sales	27.7%	28.0%	25.3%	28.1%	27.3%
Net Income	6,789	6,676	3,332	3,892	20,689
Per Share of Common Stock:					
Net Income	0.42	0.40	0.20	0.24	1.26
Dividends.....	0.08	0.08	0.10	0.10	0.36
Stock price range					
High.....	18.13	21.88	23.63	18.63	
Low	14.50	17.63	18.38	16.00	

REPORT OF ERNST & YOUNG LLP INDEPENDENT AUDITORS

[LOGO]

Board of Directors and Shareholders
Brush Wellman Inc.

We have audited the accompanying consolidated balance sheets of Brush Wellman Inc. and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company'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 referred to above present fairly, in all material respects, the consolidated financial position of Brush Wellman Inc. and subsidiaries at December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

*Cleveland, Ohio
January 22, 1997*

Report of Management

The management of Brush Wellman Inc. is responsible for the contents of the financial statements which are prepared in conformity with generally accepted accounting principles. The financial statements necessarily include amounts based on judgments and estimates. Financial information elsewhere in the annual report is consistent with that in the financial statements.

The Company maintains a comprehensive accounting system which includes controls designed to provide reasonable assurance as to the integrity and reliability of the financial records and the protection of assets. However, there are inherent limitations in the effectiveness of any system of internal controls and, therefore, it provides only reasonable assurance with respect to financial statement preparation. An internal audit staff is employed to regularly test and evaluate both internal accounting controls and operating procedures, including compliance with the Company's statement of policy regarding ethical and lawful conduct. The role of the independent auditors is to provide an objective review of the financial statements and the underlying transactions in accordance with generally accepted auditing standards.

The Audit Committee of the Board of Directors, comprised of directors who are not members of management, meets regularly with management, the independent auditors and the internal auditors to ensure that their respective responsibilities are properly discharged. The independent auditors and the internal audit staff have full and free access to the Audit Committee.

/s/ Carl Cramer

*Carl Cramer
Vice President Finance and Chief Financial Officer*

MANAGEMENT'S DISCUSSION AND ANALYSIS

FORWARD-LOOKING INFORMATION

Portions of narrative set forth in this Annual Report that are not historical in nature are forward-looking statements. The Company's actual future performance may differ from that contemplated by the forward-looking statements as a result of a variety of factors that include, in addition to those mentioned elsewhere herein, the condition of the markets which the Company serves, the success of the Company's strategic plans, the timely and successful completion of pending capital expansions and the conclusion of pending litigation matters in accordance with the Company's expectation that there will be no materially adverse effects.

RESULTS OF OPERATIONS

1996 TO 1995 COMPARISON

Worldwide sales in 1996 were a record \$376.3 million surpassing the previous record of \$369.6 million achieved in 1995. The revenue growth came primarily from domestic beryllium alloy products and specialty metal systems. The resulting profits grew faster than sales, as earnings per share were \$1.52 in 1996, an improvement of 21% over last year.

Worldwide sales of beryllium alloys increased in 1996 over 1995. Domestically, sales of beryllium copper precision strip, rod and wire were higher as shipments to the automotive electronics and telecommunications markets grew. In electronic applications, these alloys frequently offer a superior combination of reliability, conductivity and formability over competitive materials. In other applications, depending upon their composition, beryllium alloys' performance characteristics include good thermal conductivity, strong wear resistance and high strength and hardness. Sales of bulk products (bar, tube, plate, custom fabricated parts) also increased in 1996, capitalizing on these characteristics to further penetrate the aerospace, plastic tooling and various industrial markets. The recreation and leisure market emerged as a potentially large application for bulk products; however, with a limited customer base, sales into this market may be seasonal and inconsistent from year to year.

International sales of beryllium alloys declined in 1996 compared to 1995 as a result of softening economic conditions in Germany and other portions of western Europe. The sales growth in Japan and the Pacific rim slowed down from recent years, but modest improvements were still recorded. The strong dollar in 1996 also contributed to the reported international sales decline, as foreign currency sales are translated into fewer dollars compared to 1995. The domestic beryllium alloy growth more than offset the international decline.

In 1996, the Company embarked upon a \$110 million project to modernize and expand its beryllium alloy production capabilities at its Elmore, Ohio facility. A three-year project, its objectives are to improve quality and turnaround time, lower costs, increase capacity and provide an even safer work environment. While the automotive market potential for the Company's precision strip products is the main impetus behind the project, virtually all beryllium alloy products and markets served should benefit upon the project's completion.

Sales of specialty metal systems grew in 1996 over 1995. The gains came primarily from the telecommunications market, with some additional contribution from the automotive market as well. Semiconductor shipments were quite strong in the first part of the year, but a major market slow down, which continued through year end, adversely affected second half sales.

Precious metal sales were down in 1996 from last year's levels, but sales in the second half 1996 were higher than in the second half 1995. An anticipated decline in frame lid assemblies occurred due to a major customer's re-design to a non-precious metal material in the second quarter 1995. Efforts to broaden the product offering have been successful through the continued development of physical/vapor deposition products and services and high temperature braze alloys. Fine wire sales remained minor. International sales declined in the current year, reflecting the drop-off in frame lid assembly sales.

Beryllium sales slowed slightly in 1996 as compared to 1995. Defense applications remain the largest portion of these sales, but at significantly lower levels resulting from reduced government defense spending in recent years. Commercial applications, particularly those using AlBeMet (R) (a beryllium aluminum alloy) are beginning to develop. AlBeMet(R)'s high stiffness and low density provide excellent properties for a variety of aerospace and telecommunications applications.

Ceramic sales slipped in 1996 from 1995 levels due to a slowdown in shipments of base business beryllia ceramic to the telecommunications and automotive industries. The growth in direct bond copper products was not sufficient to compensate as these products continue to experience development delays.

Circuits Processing Technology, Inc. (CPT) was acquired in late October 1996 by the Company and contributed a minor amount to sales and profits. CPT, which produces thick film circuits using a proprietary etching process, gives the Company an additional entree into the micro-electronics market.

International operations consist of distribution centers in Germany, England and Japan, a marketing office in Singapore and a small precious metal finishing facility in Singapore. Sales by these operations totaled \$74.8 million in 1996 compared to \$91.2 million in 1995. Sales by the international operations are predominantly in their respective local currencies with the balance in U.S. dollars. Direct exports to unaffiliated customers total \$33.6 million in 1996 and \$36.1 million in 1995. The majority of these sales are to Canada and western Europe and are

denominated in U.S. dollars. International markets served are essentially the same as in the U.S.

As outlined in Note G to the Consolidated Financial Statements, the Company has a foreign currency hedge program to protect against adverse currency movements. Should the dollar strengthen significantly, the decrease in value of foreign currency transactions will be partially offset by gains on the hedge contracts. As of December 31, 1996, outstanding hedge contracts totaled \$25 million, the same as the previous year end.

Cost of sales declined by \$1.0 million in 1996 from 1995 on higher sales, resulting in a \$7.7 million improvement in gross profit. Improved operating efficiencies, including higher yields on certain products, better utilization of available capacity, effective use of recycled materials and strong cost control measures, increased the gross margin to 28.9% of sales in 1996 from 27.3% in 1995. Stable prices and product mix helped to offset the negative margin impact of the stronger dollar. The lower copper cost in 1996, as compared to 1995, is passed through to the customer and thus had no impact on gross margin.

Selling, administrative and general expenses of \$65.0 million represent a 4% increase over the prior year. Expenses associated with the first phase of implementing an enterprise-wide information system caused a portion of the increase. The project will carry over into 1997 and beyond. Additional administrative and legal expenses were incurred to support and structure the \$110 million modernization and expansion project and the related financial arrangements. Compensation plans carried higher costs in 1996 and certain sales volume related expenses increased in 1996 as well.

Research and development (R&D) expenses grew to \$8.3 million or 2.2% of sales in 1996 from \$7.8 million or 2.1% of sales in 1995. The increase is predominantly from efforts to develop a new high quality, low cost precision beryllium copper strip. The new product will be designed to augment the Company's current offerings to the electronics markets. The R&D staffing was also increased. Expenditures on non-beryllium alloy R&D were flat.

Other-net expense was \$1.0 million in 1996 and \$1.3 million in 1995. Foreign currency gains, including realized gains on hedge contracts, were \$1.2 million higher in the current year than the last. In 1996, goodwill and other intangible assets totaling \$1.1 million associated with the Fremont, California facility were written off. While this operation is profitable, its scope of operations, including product offerings, research capabilities and production capacity, has been significantly reduced since its acquisition in 1989.

Interest expense fell to \$1.1 million in 1996 from \$1.7 million in 1995. These figures are net of capitalized interest associated with long-term capital projects of \$1.0 million in 1996 and \$0.4 million in 1995. The weighted average interest rate was essentially unchanged year on year.

Income before income taxes was \$33.2 million in 1996, a 20.9% improvement from 1995. Slightly higher sales and significantly improved margins were responsible for the increase.

An effective tax rate of 26.2% of pre-tax earnings was used in 1996, an increase from the 24.6% rate in 1995. Increased pre-tax earnings, reduced foreign tax benefits and a reduction in the allowable tax benefits from the Company-owned life insurance program as a result of a change in the tax law caused the higher rates. Adjustments to the statutory tax rate are detailed in Note I to the Consolidated Financial Statements.

Comparative earnings per share were \$1.52 in 1996 and \$1.26 in 1995.

1995 TO 1994 COMPARISON

Worldwide sales in 1995 were \$369.6 million compared to \$345.9 million in 1994. All product lines, except precious metals, increased over the prior year with beryllium alloys and specialty metal systems increasing significantly.

Sales of beryllium alloy products increased in both the domestic and international markets. The focused marketing efforts -- teams dedicated towards particular markets and/or end use applications -- helped support the domestic growth. Successful examples of these efforts include the continued penetration into the automotive electronics market and a significant increase in shipments of products used in aircraft bearings and bushings. Telecommunications and computers also remain important markets for beryllium alloys as do appliances, especially in Europe. Favorable economic conditions in portions of western Europe, particularly in the first half of the year, helped fuel an addition in sales there. Sales in Asia grew as a result of increased market share and development of new applications. The sales trend in general for beryllium alloy strip products is for customers to move toward the lower price alloys such as the Company's Alloy 174. The sales increase in 1995 over 1994 was also due, in part, to favorable foreign currency exchange rates and the pass-through effect of higher commodity costs, particularly copper.

Beryllium sales increased slightly in 1995 over 1994, but were still somewhat lower than in the recent years prior to 1994. A large portion of beryllium sales continues to be for defense/aerospace applications and 1995 sales were enhanced by shipments for defense programs in Europe and growth in new domestic defense applications in avionics. The two targets for growth are new defense/aerospace systems, particularly upgrades of current defense systems, and commercial applications. Research and development, marketing and manufacturing efforts were re-deployed to concentrate on specific applications in these and related markets.

Ceramic sales grew in 1995 as compared to 1994. The increase is primarily a result of the continued development of products utilizing the

direct bond copper technology. These sales were not profitable due to new process development and other start-up costs.

Sales of specialty metal systems increased in 1995 over 1994. Most products experienced gains in 1995 with Cerdip sales increasing significantly. Sales improved as a result of developing new product applications, increasing market share and continued expansion into the international markets. Major applications for these products continue to be automotive electronics and telecommunications.

Precious metal sales declined significantly in 1995 as compared to 1994. Frame lid assembly sales were reduced due to a customer's re-design of a major microprocessor application. The re-design had been anticipated by management and resources have been directed towards developing alternative products and markets. Sales of physical/vapor deposition products, which service the hybrid microelectronics, recordable CD, telecommunications and specialty coatings markets, continue to increase. A small acquisition in late 1994 gave the Company access to the ultra-fine wire market.

Sales from International operations totaled \$91.2 million in 1995 compared to \$83.5 million in 1994. International sales of beryllium alloy increased while sales of frame lid assemblies from Singapore declined. Direct export sales to unaffiliated customers totaled \$36.1 million in 1995 and \$31.4 million in 1994. The majority of these sales were to Canada and western Europe.

Gross margin was 27.3% in 1995 as compared to 26.6% in 1994. The increase in international sales, which generally carry higher margins, contributed to this improvement as did the favorable exchange rates. The direct bond copper start-up costs and a shift in the remaining frame lid assembly business to smaller and costlier pieces offset a portion of this increase. Certain manufacturing expenses, including maintenance at the Elmore, Ohio facility, were higher in 1995 than 1994. Commercial applications of beryllium, particularly those products containing AlBeMet (R), also have lower margins than traditional defense applications, although restructuring efforts have reduced certain overhead costs. The pass-through effect of higher commodity costs in beryllium alloy sales reduced the margin percent while having no bearing on the actual margin measured in dollars.

Selling, administrative and general expenses were \$62.7 million (17.0% of sales) in 1995 compared to \$55.5 million (16.0% of sales) in 1994. Most expense categories were higher. Causes of the increases include the alloy products re-design effort and start-up costs associated with the Singapore subsidiary established to provide marketing support in South Asia. Distribution and other sales-related expenses grew due to higher volumes of beryllium alloy products. The exchange rate effect on the international operations' expenses was also unfavorable.

Research and development (R&D) expenses were \$7.8 million in 1995 compared to \$8.8 million in 1994. The decrease was due to focusing beryllium products' research efforts on selected key applications. R&D expenses supporting all other products either increased or were flat with the prior year. The R&D efforts for new process and product development are coordinated with the Company's overall marketing strategies and growth plans.

Other-net expense was \$1.3 million in 1995 and \$2.6 million in 1994. This category included such expenses as amortization of intangible assets and other non-operating items. The decrease in net expense was due, in part, to lower foreign currency exchange losses in 1995.

Interest expense fell to \$1.7 million in 1995 from \$2.1 million in 1994 due to a lower average level of debt outstanding and an increase in capitalized interest associated with active capital expenditure projects.

Income before income taxes rose to \$27.4 million in 1995 from \$23.0 million in 1994. Higher sales and the resulting gross margin, along with a favorable foreign currency effect, combined to improve earnings. This improvement was partially offset by the increase in selling, general and administrative expenses.

In 1995, an effective tax rate of 24.6% of pre-tax earnings was employed compared to 19.4% of pre-tax earnings in 1994. Higher domestic and foreign pre-tax earnings accounted for the increase.

Comparative earnings per share were \$1.26 in 1995 and \$1.14 in 1994.

FINANCIAL POSITION

CAPITAL RESOURCES AND LIQUIDITY

Cash flow from operations was \$45.0 million in 1996, a \$5.4 million improvement from 1995. Total depreciation, depletion and amortization was \$23.0 million in 1996 compared to \$20.9 million in 1995. The December 31, 1996 cash balance of \$31.7 million represents a \$2.2 million increase from the prior year end while total debt increased \$4.8 million. The accounts receivable balance was flat year on year; however, with higher sales in the fourth quarter 1996 than fourth quarter 1995, the average days sales outstanding improved.

The \$110 million modernization and expansion project begun in 1996 will be financed in part by two operating leases totaling approximately \$75 million (see Note F to the Consolidated Financial Statements). While the leases will also finance the construction phase of the project, lease payments are not scheduled to begin until the underlying assets are placed in service in 1997 and 1998.

Capital expenditures for property, plant and equipment, excluding items under lease, were \$26.8 million while mine development payments

totaled an additional \$3.7 million. Major expenditures included a new plating line at the Providence, Rhode Island facility and completion of the new rod mill

at the Elmore, Ohio facility. The Company also began construction of a new facility in Lorain, Ohio that will produce a specialty family of alloys in rod, bar and tube form. The facility is scheduled to be operational in mid-1997. To finance the majority of this project, the Company issued \$8.3 million of tax-advantaged industrial revenue development bonds. Unexpended bond proceeds of \$7.9 million are restricted for use on the Lorain project and are included as cash and cash equivalents on the consolidated balance sheets as of December 31, 1996.

Short-term debt at December 31, 1996 of \$25.7 million includes \$6.6 million of the current portion of long-term debt. The balance is denominated in precious metals and foreign currencies to provide hedges against current assets so denominated. Credit lines amounting to \$70.5 million are available for additional borrowing. The domestic and international lines are uncommitted, unsecured and reviewed annually. The precious metal facility is committed, secured and renewed annually.

Long-term debt was \$18.9 million or 8.6% of total capital at December 31, 1996. Long-term financial resources available to the Company include \$60 million of medium-term notes and \$50 million under a revolving credit agreement.

Approximately 359,000 shares of Common Stock at a cost of \$6.7 million were re-purchased in early 1996 under a program initiated during the fourth quarter 1995. The program was suspended in the second quarter 1996. Common Stock was used to acquire CPT in the fourth quarter 1996. Dividends paid on outstanding shares totaled \$6.5 million, an increase of \$1.0 million from last year. The quarterly dividend per share increased to \$0.11 from \$0.10 in the third quarter 1996 following a two cents per share increase in the third quarter 1995.

Funds being generated from operations plus the available borrowing capacity are believed adequate to support operating requirements, capital expenditures, remediation projects, dividends and small acquisitions. Excess cash, if any, is invested in money market instruments and other high quality investments.

Cash flow from operating activities in 1995 was \$39.6 million. Cash balances increased \$9.1 million during the year while total debt increased less than \$1 million. Capital expenditures were \$24.2 million in 1995. The Company re-purchased \$2.8 million of Common Stock and paid \$5.5 million dividends. As of December 31, 1995, long-term debt was \$17.0 million or 8% of total capital.

ORE RESERVES

The Company's reserves of beryllium-bearing bertrandite ore are located in Juab County, Utah. An ongoing drilling program has generally added to proven reserves. Proven reserves are the measured quantities of ore commercially recoverable through the open pit method. Probable reserves are the estimated quantities of ore known to exist, principally at greater depths, but prospects for commercial recovery are indeterminable. Ore dilution that occurs during mining approximates 7%. About 87% of beryllium in ore is recovered in the extraction process. The Company augments its proven reserves of bertrandite ore through the purchase of imported beryl ore (approximately 4% beryllium) which is also processed at the Utah extraction plant.

	1996	1995	1994	1993	1992
	-----	-----	-----	-----	-----
Proven bertrandite ore reserves at year end (thousands of dry tons)	6,763	6,927	6,747	6,786	6,787
Grade % beryllium	0.249%	0.249%	0.251%	0.251%	0.251%
Probable bertrandite ore reserves at year-end (thousands of dry tons)	7,432	7,346	7,559	7,594	7,482
Grade % beryllium	0.217%	0.281%	0.279%	0.279%	0.281%
Bertrandite ore processed (thousands of dry tons, diluted)	97	96	79	92	91
Grade % beryllium, diluted	0.236%	0.232%	0.240%	0.232%	0.234%

INFLATION AND CHANGING PRICES

The prices of certain major raw materials, including copper, nickel and gold purchased by the Company, decreased during 1996. Such changes in costs are generally reflected in selling price adjustments. The prices of labor and other factors of production generally increase with inflation. Additions to capacity, while more expensive over time, usually result in greater productivity or improved yields. However, market factors, alternative materials and competitive pricing affect the Company's ability to offset wage and benefit increases. The Company employs the last-in, first-out (LIFO) inventory valuation method domestically to more closely match current costs with revenues.

ENVIRONMENTAL MATTERS

As indicated in Note L to the Consolidated Financial Statements, the Company maintains an active program of environmental compliance. For projects involving remediation, estimates of the probable costs are made and the Company has reserved \$4.0 million at December 31, 1996 (\$3.3 million at December 31, 1995). This reserve covers existing and currently foreseen projects.

SELECTED FINANCIAL DATA
Brush Wellman Inc. and Subsidiaries
(Dollars in thousands except per share amounts)

	1996	1995	1994	1993	1992	1986
	----	----	----	----	----	----
FOR THE YEAR						
Net Sales.....	\$376,279	\$369,618	\$345,878	\$295,478	\$265,034	\$241,428
Cost of sales.....	267,713	268,732	253,938	227,686	192,944	161,392
Gross profit.....	108,566	100,886	91,940	67,792	72,090	80,036
Operating profit.....	34,305	29,086	25,098	10,658	16,949	42,401
Interest expense.....	1,128	1,653	2,071	2,952	3,206	2,148
Income (loss) from continuing operations before income taxes.	33,177	27,433	23,027	7,706	13,743	40,253
Income taxes (benefit).....	8,686	6,744	4,477	1,248	3,243	17,578
Net Income (loss)	24,491	20,689	18,550	6,458	10,500	22,675
Per share of Common Stock:						
Net income (loss).....	1.52	1.26	1.14	0.40	0.65	1.20
Cash dividends declared.....	0.42	0.36	0.26	0.20	0.26	0.55
Depreciation and amortization.....	22,954	20,911	19,619	21,720	20,180	17,903
EBITDA.....	57,259	49,997	44,717	32,378	37,129	60,304
Capital expenditures.....	26,825	24,244	17,214	11,901	13,604	25,239
Mine development expenditures.....	3,663	787	543	814	848	3,451
YEAR-END POSITION						
Working Capital.....	128,172	125,156	116,708	105,272	88,616	103,416
Ratio of current assets to current liabilities.....	2.9 to 1	2.9 to 1	2.8 to 1	3.1 to 1	2.5 to 1	2.9 to 1
Property and equipment:						
At cost.....	404,127	374,367	350,811	337,342	332,971	254,276
Cost less depreciation and impairment.....	130,220	121,194	116,763	118,926	127,991	144,107
Total assets.....	355,779	331,853	317,133	293,372	310,039	341,210
Other long-term liabilities.....	47,271	45,445	43,354	40,663	40,332	8,270
Long-term debt.....	18,860	16,996	18,527	24,000	33,808	26,563
Shareholders' equity.....	219,257	200,302	186,940	172,075	168,824	234,725
Book value per share.....	13.46	12.46	11.59	10.70	10.49	12.48
Number of shares of stock outstanding.....	16,290,808	16,071,224	16,121,915	16,087,415	16,086,515	18,815,799
Shareholders of record.....	2,523	2,351	2,521	2,566	2,762	4,522
Number of employees.....	1,926	1,856	1,833	1,803	1,831	2,266

In December 1986, a business acquisition was made; the pro forma effect would have increased 1986 net sales by \$35,000,000.
See Notes to consolidated financial statements.

[GRAPH]

	1992	1993	1994	1995	1996
	----	----	----	----	----
CAPITAL EXPENDITURES % OF SALES					
RETURN ON ASSETS					
GROSS PROFITS % OF SALES					

DIRECTORS

ALBERT C. BERSTICKER (2), (4), (5)
President and Chief Executive Officer,
Ferro Corporation

CHARLES F. BRUSH, III (1),(3), (5)
Personal Investments

DAVID L. BURNER (1), (3)
President and Chief Executive Officer,
BFGoodrich Co.

FRANK B. CARR (1), (2), (4),
Managing Director, Corporate Finance, McDonald & Company Securities, Inc.

GORDON D. HARNETT (2)
Chairman of the Board
President and Chief Executive Officer

WILLIAM P. MADAR (1), (2), (4), (5)
President and Chief Executive Officer,
Nordson Corporation

GERALD C. MCDONOUGH (3), (4), (5)
Retired Chairman and Chief Executive Officer, Leaseway Transportation Corp.

ROBERT M. MCINNES (2), (3), (4), (5)
Retired Chairman and Chief Executive Officer, Pickands Mather & Co.

JAMES P. MOONEY (3)
Chairman and Chief Executive Officer,
OMGroup, Inc.

HENRY G. PIPER
Retired Chairman,
President and Chief Executive Officer

JOHN SHERWIN, JR. (1), (2), (3)
President, Mid-Continent Ventures, Inc.

- (1) Audit Committee
- (2) Executive Committee
- (3) Finance Committee
- (4) Nominating Committee
- (5) Organization and Compensation Committee

CORPORATE OFFICERS

GORDON D. HARNETT
Chairman of the Board
President and Chief Executive Officer

ROBERT H. ROZEK
Senior Vice President
International

MICHAEL D. ANDERSON
Vice President
Beryllium Products

CARL CRAMER
Vice President Finance

Chief Financial Officer

STEPHEN FREEMAN

Vice President

Alloy Products

CRAIG B. HARLAN

Vice President

International - Europe

JOHN J. PALLAM

Vice President

General Counsel

ANDREW J. SANDOR

Vice President

Alloy Technology

DANIEL A. SKOCH

Vice President

Administration and Human Resources

MICHAEL C. HASYCHAK

Treasurer and Secretary

JAMES P. MARROTTE

Controller

WILLIAM M. CHRISTOFF

Assistant Treasurer - Taxes,

Assistant Secretary

OFFICES AND FACILITIES

MANUFACTURING FACILITIES

Delta, Utah

Elmore, Ohio

Reading, Pennsylvania

Buffalo, New York

Fremont, California

Lincoln, Rhode Island

Newburyport, Massachusetts

San Diego, California

Tucson, Arizona

**RESEARCH FACILITIES AND
ADMINISTRATIVE OFFICES**

Cleveland, Ohio

SERVICE AND DISTRIBUTION CENTERS

Elmhurst, Illinois

Fairfield, New Jersey

Torrance, California

Warren, Michigan

Stuttgart, Germany

Theale, England

Tokyo/Fukaya, Japan

SUBSIDIARIES

Circuits Processing Technology Inc.

San Diego, California

Technical Materials, Inc.

Lincoln, Rhode Island

Williams Advanced Materials Inc.

Buffalo, New York,
Singapore
Brush Wellman GmbH,
Stuttgart, Germany
Brush Wellman Limited,
Theale, England
Brush Wellman (Japan), Ltd,
Tokyo, Japan
Brush Wellman (Singapore) Pte Ltd,
Singapore

CORPORATE DATA

ENVIRONMENTAL POLICY

Brush Wellman Inc. considers Environmental, Health and Safety as integral parts of our business strategy and necessary for our success. It is the policy of Brush Wellman to design, manufacture and distribute all products and to manage and dispose of all materials in a safe, environmentally sound manner. We are committed to utilizing our resources and technical capabilities to their fullest extent to protect the health and safety of our employees, our customers, the general public and the environment.

The health and safety of our employees is of paramount importance. No operation or task will be conducted unless it can be performed in a safe manner.

Through education and training, we shall promote a culture which establishes individual ownership of environmental, health, and safety responsibility throughout the organization and empowers everyone to continuously improve all working conditions. Each employee will maintain an awareness of safe work practices and endeavor to prevent conditions which may result in an unsafe situation or harm the environment. It is the responsibility of each employee to promptly notify management of any adverse situation.

We shall make every effort to minimize, to the lowest feasible level, occupational and environmental exposure to all potentially hazardous materials.

We will go beyond regulatory compliance, striving for continuous improvement in all our environmental, health and safety control efforts.

The Company will provide medical surveillance and preventive health maintenance programs for the early detection of occupational diseases.

The Management Team at each location will diligently respond to employee concerns and is directly responsible for developing and implementing programs for ensuring that their operations comply with this policy. The Environmental, Health and Safety staff provides support by:

- - - maintaining liaison with appropriate government agencies and interpreting and communicating regulations;
- - - providing technical guidance and assisting in the development of policies and performance standards; and
- - - conducting independent review and assessment of all operations to audit compliance with environmental, safety and health policies.

All employees are expected to follow the intent and spirit of this policy and incorporate sound health, safety and environmental practices in the conduct of their jobs.

This policy applies to all Brush Wellman business units worldwide.

ANNUAL MEETING

The Annual Meeting of Shareholders will be held on May 6, 1997 at 11:00 a.m. at The Forum, One Cleveland Center, 1375 East Ninth Street, Cleveland, Ohio

INVESTOR INFORMATION

Brush Wellman maintains an active program of communication with shareholders, securities analysts and other members of the investment community. Management makes regular presentations in major financial centers around the world. To obtain:

- - - additional copies of the Annual Report
- - - SEC Form 10K/10Q
- - - product literature,

please contact:

Timothy Reid
Vice President, Corporate Communications Corporate Headquarters.

In January 1997, Brush Wellman opened a site on the World Wide Web. The web site, which can be accessed via the internet at [HTTP://WWW.BRUSHWELLMAN.COM](http://WWW.BRUSHWELLMAN.COM) is designed to provide useful, timely information about Brush Wellman to customers, potential

customers, investors, employees and the general public.

DIVIDEND REINVESTMENT PLAN

Brush Wellman has a plan for its shareholders which provides automatic reinvestment of dividends toward the purchase of additional shares of the Company's common stock. For a brochure describing the plan please contact the Vice President, Corporate Communications, at the Corporate Headquarters.

AUDITORS

Ernst & Young LLP
1300 Huntington Building
Cleveland, Ohio 44115

TRANSFER AGENT AND REGISTRAR

National City Bank
Corporate Trust Operations
P.O.Box 92301
Cleveland, OH 44193-0900
For shareholder inquiries, call: 1-800-622-6757

STOCK LISTING

New York Stock Exchange / Symbol: BW

CORPORATE HEADQUARTERS

Brush Wellman Inc.
17876 St. Clair Ave.
Cleveland, Ohio 44110
(216) 486-4200 o Facsimile: (216) 383-4091

**BRUSH WELLMAN
ENGINEERED MATERIALS**

17876 St. Clair Avenue
Cleveland, Ohio 44110

216/486-4200

EXHIBIT 21

Subsidiaries of Registrant

The Company has the following subsidiaries, all of which are wholly owned and included in the consolidated financial statements.

Name of Subsidiary -----	State or Country of Incorporation -----
Brush Wellman GmbH	Germany
Brush Wellman (Japan), Ltd.	Japan
Brush Wellman Limited	England
Brush Wellman (Singapore), Pte Ltd.	Singapore
Circuits Processing Technology Inc.	California
Technical Materials, Inc.	Ohio
Williams Advanced Materials Inc.	New York
Williams Advanced Materials Pte Ltd.	Singapore

Exhibit 23

Consent of Independent Auditors

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Brush Wellman Inc. of our report dated January 22, 1997, included in the 1996 Annual Report to Shareholders of Brush Wellman Inc.

Our audit also included the financial statement schedule of Brush Wellman Inc. listed in Item 14(a) 2. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule, referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the following Registration Statements and Post-Effective Amendments of our report dated January 22, 1997, with respect to the consolidated financial statements incorporated herein by reference and our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) of Brush Wellman Inc. for the year ended December 31, 1996:

Registration Statement Number 33-60709 on Form S-8 dated June 29, 1995;

Registration Statement Number 33-48866 on Form S-8 dated June 27, 1992;

Registration Statement Number 33-45323 on Form S-8 dated February 3, 1992;

Post-Effective Amendment Number 1 to Registration Statement Number 33-28950 on Form S-8 dated February 3, 1992;

Registration Statement Number 33-35979 on Form S-8 dated July 20, 1990;

Registration Statement Number 33-28605 on Form S-8 dated May 5, 1989;

Registration Statement Number 2-90724 on Form S-8 dated April 27, 1984;

Post-Effective Amendment Number 3 to Registration Statement Number 2-64080 on Form S-8 dated April 22, 1983.

ERNST & YOUNG LLP

Cleveland, Ohio
March 25, 1997

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors and officers of BRUSH WELLMAN INC., an Ohio corporation (the "Corporation"), hereby constitutes and appoints Gordon D. Harnett, Carl Cramer, Michael C. Hasychak, Leigh B. Trevor and Louis Rorimer, and each of them, their true and lawful attorney or attorneys-in-fact, with full power of substitution and revocation, for them and in their names, place and stead, to sign on their behalf as a director or officer, or both, as the case may be, of the Corporation, an Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K for the fiscal year ended December 31, 1996, and to sign any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission granting unto said attorney or attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as they might or could do in person, hereby ratifying and confirming all that said attorney or attorneys-in-fact or any of them or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as of the 4th day of March, 1997.

/s/ Gordon D. Harnett

Gordon D. Harnett, Chairman, President,
Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Gerald C. McDonough

Gerald C. McDonough, Director

/s/ Albert C. Bersticker

Albert C. Bersticker, Director

/s/ Robert M. McInnes

Robert M. McInnes, Director

/s/ Charles F. Brush

Charles F. Brush, III, Director

/s/ Henry G. Piper

Henry G. Piper, Director

/s/ Frank B. Carr

Frank B. Carr, Director

/s/ John Sherwin, Jr.

John Sherwin, Jr., Director

/s/ William P. Madar

William P. Madar, Director

/s/ David L. Burner

David L. Burner, Director

/s/ Carl Cramer

Carl Cramer, Vice President
Finance and Chief Financial Officer
(Principal Financial and Accounting Officer)

/s/ James P. Mooney

James P. Mooney, Director

ARTICLE 5

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 31 1996
PERIOD START	JAN 01 1996
PERIOD END	DEC 31 1996
CASH	31,749
SECURITIES	0
RECEIVABLES	52,211
ALLOWANCES	954
INVENTORY	96,324
CURRENT ASSETS	197,233
PP&E	404,127
DEPRECIATION	273,907
TOTAL ASSETS	355,779
CURRENT LIABILITIES	69,061
BONDS	18,860
COMMON	21,909
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	197,348
TOTAL LIABILITY AND EQUITY	355,779
SALES	376,279
TOTAL REVENUES	376,279
CGS	267,713
TOTAL COSTS	341,013
OTHER EXPENSES	896
LOSS PROVISION	65
INTEREST EXPENSE	1,128
INCOME PRETAX	33,177
INCOME TAX	8,686
INCOME CONTINUING	24,491
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	24,491
EPS PRIMARY	\$1.52
EPS DILUTED	\$1.52

EXHIBIT 99

FORM 11-K

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

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE
REQUIRED]**

For the fiscal year ended December 31, 1996

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES**

EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission file number 1-7006

**BRUSH WELLMAN INC.
SAVINGS AND INVESTMENT PLAN**
(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.
SAVINGS AND INVESTMENT PLAN

REQUIRED INFORMATION

	Page No.
1. Report of Independent Auditors.	1
2. Statements of Financial Condition - December 31, 1996 and December 31, 1995.	2-3
3. Statements of Income and Changes in Plan Equity - Plan years ended December 31, 1996, December 31, 1995 and December 30, 1994	4-7
4. Notes to Financial Statements.	8-16
5. Schedules required to be filed under ERISA.	
a. Schedule of Assets held for Investment Purposes.	17
b. Schedule of Reportable Transactions.	18
6. Consent of Independent Auditors.	19

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 27th day of March, 1997.

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, 1996 and 1995 and 1994. 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, 1996 and 1995, the results of its operations and changes in its plan equity for the years ended December 31, 1996 and 1995 and 1994 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, 1996 and reportable transactions for the year ended December 31, 1996 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.

Wesley, Mills & Company

/s/ Wesley, Mills & Company

February 6, 1997

BRUSH WELLMAN INC.
SAVINGS AND INVESTMENT PLAN
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1996

ASSETS -----	GROWTH -----	INTERNATIONAL -----	INCOME -----	S&P 500 INDEX -----	ASSET ALLOCATION -----	FIXED INCOME -----
Brush Wellman Inc. Common Stock (cost \$21,316,961)						
Janus Fund (cost \$9,140,759)	\$10,368,651					
Templeton Foreign Fund (cost \$5,334,105)		\$6,029,302				
PFAMCO Equity Income Fund (cost \$5,793,594)			\$6,407,987			
Northern Trust Collective Stock Index Fund (cost \$7,548,719)				\$9,625,596		
Vanguard Asset Allocation Fund (cost \$6,851,379)					\$6,890,813	
PIMCO Total Return Fund (cost \$6,304,014)						\$6,631,102
Northern Trust Short-Term Investment Fund (cost \$6,805,573)						
Paticipant Promissory Notes (cost \$3,256,882)						
Employee Benefits Money Market Fund (cost \$102,828)						
	-----	-----	-----	-----	-----	-----
	10,368,651	6,029,302	6,407,987	9,625,596	6,890,813	6,631,102
Dividends Receivable						35,758
Interest Receivable						
Other			106,649			
	-----	-----	-----	-----	-----	-----
			106,649			35,758
	-----	-----	-----	-----	-----	-----
TOTAL ASSETS	\$10,368,651 =====	\$6,029,302 =====	\$6,514,636 =====	\$9,625,596 =====	\$6,890,813 =====	\$6,666,860 =====
LIABILITIES & PLAN EQUITY -----						
Plan Equity	10,368,651 -----	6,029,302 -----	6,514,636 -----	9,625,596 -----	6,890,813 -----	6,666,860 -----
TOTAL LIABILITIES & PLAN EQUITY	\$10,368,651 =====	\$6,029,302 =====	\$6,514,636 =====	\$9,625,596 =====	\$6,890,813 =====	\$6,666,860 =====
ASSETS	MONEY MARKET -----	STOCK FUND -----	PAYSOP FUND -----	LOAN FUND -----	TOTAL -----	
Brush Wellman Inc. Common Stock (cost \$21,316,961)		\$17,763,305	\$222,406		\$17,985,711	
Janus Fund (cost \$9,140,759)					10,368,651	
Templeton Foreign Fund (cost \$5,334,105)					6,029,302	
PFAMCO Equity Income Fund (cost \$5,793,594)					6,407,987	
Northern Trust Collective Stock Index Fund (cost \$7,548,719)					9,625,596	
Vanguard Asset Allocation Fund (cost \$6,851,379)					6,890,813	
PIMCO Total Return Fund (cost \$6,304,014)					6,631,102	
Northern Trust Short-Term Investment Fund (cost \$6,805,573)	\$6,757,471				6,757,471	
Paticipant Promissory Notes (cost \$3,256,882)				\$3,256,882	3,256,882	
Employee Benefits Money Market Fund (cost \$102,828)		88,991	13,837		102,828	
	-----	-----	-----	-----	-----	
	6,757,471	17,852,296	236,243	3,256,882	74,056,343	
Dividends Receivable		119,317	1,496		156,571	
Interest Receivable	30,302	500	65		30,867	
Other					106,649	
	-----	-----	-----	-----	-----	
	30,302	119,817	1,561		294,087	
	-----	-----	-----	-----	-----	
TOTAL ASSETS	\$6,787,773 =====	\$17,972,113 =====	\$237,804 =====	\$3,256,882 =====	\$74,350,430 =====	
LIABILITIES & PLAN EQUITY						

Plan Equity	6,787,773	17,972,113	237,804	3,256,882	74,350,430
	-----	-----	-----	-----	-----
TOTAL LIABILITIES & PLAN EQUITY	\$6,787,773	\$17,972,113	\$237,804	\$3,256,882	\$74,350,430
	=====	=====	=====	=====	=====

See accompanying notes to financial statements.

BRUSH WELLMAN INC.
SAVINGS AND INVESTMENT PLAN
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 1995

ASSETS -----	GROWTH	INTERNATIONAL	INCOME	S&P 500 INDEX	ASSET ALLOCATION
Brush Wellman Inc. Common Stock (cost \$19,877,694)					
Janus Fund (cost \$5,801,586)	\$6,804,651				
Templeton Foreign Fund (cost \$4,501,939)		\$4,629,897			
PFAMCO Equity Income Fund (cost \$3,885,041)			\$4,574,485		
Northern Trust Collective Stock Index Fund (cost \$5,714,906)				\$7,000,520	
Phoenix Total Return Fund (cost \$5,446,128)					\$5,758,773
PIMCO Total Return Fund (cost \$5,952,689)					
Northern Trust Short-Term Investment Fund (cost \$6,526,065)					
Participant Promissory Notes (cost \$2,980,787)					
Employee Benefits Money Market Fund (cost \$84,339)					
	-----	-----	-----	-----	-----
	6,804,651	4,629,897	4,574,485	7,000,520	5,758,773
Contribution Receivable: Company					
401(k)	88,532	61,402	45,024	53,885	51,977
	-----	-----	-----	-----	-----
	88,532	61,402	45,024	53,885	51,977
Dividends Receivable	229,096	30,071			
Interest Receivable					
Other	145,249	52,642	160,741		
	-----	-----	-----	-----	-----
	374,345	82,713	160,741		
	-----	-----	-----	-----	-----
TOTAL ASSETS	\$7,267,528	\$4,774,012	\$4,780,250	\$7,054,405	\$5,810,750
	=====	=====	=====	=====	=====

LIABILITIES & PLAN EQUITY

Plan Equity	7,267,528	4,774,012	4,780,250	7,054,405	5,810,750
	-----	-----	-----	-----	-----
TOTAL LIABILITIES & PLAN EQUITY	\$7,267,528	\$4,774,012	\$4,780,250	\$7,054,405	\$5,810,750
	=====	=====	=====	=====	=====

ASSETS -----	FIXED INCOME	MONEY MARKET	STOCK FUND	PAYSOP FUND	LOAN FUND	TOTAL
Brush Wellman Inc. Common Stock (cost \$19,877,694)			\$17,320,725	\$235,100		\$17,555,825
Janus Fund (cost \$5,801,586)						6,804,651
Templeton Foreign Fund (cost \$4,501,939)						4,629,897
PFAMCO Equity Income Fund (cost \$3,885,041)						4,574,485
Northern Trust Collective Stock Index Fund (cost \$5,714,906)						7,000,520
Phoenix Total Return Fund (cost \$5,446,128)						5,758,773
PIMCO Total Return Fund (cost \$5,952,689)	\$6,479,743					6,479,743
Northern Trust Short-Term Investment Fund (cost \$6,526,065)		\$6,526,065				6,526,065
Participant Promissory Notes (cost \$2,980,787)					\$2,980,787	2,980,787
Employee Benefits Money Market Fund (cost \$84,339)			61,627	22,712		84,339
	-----	-----	-----	-----	-----	-----
	6,479,743	6,526,065	17,382,352	257,812	2,980,787	62,395,085
Contribution Receivable: Company			146,961			146,961
401(k)	54,923	40,401	36,733			432,877
	-----	-----	-----	-----	-----	-----
	54,923	40,401	183,694			579,838
Dividends Receivable	36,914		100,285			396,366
Interest Receivable		29,509	612			30,121
Other				1,469	121,271	481,372

	----- 36,914 -----	----- 29,509 -----	----- 100,897 -----	----- 1,469 -----	----- 121,271 -----	----- 907,859 -----
TOTAL ASSETS	\$6,571,580 =====	\$6,595,975 =====	\$17,666,943 =====	\$259,281 =====	\$3,102,058 =====	\$63,882,782 =====
LIABILITIES & PLAN EQUITY -----						
Plan Equity	6,571,580 -----	6,595,975 -----	17,666,943 -----	259,281 -----	3,102,058 -----	63,882,782 -----
TOTAL LIABILITIES & PLAN EQUITY	\$6,571,580 =====	\$6,595,975 =====	\$17,666,943 =====	\$259,281 =====	\$3,102,058 =====	\$63,882,782 =====

See accompanying notes to financial statements.

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

	GROWTH	INTERNATIONAL	INCOME	S&P 500 INDEX	ASSET ALLOCATION	ASSET ALLOCATION
	-----	-----	-----	-----	-----	-----
Investment Income:						
Dividends	\$ 78,618	\$ 155,189	\$ 178,089	\$ 196,318	\$ 59,791	\$ 184,120
Interest				40		
Other Income (Expense)	(140,542)	(49,661)	(52,745)	1,051		753
	-----	-----	-----	-----	-----	-----
	(61,924)	105,528	125,344	197,409	59,791	184,873
Realized Gain (Loss) on Investments--Note E	1,400,469	223,270	1,108,472	722,676	501,151	376,090
Unrealized Appreciation (Depreciation) on Investments--Note F	224,826	567,238	(75,051)	791,262	(312,645)	39,434
Contributions--Note B Company						
401(k)	1,235,328	768,459	633,965	771,948	338,277	282,974
	-----	-----	-----	-----	-----	-----
	1,235,328	768,459	633,965	771,948	338,277	282,974
Investment Election Change:						
7/1/96 Plan Change					(5,927,322)	5,927,322
Current Year Changes	693,444	(279,414)	298,540	531,373	(272,484)	168,495
Loan Transfers	5,708	4,535	(34,396)	5,128	12,176	(13,856)
Unallocated Loan Payments						
Withdrawals and Terminations--Note C	396,728	134,326	322,488	448,605	209,694	74,519
	-----	-----	-----	-----	-----	-----
Income and Changes in Plan Equity	3,101,123	1,255,290	1,734,386	2,571,191	(5,810,750)	6,890,813
Plan Equity at Beginning of the Year	7,267,528	4,774,012	4,780,250	7,054,405	5,810,750	0
	-----	-----	-----	-----	-----	-----
Plan Equity at End of the Year	\$ 10,368,651	\$ 6,029,302	\$ 6,514,636	\$ 9,625,596	\$ 0	\$ 6,890,813
	=====	=====	=====	=====	=====	=====

	FIXED INCOME	MONEY MARKET	STOCK FUND	PAYSOP FUND	LOAN FUND	TOTAL
	-----	-----	-----	-----	-----	-----
Investment Income:						
Dividends	(\$ 1,156)		\$ 442,822	\$ 7,080		\$ 1,300,871
Interest	431,130	\$ 346,350	6,117	1,118	\$ 251,904	1,036,659
Other Income (Expense)			1,374	(1,469)		(241,239)
	-----	-----	-----	-----	-----	-----
	429,974	346,350	450,313	6,729	251,904	2,096,291
Realized Gain (Loss) on Investments--Note E	53,664		(45,347)			4,340,445
Unrealized Appreciation (Depreciation) on Investments--Note F	(199,966)		(998,240)	(11,142)		25,716
Contributions--Note B Company						
401(k)	619,396	423,544	1,910,402			1,910,402
	-----	-----	-----	-----	-----	-----
	619,396	423,544	401,965			5,475,856
Investment Election Change:						
7/1/96 Plan Change						
Current Year Changes	(544,791)	(57,542)	(531,725)	(5,896)		
Loan Transfers	16,034	(93,033)	(107,586)		82,865	(122,425)
Unallocated Loan Payments					(87,732)	(87,732)
Withdrawals and Terminations--Note C	279,031	427,521	774,612	11,168	92,213	3,170,905
	-----	-----	-----	-----	-----	-----
Income and Changes in Plan Equity	95,280	191,798	305,170	(21,477)	154,824	10,467,648
Plan Equity at Beginning of the Year	6,571,580	6,595,975	17,666,943	259,281	3,102,058	63,882,782
	-----	-----	-----	-----	-----	-----
Plan Equity at End of the Year	\$ 6,666,860	\$ 6,787,773	\$ 17,972,113	\$ 237,804	\$ 3,256,882	\$ 74,350,430

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See accompanying notes to financial statements.

BRUSH WELLMAN INC.
SAVINGS AND INVESTMENT PLAN
STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY
YEAR ENDED DECEMBER 31, 1995

	GROWTH	INTERNATIONAL	INCOME	S&P 500 INDEX	ASSET ALLOCATION	FIXED INCOME	MONEY MARKET
	-----	-----	-----	-----	-----	-----	-----
Investment Income:							
Dividends	\$230,704	\$120,175	\$118,087	\$126,716	\$175,358	\$37,345	\$335
Interest	3	62	(57)	1,406	(88)	369,523	384,180
Other Income (Expense)	145,446	52,799	160,893	215	(5,789)	130	411
	-----	-----	-----	-----	-----	-----	-----
	376,153	173,036	278,923	128,337	169,481	406,998	384,926
Realized Gain (Loss) on Investments--Note E	110,541	177,639	84,078	332,016	417,723	143,684	
Unrealized Appreciation (Depreciation) on Investments--Note F	1,003,066	127,958	689,444	1,285,614	312,645	527,054	
Contributions--Note B Company 401(k)	1,095,412	827,949	572,343	597,024	679,023	698,659	514,984
	-----	-----	-----	-----	-----	-----	-----
	1,095,412	827,949	572,343	597,024	679,023	698,659	514,984
Plan Merger -- Note A							501
Investment Election Change:							
1/1/95 Plan Change	4,298,945	3,712,726	2,976,847	4,587,494	5,167,817	5,192,931	6,663,511
Current Year Changes	541,260	(75,928)	308,292	367,108	(718,922)	(47,775)	(93,355)
Loan Transfers	(22,439)	3,922	(9,258)	(20,141)	(19,177)	(119,899)	(83,478)
Unallocated Loan Payments							
Withdrawals and Terminations--Note C	135,410	173,290	120,419	223,047	197,840	230,072	791,114
	-----	-----	-----	-----	-----	-----	-----
Income and Changes in Plan Equity	7,267,528	4,774,012	4,780,250	7,054,405	5,810,750	6,571,580	6,595,975
Plan Equity at Beginning of the Year	0	0	0	0	0	0	0
	-----	-----	-----	-----	-----	-----	-----
Plan Equity at End of the Year	\$7,267,528	\$4,774,012	\$4,780,250	\$7,054,405	\$5,810,750	\$6,571,580	\$6,595,975
	=====	=====	=====	=====	=====	=====	=====

See accompanying notes to financial statements.

BRUSH WELLMAN INC.
SAVINGS AND INVESTMENT PLAN
STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY
YEAR ENDED DECEMBER 31, 1995

	INCOME FUND	EQUITY FUND A	EQUITY FUND B	EQUITY FUND C	STOCK FUND
Investment Income:					
Dividends					\$352,679
Interest					10,744
Other Income (Expense)					192,317
					555,740
Realized Gain (Loss) on Investments--Note E	\$214,089	\$474,999	(\$12,619)	\$5,888	(82,030)
Unrealized Appreciation (Depreciation) on Investments--Note F	(201,462)	(472,705)	14,214	(2,813)	(157,861)
Contributions--Note B Company					1,815,838
401(k)					442,057
					2,257,895
Plan Merger -- Note A	2,174,657	221,971	266,585	363,013	687,127
Investment Election Change:					
1/1/95 Plan Change	(17,434,297)	(6,400,676)	(2,818,083)	(5,693,929)	(275,286)
Current Year Changes					(255,586)
Loan Transfers					(121,062)
Unallocated Loan Payments					
Withdrawals and Terminations--Note C					721,484
Income and Changes in Plan Equity	(15,247,013)	(6,176,411)	(2,549,903)	(5,327,841)	1,887,453
Plan Equity at Beginning of the Year	15,247,013	6,176,411	2,549,903	5,327,841	15,779,490
Plan Equity at End of the Year	\$0	\$0	\$0	\$0	\$17,666,943

	PAYSOP FUND	LOAN FUND	TOTAL
Investment Income:			
Dividends	\$3,568		\$1,164,967
Interest	1,291	\$182,910	949,974
Other Income (Expense)	3,647		550,069
	8,506	182,910	2,665,010
Realized Gain (Loss) on Investments--Note E			1,866,008
Unrealized Appreciation (Depreciation) on Investments--Note F	1,385		3,126,539
Contributions--Note B Company			1,815,838
401(k)			5,427,451
			7,243,289
Plan Merger -- Note A		133,074	3,846,928
Investment Election Change:			
1/1/95 Plan Change		22,000	
Current Year Changes	(2,722)		22,372

Loan Transfers		391,532	
Unallocated Loan Payments		154,810	154,810
Withdrawals and Terminations--Note C	11,547	154,064	2,758,287
	-----	-----	-----
Income and Changes in Plan Equity	(4,378)	730,262	16,166,669
Plan Equity at Beginning of the Year	263,659	2,371,796	47,716,113
	-----	-----	-----
Plan Equity at End of the Year	\$259,281	\$3,102,058	\$63,882,782
	=====	=====	=====

See accompanying notes to financial statements.

BRUSH WELLMAN INC.
SAVINGS AND INVESTMENT PLAN
STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY
YEAR ENDED DECEMBER 31, 1994

	INCOME FUND	EQUITY FUND A	EQUITY FUND B	EQUITY FUND C	STOCK FUND	PAYSOP FUND	LOAN FUND	TOTAL
Investment Income:								
Dividends		\$149,840	\$40,559	\$168,092	\$226,120	\$3,655		\$588,266
Interest	\$2,508	963	637	1,168	5,135	1,077	\$193,935	205,423
Other Income (Expense)	(316)	38,488	116,209	230,397	4,188	(7,632)		381,334
	2,192	189,291	157,405	399,657	235,443	(2,900)	193,935	1,175,023
Realized Gain (Loss) on Investments--Note E	1,768,784	10,616	546		(259,373)	(4,175)		1,516,398
Unrealized Appreciation (Depreciation) on Investments--Note F	(835,627)	(141,678)	(97,859)	(324,217)	2,920,404	55,913		1,576,936
Contributions--Note B								
Company					1,321,370			1,321,370
401(k)	1,625,555	640,225	426,637	780,972	568,908			4,042,297
Participant	41,963	19,303	10,693	38,818	10,484			121,261
	1,667,518	659,528	437,330	819,790	1,900,762			5,484,928
Investment Election Change	(624,692)	(49,190)	112,423	583,416	(21,134)	(405)		418
Loan Transfers	56,300	15,687	7,151	28,758	252		(108,148)	
Unallocated Loan Payments							29,946	29,946
Withdrawals and Terminations--Note C	1,249,662	383,872	211,767	244,030	767,193	12,264	68,718	2,937,506
Income and Changes in Plan Equity	784,813	300,382	405,229	1,263,374	4,009,161	36,169	47,015	6,846,143
Plan Equity at Beginning of the Year	14,462,200	5,876,029	2,144,674	4,064,467	11,770,329	227,490	2,324,781	40,869,970
Plan Equity at End of the Year	\$15,247,013	\$6,176,411	\$2,549,903	\$5,327,841	\$15,779,490	\$263,659	\$2,371,796	\$47,716,113

See accompanying notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS
BRUSH WELLMAN INC.
SAVINGS AND INVESTMENT PLAN**

DECEMBER 31, 1996, DECEMBER 31, 1995 AND DECEMBER 31, 1994

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, Managed Guaranteed Investment Contract 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.

In 1994 the Plan changed its year end from December 30 to December 31. The effect of this change on the financial statements is not material.

Effective January 1, 1995 the Williams Advanced Materials Inc. Savings and Investment Plan was merged into the Plan. Prior to the merger, the plans separately covered eligible employees at Brush Wellman Inc. and its subsidiary Williams Advanced Materials Inc. There were no substantial changes in eligibility, Company contributions, plan benefits or value of plan assets as a result of the merger. The transferred net assets were recognized in the accounts of the Plan, at the balances as previously carried in the accounts of the Williams Advanced Materials Inc. Savings and Investment Plan. The changes in net assets of the combined plans were included in the accompanying Statement of Income and Changes in Plan Equity from January 1, 1995.

NOTE B - The Plan is a defined contribution plan which covers certain eligible employees with one year of eligibility service with Brush Wellman Inc. (Company). An employee shall be credited with a year of eligibility service if he is credited with at least 1,000 hours of service in any twelve consecutive month period beginning with date of hire or rehire of the employee (or an anniversary of the latest such date).

The Plan provides for basic contributions on behalf of employees up to 6% of their earnings through either salary reduction or employee after-tax 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 \$9,500 in 1996, \$9,240 in 1995 and \$9,240 in 1994. 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%. Prior to March 3, 1995, participant contribution directions were allowed at 10% increments. 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. Prior to March 3, 1995 the minimum age for the exception was 59 1/2.

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 1,139 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 826 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 777 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 Standard & 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 919 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 782 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 625 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 519 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 1,662 participants in the fund at the end of the Plan year.

Prior to January 1, 1995 participants could direct their basic, supplemental and transfer contributions (as described in the Plan) be invested in one or more of the following; Income Fund, Equity Fund A, Equity Fund B, Equity Fund C and the Company Stock Fund in increments of 10%.

The Income Fund invests primarily in the Managed Guaranteed Investment Contract Fund, the objective of which is to achieve high current income with stability of principal. The fund is primarily invested in Guaranteed Investment Contracts.

Equity Fund A invests primarily in the Fidelity U.S. Equity Index Fund. This fund is a growth and income fund. It seeks a yield that corresponds with the total return of the Standard & Poor's 500 Stock Index. The fund's share price will fluctuate and dividend amounts will vary.

Equity Fund B invests primarily in the Fidelity Fund. This fund seeks long-term capital growth and current return on capital and will select some securities for their income characteristics, which may limit the potential for growth. The fund's share price and dividend income will fluctuate as the value and yields of the securities in its investment portfolio fluctuate.

Equity Fund C invests primarily in Fidelity Puritan Fund. This fund is a growth and income fund. It seeks capital growth in addition to regular quarterly dividends. It invests in a broadly diversified portfolio of common stocks, preferred stocks and bonds, including lower-quality, high yield debt securities. The fund's share price will fluctuate and dividend amounts will vary.

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 1996, 1995, and 1994 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, 1996 and December 31, 1995 are as follows:

Investment -----	Shares By Investment -----	
	1996 ----	1995 ----
Janus Fund	424,076	295,341
Templeton Fund	581,979	504,346
PFAMCO Equity Income Fund	472,565	343,172
Northern Trust Collective Stock Index Fund	617,421	511,734
Vanguard Asset Allocation Fund	384,103	
PIMCO Total Return Fund	631,534	604,454
Norther Trust Short-Term Investment Fund	6,757,471	6,526,065
Brush Wellman Inc. Common Stock	1,213,246	1,040,441
Phoenix Total Return Fund		360,374
Employee Benefit Money Market Fund	68,776	84,339

In addition, \$3,256,882 and \$2,980,787 were invested in Participant Promissory Notes as of December 31, 1996 and December 31, 1995, respectively.

On July 1, 1996 the Vanguard Asset Allocation Fund replaced the Phoenix Total Return Fund.

NOTE E: The net realized gain (loss) on sales of investments for the Plan years ended December 31, 1996 December 31, 1995 and December 31, 1994 is as follows:

Investment -----	1996			
	Shares -----	Cost ----	Proceeds -----	Gain(Loss) -----
Janus Fund	32,450	\$665,430	\$2,065,899	\$1,400,469
Templeton Fund	97,393	879,703	1,102,973	223,270
PFAMCO Equity Income Fund	54,403	640,837	1,749,309	1,108,472
Northern Trust Collective Stock Index Fund	75,307	872,895	1,595,571	722,676
Phoenix Total Return Fund	396,623	6,033,647	6,534,798	501,151
Vanguard Asset Allocation Fund	8,232	146,556	522,646	376,090
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)

				\$4,340,445
				=====

Investment -----	1995			
	Shares -----	Cost ----	Proceeds -----	Gain(Loss) -----
Janus Fund	33,940	\$650,645	\$761,186	\$110,541
Templeton Fund	103,753	917,868	1,095,507	177,639
PFAMCO Equity Income Fund	53,330	589,799	673,877	84,078
Northern Trust Collective Stock Index Fund	87,493	932,548	1,264,564	332,016
Phoenix Total Return Fund	82,342	1,225,019	1,642,742	417,723
PIMCO Total Return Fund	117,292	1,144,388	1,288,072	143,684
Brush Wellman Inc. Common Stock	59,224	1,150,567	1,068,537	(82,030)
Managed Guaranteed Investment Contract Fund	1,729,438	17,296,476	17,510,565	214,089
Fidelity U.S. Equity Index Portfolio	378,019	5,919,589	6,394,588	474,999
Fidelity Fund Inc.	153,786	2,856,184	2,843,565	(12,619)
Fidelity Puritan Fund	379,472	5,617,162	5,623,050	5,888

				\$1,866,008
				=====

Investment -----	1994			
	Shares -----	Cost ----	Proceeds -----	Gain(Loss) -----
Managed Guaranteed Investment Contract Fund	14,070,058	\$14,226,227	\$15,995,011	\$1,768,784
Fidelity U.S. Equity Index Portfolio	10,336	160,766	171,382	10,616
Fidelity Fund Inc.	818	15,157	15,703	546
Brush Wellman Inc. Common Stock	14,468	522,658	259,110	(263,548)

				\$1,516,398
				=====

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 under the current cost method for the year ended December 31, 1996 are as follows:

	Realized Gain/ (Loss) -----
Brush Wellman Inc. Common Stock	(56,682)
Janus Fund	1,428,470
Templeton Fund	233,618
PFAMCO Equity Income Fund	1,133,410
Northern Trust Collective Stock Index Fund	754,563
Phoenix Total Return Fund	540,743
PIMCO Total Return Fund	65,508

	4,099,630
	=====

NOTE F - The unrealized appreciation (depreciation) of investments for the Plan years ended December 31, 1996, December 31, 1995 and December 31, 1994 is as follows:

	Balance January 1 1996	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	
		=====	
	Balance January 1 1995	Change	Balance December 31 1995
	-----	-----	-----
Janus Fund		\$1,003,066	\$1,003,066
Templeton Fund		127,958	127,958
PFAMCO Equity Income Fund		689,444	689,444
Northern Trust Collective Stock Index Fund		1,285,614	1,285,614
Phoenix Total Return Fund		312,645	312,645
PIMCO Total Return Fund		527,054	527,054
Northern Trust Short-Term Investment Fund			
Brush Wellman Inc. Common Stock:			
-Brush Wellman Savings & Investment Plan	(2,219,813)	(102,055)	(2,321,868)
-Williams Advanced Materials Savings & Investment Plan	54,421	(54,421)	
Managed Guaranteed Investment Contract Fund:			
-Brush Wellman Savings & Investment Plan	176,253	(176,253)	
-Williams Advanced Materials Savings & Investment Plan	25,209	(25,209)	
Fidelity U.S. Equity Index Portfolio:			
-Brush Wellman Savings & Investment Plan	461,819	(461,819)	
-Williams Advanced Materials Savings & Investment Plan	10,886	(10,886)	
Fidelity Fund Inc.:			
-Brush Wellman Savings & Investment Plan	(6,359)	6,359	
-Williams Advanced Materials Savings & Investment Plan	(7,855)	7,855	
Fidelity Puritan Fund:			
-Brush Wellman Savings & Investment Plan	17,658	(17,658)	
-Williams Advanced Materials Savings & Investment Plan	(14,845)	14,845	

		\$3,126,539	
		=====	

"

	Balance January 1 1994	Change	Balance December 31 1994
Managed Guaranteed Investment Contract Fund	\$1,011,880	(\$835,627)	\$176,253
Fidelity U.S. Equity Index Portfolio	603,497	(141,678)	461,819
Fidelity Fund Inc.	91,500	(97,859)	(6,359)
Fidelity Puritan Fund	341,875	(324,217)	17,658
Brush Wellman Inc. Common Stock	(5,196,130)	2,976,317	(2,219,813)

		\$1,576,936	
		=====	

The Department of Labor requires that unrealized appreciation and depreciation be calculated using current cost rather than historical cost. Unrealized gains and losses under the current cost method for the year ended December 31, 1996 are as follows:

	Change in Unrealized Gain/(Loss)

Janus Fund	(\$916,782)
Templeton Fund	251,293
PFAMCO Equity Income Fund	(873,511)
Northern Trust Collective Stock Index Fund	(858,255)
Phoenix Total Return Fund	(1,082,605)
Vanguard Asset Allocation Fund	415,524
PIMCO Total Return Fund	(882,548)
Brush Wellman Inc. Common Stock	(720,021)

	(\$4,666,905)
	=====

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. Subsequent amendments Nos. 1 and 2 also effective January 1, 1995 provide for certain provisions concerning member contributions, distributions and key employee testing procedures.

NOTE I - Effective January 1, 1995 the Williams Advanced Materials Inc. Savings and Investment Plan was merged into the Plan. Prior to the merger, the plans covered eligible employees at Brush Wellman Inc. and its subsidiary, Williams Advanced Materials Inc., there were no substantial changes in eligibility, Company contributions, plan benefits or value of plan assets as a result of the merger. The transferred net assets have been recognized in the accounts of the Plan, at their balances as previously carried in the accounts of the Williams Advanced Materials Inc. Savings and Investment Plan. The changes in net assets of the combined plans are included in the accompanying Statement Of Changes In Net Assets available for benefits from January 1, 1995.

BRUSH WELLMAN INC.
SAVINGS & INVESTMENT PLAN
DECEMBER 31, 1996

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES:

INVESTMENTS -----	DESCRIPTION -----	COST ----	CURRENT VALUE -----
Brush Wellman Inc. Common Stock	Common Stock	\$21,316,961	\$17,985,711
Janus Fund	Mutual Fund	\$9,140,759	\$10,368,651
Templeton Fund	Mutual Fund	\$5,334,105	\$6,029,302
PFAMCO Equity Income Fund	Mutual Fund	\$5,793,594	\$6,407,987
Northern Trust Collective Stock Index Fund	Mutual Fund	\$7,548,719	\$9,625,596
Vanguard Asset Allocation Fund	Mutual Fund	\$6,851,379	\$6,890,813
PIMCO Total Return Fund	Mutual Fund	\$6,304,014	\$6,631,102
Northern Trust Short-Term Investment Fund	Bank Common/ Collective Trust	\$6,805,573	\$6,805,573
Participant Promissory Notes	Participant Loans	\$3,256,882	\$3,256,882
Employee Benefit Money Market Fund	Bank Common/ Collective Trust	\$102,828	\$102,828

BRUSH WELLMAN INC.
SAVINGS & INVESTMENT PLAN
SCHEDULE OF REPORTABLE TRANSACTIONS
SUMMARY OF PURCHASES AND/OR SALES IN SAME ISSUE IN EXCESS OF
5% OF BEGINNING PLAN VALUE
DECEMBER 31, 1996

TRANSACTION DESCRIPTION -----	PURCHASES -----		SALES -----		GAIN/ (LOSS) -----
	# TRANS -----	COST -----	# TRANS -----	PROCEEDS -----	
Brush Wellman Inc. Common Stock	29	\$2,464,962.98	14	\$928,849.38	(\$45,347.37)
Janus Fund	121	4,004,603.30	76	665,429.66	156,230.61
Templeton Foreign Fund	0	0.00	0	0.00	0.00
PFAMCO Equity Income Fund	99	2,549,389.86	77	640,836.61	125,283.01
Northern Trust Collective Stock Index Fund	121	2,706,708.52	71	872,895.19	235,967.21
Phoenix Total Return Fund	38	587,519.42	51	6,033,647.71	470,724.26
Vanguard Asset Allocation Fund	47	6,997,934.81	30	146,556.19	4,309.87
PIMCO Total Return Fund	79	1,768,256.75	87	1,416,931.51	53,663.56
Participant Promissory Notes	0	0.00	0	0.00	0.00

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Annual Report on Form 10-K under the Securities Exchange Act of 1934 of Brush Wellman Inc. for the year ended December 31, 1996 of our report dated February 6, 1997, 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, 1996.

Wesley, Mills & Company

/s/ Wesley, Mills & Company

*Cleveland, Ohio
February 6, 1997*

End of Filing

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