BRUSH WELLMAN INC

FORM 10-Q
(Quarterly Report)

Filed 8/17/1998 For Period Ending 7/3/1998

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 3, 1998

OR

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

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

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

As of August 7, 1998 there were 16,395,610 shares of Common Stock, par value $1 per share, outstanding.

PART I FINANCIAL INFORMATION

BRUSH WELLMAN INC. AND SUBSIDIARIES

Item 1. Financial Statements

The consolidated financial statements of Brush Wellman Inc. and its subsidiaries for the quarter ended July 3, 1998 are as follows:

Consolidated Statements of Income - Six months ended July 3, 1998 and June 27, 1997

Consolidated Balance Sheets -
July 3, 1998 and December 31, 1997

Consolidated Statements of Cash Flows- Six months ended July 3, 1998 and June 27, 1997

CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Dollars in thousands except share and per share amounts)	SECOND QUARTER ENDED JULY 3, 1998	SECOND QUARTER ENDED JUNE 27, 1997	FIRST HALF ENDED JULY 3, 1998	FIRST HALF ENDED JUNE 27, 1997
NET SALES	$ 102,992	$ 113,374	$ 217,174	$ 213,062
COST OF SALES	85,476	83,587	171,629	157,584
GROSS MARGIN	17,516	29,787	45,545	55,478
SELLING, ADMINISTRATIVE AND GENERAL EXPENSES	16,450	17,161	32,783	32,561
RESEARCH AND DEVELOPMENT EXPENSES	1,967	1,982	4,172	3,560
OTHER-NET	17,963	20	18,660	(504)
OPERATING PROFIT	(18,864)	10,624	(10,070)	19,861
INTEREST EXPENSE	172	79	408	364
INCOME BEFORE INCOME TAXES	(19,036)	10,545	(10,478)	19,497
INCOME TAXES	(5,952)	3,056	(3,556)	5,518
NET INCOME	$ (13,084)	$ 7,489	$ (6,922)	$ 13,979
PER SHARE OF COMMON STOCK: BASIC	$ (0.80)	$ 0.46	$ (0.42)	$0.86
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	16,372,170	16,285,043	16,344,844	16,244,158
PER SHARE OF COMMON STOCK: DILUTED	$ (0.80)	$ 0.46	$ (0.42)	$0.86
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	16,372,170	16,582,135	16,344,844	16,477,099
CASH DIVIDENDS PER COMMON SHARE	$ 0.12	$ 0.11	$ 0.24	$0.22

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED BALANCE SHEETS

(DOLLARS IN THOUSANDS)	JUL. 3, 1998	DEC. 31, 1997
ASSETS		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	$ 747	$ 7,170
ACCOUNTS RECEIVABLE	61,593	62,812
INVENTORIES	95,001	90,714
PREPAID EXPENSES AND OTHER CURRENT ASSETS	17,577	18,215
TOTAL CURRENT ASSETS	174,918	178,911
OTHER ASSETS	38,583	31,319
PROPERTY, PLANT AND EQUIPMENT	418,355	463,689
LESS ALLOWANCES FOR DEPRECIATION, DEPLETION AND IMPAIRMENT	247,785	290,067
	170,570	173,622
	$384,071	$383,852
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
SHORT-TERM DEBT	$ 53,602	$ 28,877
ACCOUNTS PAYABLE	8,979	13,519
OTHER LIABILITIES AND ACCRUED ITEMS	28,822	28,580
DIVIDENDS PAYABLE		1,967
INCOME TAXES	(928)	5,369
TOTAL CURRENT LIABILITIES	90,475	78,312
OTHER LONG-TERM LIABILITIES	6,786	8,200
RETIREMENT AND POST-EMPLOYMENT BENEFITS	39,389	39,825
LONG-TERM DEBT	17,905	17,905
DEFERRED INCOME TAXES	3,927	2,797
SHAREHOLDERS' EQUITY	225,589	236,813
	$ 384,071	$383,852

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	FIRST HALF ENDED JULY 3, 1998	JUNE 27, 1997
NET INCOME	($6,922)	$13,979
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES:		
Depreciation, depletion and amortization	11,852	9,619
Amortization of mine development	1,937	1
Decrease (Increase) in accounts receivable	(26)	(20,233)
Decrease (Increase) in Inventory	(4,784)	3,799
Decrease (Increase) in prepaid and other current assets	246	(1,011)
Increase (Decrease) in accounts payable and accrued expenses	(3,754)	4,948
Increase (Decrease) in interest and taxes payable	(6,230)	(286)
Increase (Decrease) in deferred income tax	1,130	191
Increase (Decrease) in other long-term liabilities	(1,790)	1,959
Impairment of fixed assets and related intangibles	14,273	
Other - net	708	(237)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	6,640	12,729
Cash Flows from Investing Activities:		
Payments for purchase of property, plant and equipment	(20,156)	(26,159)
Payments for mine development	(258)	(6,932)
Proceeds from (Payments for) other investments	(12,070)	405
NET CASH USED IN INVESTING ACTIVITIES	(32,484)	(32,686)
Cash Flows from Financing Activities:		
Proceeds from issuance of short-term debt	27,236	11,367
Repayment of short-term debt	(1,652)	(93)
Proceeds from issuance of long-term debt		
Repayment of long-term debt		(160)
Issuance of Common Stock under stock option plans	3,433	483
Purchase of Common Stock for treasury	(3,620)	(508)
Payments of dividends	(5,893)	(3,562)
NET CASH PROVIDED FROM FINANCING ACTIVITIES	19,504	7,527
Effects of Exchange Rate Changes	(83)	(3,158)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,423)	(15,588)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,170	31,749
CASH AND CASH EQUIVALENTS AT END OF PERIOD	747	16,161

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

NOTE A - ACCOUNTING POLICIES

In management's opinion, the accompanying consolidated financial statements contain all adjustments necessary to present fairly the financial position as of July 3, 1998 and December 31, 1997 and the results of operations for the three and six month periods ended July 3, 1998 and June 27, 1997.

NOTE B - INVENTORIES

(DOLLARS IN THOUSANDS)	JULY 3, 1998	DEC. 31, 1997
Principally average cost:		
Raw materials and supplies	$21,231	$17,331
In Process	57,595	58,666
Finished	37,838	37,008
	116,664	113,005
Excess of average cost over LIFO inventory value	21,663	22,291
	$95,001	$90,714

NOTE C - COMPREHENSIVE INCOME

As of January 1, 1998, the Company adopted Statement 130, "Reporting Comprehensive Income". Statement 130 establishes new rules for the reporting and display of comprehensive income and its components; however, the adoption of this statement had no impact on the Company's net income or shareholders' equity. Statement 130 requires certain items, including foreign currency translation adjustments, which prior to adoption were reported separately in shareholders' equity, to be included in other comprehensive income. Prior year financial statements have been reclassified to conform to the requirements of Statement 130.

For the second quarter 1998 and 1997, comprehensive income/(loss) amounted to ($13,330,601) and $8,508,685, respectively. Year-to-date 1998 and 1997 comprehensive income/(loss) amounted to ($7,568,532) and $14,016,973, respectively. The difference between net income/(loss) and comprehensive income/(loss) is the cumulative translation adjustment for the periods presented.

NOTE D - SPECIAL CHARGE

In the second quarter 1998, the Company recorded special charges totaling $21.8 million pre-tax and $15.6 million after-tax. The charge resulted primarily from write-downs of property, plant and equipment, inventory and goodwill, and increases to environmental reserves. Of the $21.8 million, $4.9 million was charged to Cost of sales and $16.9 million was charged to Other-net on the consolidated income statement for the second quarter 1998.

In analyzing the strategic plans for each of the Company's business units, management determined that the carrying value of certain assets within its Microelectronics and Metal Systems Groups were impaired based upon current cash flow projections. Property, plant and equipment and related intangibles with a carrying value of $19.6 million was written down by $14.3 million to its estimated fair market value. The fair market value was determined by a discounted cash flow analysis using the Company's estimated pre-tax weighted average cost of capital. The impaired assets may be held for future use. The $14.3 million impairment is included in Other-net on the consolidated income statement.

Depreciation charges were recorded for equipment that will be taken out of service with the completion of certain capital projects by December 31, 1998. This will also result in additional charges of $0.8 million to be recorded in the second half of 1998. Inventory write-downs and certain provisions were taken as a result of the reduced growth expectations and current market conditions.

NOTE E - NEW PRONOUNCEMENT

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, which is required to be adopted in years beginning after June 15, 1999. The Statement permits early adoption as of the beginning of any fiscal quarter after its issuance. The Statement will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company has not yet determined when it will adopt the Statement nor has it determined what the effect of the Statement will be on earnings and the financial position of the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

Forward-Looking Information

Portions of narrative set forth in this document 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 (especially as impacted by events in particular markets, including telecommunications, automotive and electronics, or in particular geographic regions, such as Asia), 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

Sales in the second quarter 1998 were $103.0 million compared to $113.4 million in the second quarter 1997. The slow down in sales affected both the Metal System Group and Microelectronic Group profitability in the quarter. In addition, the Company recorded a special charge of $21.8 million pre-tax that reduced diluted earnings per share by $0.95 in the second quarter 1998.

Metal Systems Group sales, which were approximately 73% of total sales, declined in the second quarter 1998 from the second quarter 1997 as higher sales of alloy bulk products and beryllium metal products were not sufficient to offset lower sales of alloy strip products and engineered material systems.

Sales of alloy bulk products, primarily copper beryllium alloys in plate, rod, bar and tube form, improved from the prior year as demand from the aerospace, mold, oil and gas and undersea communications markets remained strong. Sales of alloys produced at the Company's new facility in Lorain, Ohio were a minor contributor to the improvement. Higher beryllium product sales, which service the aerospace and defense sectors, generated a profit for the third consecutive quarter after operating at a loss for a number of periods. The majority of both bulk and beryllium products sales are to domestic customers.

Alloy strip and engineered material system sales decreased in the second quarter 1998 from the second quarter 1997 due to soft demand from two key markets - telecommunications and electronics. This was evident not only domestically but more so in Asia, where the weak economic conditions have now caused a major downturn in sales volumes. Prior to the second quarter 1998, the Asian economic problems had only a minimal impact on the Company's volumes. Automotive is also a major market for these products and the General Motors strike adversely affected sales in the second quarter 1998. The Company's strategy for these products remains to fully develop either new applications or replace competing materials in existing applications in the telecommunications, electronics and automotive markets.

Sales from the Microelectronic Group, which includes precious metal products, ceramics and thick film circuits, were less in the second quarter 1998 than in the second quarter 1997. Precious metal reported sales were lower due to a planned substitution of silver for gold in certain applications. However, the precious metal value is a straight pass-through to the

customer and the underlying unit volumes, value added and profitability are all higher in the current period compared to the second quarter of last year. Ceramic sales declined in the second quarter 1998 from the prior year period as a result of softening demand in the telecommunications market and the General Motors strike. Yield problems on certain direct bond copper products also negatively impacted sales and profitability, although some yield improvements were made late in the quarter. Thick film circuit sales were a minor portion of total sales and essentially were unchanged from the year ago period.

Year-to-date sales were $217.2 million in 1998 compared to $213.1 million in 1997. Metal System sales increased 7% from last year as sales in the first quarter 1998 were very strong, compensating for the shortfall in the second quarter. Microelectronic Group sales were 10% lower in 1998 than in 1997 primarily as a result of the substitution of silver for gold in certain precious metal applications. The major factors that depressed sales in the second quarter 1998 - weakening demand in the telecommunications and electronics markets, the Asian economic slow down, the General Motors strike and the stronger U.S. dollar
- have continued into the third quarter 1998.

International sales of all products were $70.1 million in the first six months of 1998, an 8% improvement over 1997, despite the strengthening dollar which reduced the translated value of the Company's foreign sales as compared to the prior period. Sales into Europe, particularly alloy strip products, were very strong in the first six months of 1998 while sales in Asia weakened considerably, especially in the second quarter of 1998.

Gross margin was $17.5 million or 17.0% of sales in the second quarter 1998 compared to $29.8 million or 26.3% of sales in the second quarter 1997. Included in Cost of sales in the second quarter 1998 was $4.9 million of the special charge (discussed below). Absent this charge, gross margin would have been 21.7% of sales in the current quarter. The new casting equipment that was placed in service in the first quarter has helped to relieve a portion, but not all, of the capacity constraints that impact bulk and strip alloy products. However, start-up costs and related manufacturing issues, which are continuing, have been greater than initially anticipated and have negatively impacted margins. The fixed cost component of cost of sales has increased from last year as a result of the alloy expansion project in Elmore, Ohio, the new facility in Lorain, Ohio and other investments through higher charges for depreciation, rent, insurance and taxes. The adverse currency effect also contributed to the lower margin percentage in the second quarter 1998.

For the first six months of 1998 gross margin was $45.5 million or 21.0% of sales compared to $55.5 million or 26.0% of sales in 1997. The factors affecting margins in the second quarter apply to the first six months as well.

Selling, administrative and general expenses were $16.5 million or 16.0% of sales in the second quarter 1998 versus $17.2 million or 15.1% of sales in the second quarter 1997. For the year, these expenses were $32.8 million or 15.1% of sales in 1998 and $32.6 million or 15.3% of sales in 1997. The somewhat favorable comparisons result in part from development work for the new Lorain, Ohio business venture incurred in 1997 and not in 1998 and the reclassification of certain distribution expenses into product costs beginning in 1998. The currency effect on expenses is also favorable as the stronger dollar reduces the translated value of foreign currency expenses. This translation benefit on expenses is significantly smaller than the unfavorable translation impact on sales.

The Company is undertaking several major capital investments to replace a large portion of its legacy computer systems while other systems will be undergoing major upgrades. One of the benefits from these system replacements and upgrades is mitigating the need to make numerous legacy systems year 2000 compliant. The Company currently is actively addressing the year 2000 compliance issue, for both information technology and non-information technology equipment and systems, and estimates that the related expense will be approximately $1.0 million in 1998 with a more minor amount to be expensed in 1999. Outside consultants have been contracted to assist in assessing the Company's exposure and costs. The majority of the sales, financial and payroll information technology systems either already are or are anticipated to be year 2000 compliant by December 31, 1998, while the Company is in the assessment phase relative to remediation of any year 2000 issues with its non-information technology equipment. If required modifications and conversions are not made on a timely basis, the year 2000 issue could have a material adverse effect on the Company's operations. The Company can provide no assurance that year 2000 compliance plans will be successfully completed by suppliers and customers in a timely manner.

Research and development (R&D) expenses were $2.0 million in both the second quarter 1998 and 1997. R&D expenses of $4.2 million for the first half of 1998 were $0.6 million higher than the comparable period last year. Current major projects include the development of new alloy system and refinement of casting processes and technologies.

Included in Other-net in the second quarter 1998 is $16.9 million of the $21.8 million special charge, with the balance of the charge included in Cost of sales. The charge includes the write-down of certain fixed assets and related intangibles in the Microelectronic and Metal Systems Groups to their estimated fair market values in compliance with SFAS No. 121. The Company's current long-term strategic plans anticipate only modest growth from certain operations and the projected cash flows are not sufficient to support the carrying value of these assets. Charges were also taken for the acceleration of depreciation on equipment that will be taken out of service in the second half of 1998 as a result of new capital investment. A reserve for environmental expenses was recorded in support of a plan to pursue a voluntary remediation program of a former manufacturing site of a subsidiary under the State of Ohio's Voluntary Action Program. The special charge is consistent with the Company's long-term goals and objectives and does not suggest any plans to exit any of the current business units at the present time. The total charge is described in Note D to the Consolidated Financial Statements.

Excluding the special charge, Other-net expense was $1.0 million higher in the second quarter 1998 than the second quarter 1997. Year-to-date Other-net expense was $18.7 million in 1998 ($1.8 million without the special charge) compared to Other-net income of $0.5 million in 1997. Reduced currency hedge gains and a decline in interest income in 1998 account for the majority of the differences between periods.

Interest expense was $0.2 million in the second quarter and $0.4 million in the first half 1998 which is slightly higher than the comparable periods in 1997 as a result of higher debt levels in 1998. The weighted average interest rate is lower in 1998 than in 1997. The year-to-date expense is net of capitalized interest of $0.8 million in 1998 and $0.6 million in 1997.

Income/(loss) before income taxes was $(19.0) million in the second quarter 1998 compared to $10.5 million in the second quarter 1997 and ($10.5) million in the first six months of 1998 versus $19.5 million in the first six months of 1997. Excluding the special charge, income before income taxes declined 74% for the quarter and 42% for the year from the respective

periods in 1997. The lower sales and higher manufacturing costs were the main causes for the reduced earnings.

The income tax benefits were provided for at a rate of 31.3% of the pre-tax loss for the second quarter and 33.9% for the first six months of 1998 while for 1997 income tax expenses were provided for at 29.0% of pre-tax income for the second quarter and 28.3% for the first six months. Diluted earnings/(loss) per share were $(0.80) for the second quarter and $(0.42) for the first half 1998. Diluted earnings per share were $0.46 and $0.86 for the respective periods in 1997.

The Company is subject to litigation involving claims relating to product liability and other claims relating to alleged beryllium or asbestos exposure (see "Legal Proceedings"). Management believes that the Company has substantial defenses and intends to contest such suits vigorously. However, the Company's results of operations could be materially affected by unfavorable results in one or more of these cases. Based on information known to the Company, management believes the outcome of the Company's litigation should not have a material adverse effect upon the consolidated financial position or cash flow of the Company.

Financial Position

Net cash provided from operations was $6.6 million in the first six months of 1998 compared to $12.7 million in the first six months of 1997. The main cause for this difference is the lower net income, excluding the special charge, in the current year. The $21.8 million special charge had no effect on the cash flow from operations in the first six months of 1998. Cash balances at the end of the second quarter 1998 were $0.8 million, a decrease of $6.4 million since December 31, 1997.

Inventories increased by $4.3 million during 1998. Purchased raw material inventories, primarily copper and gold, are usually maintained at fairly low levels through managed hedge or just-in-time programs. However, the Company's manufacturing operations are highly vertically integrated and unplanned changes in sales volumes as experienced in the second quarter 1998 can result in inventory builds in the short term.

Progress continued on the $117 million alloy expansion project in Elmore, Ohio. As previously noted, the casting equipment was placed in service in the first quarter of this year. The balance of the project is a new strip mill, which is designed to increase capacity, improve quality and reduce cycle time and costs and is planned to be completed in the second half of the year. The project remains on schedule and the total construction cost estimate remains within the $117 million budget. This project is being financed in large part by two operating leases. Lease payments for the building began in December 1997 while the payments for selected pieces of equipment do not begin until 1999.

Capital expenditures for property, plant and equipment were $20.2 million in the first six months of 1998. Major projects include a portion of the alloy expansion project, the on-going implementation of an enterprise-wide information system and new plating lines and rolling mills at the Lincoln, Rhode Island facility. The Company also recently began an expansion of its Buffalo, New York facility in order to enter into the specialty alloy business.

Consistent with this expansion, late in the second quarter 1998, Williams Advanced Materials, Inc., a wholly owned subsidiary of the Company, acquired the assets of PureTech Inc. of Carmel, New York for $12.4 million in cash. PureTech is a manufacturer of specialty alloy and ceramic physical vapor deposition targets for thin film deposition and its products complement

the Company's current and planned offerings. The acquisition was accounted for as a purchase.

The Company purchased 163,500 shares of its Common Stock at a cost of $3.6 million in the first half of 1998 compared to 23,600 shares at a cost of $0.5 million in the first half of 1997.

Total balance sheet debt stood at $71.5 million at the end of the second quarter, an increase of $24.7 million since December 31, 1997. Higher debt levels were necessary to finance the capital expenditure program, the PureTech acquisition, payment of dividends and stock repurchases. Of the $24.7 million increase, $6.3 million was borrowed under a multi-currency line with relatively low interest rates with the balance borrowed under short term domestic lines.

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

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

(a) Environmental Proceedings.

RECENT DEVELOPMENTS RELATING TO PENDING CLAIMS SINCE THE END OF FIRST QUARTER 1998. As previously reported in the Company's annual report on Form 10-K for the year ended December 31, 1997, the Company received a complaint on July 26, 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 that, 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 (the "Berks Site"). The plaintiffs are alleged to have disposed of wastes at the Berks Site, which operated from 1950 through October 1, 1986. The 40 defendants (22 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 they have spent approximately $3 million to secure and maintain the Berks Site and to prepare a remedial investigation/feasibility study and a risk assessment. Discovery is proceeding pursuant to a case management order, which on April 23, 1998 was amended to appoint a special master to develop a recommended allocation plan. On September 30, 1997, the U.S. EPA sent a special notice letter to the Company and 28 other entities, 7 of whom are not parties to the GLIDDEN litigation. The letter requested reimbursement of the U.S. EPA's past costs (at least $755,959) and future costs relating to the landfill, and solicited a proposal to conduct or finance the remedial action selected by the U.S. EPA in its July 1997 Record of Decision, the present worth cost of which is estimated by the U.S. EPA to be $6.1 million. The U.S. EPA received no proposal in response to its letter. On March 31, 1998, the U.S. EPA issued an administrative order to 18 entities, but not to the Company, directing them to implement the remedy selected in the July 1997 Record of Decision. The Company has been advised by the U.S. EPA that it is considered by the agency to be a candidate for a de minimis settlement. The Company's 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 (the "PRPs").

As previously reported in the Company's annual report on Form 10-K for the year ended December 31, 1997, the Company was identified as one of the PRPs under CERCLA at the Spectron Superfund Site in Elkton, Maryland (the "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. The cost of compliance with the terms of these Orders is approximately $8,480,000, of which the Company's proportionate share is $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. The Company has received information from the PRP group negotiating with the U.S. EPA that the terms of such a settlement likely will be circulated to qualifying PRPs (including the Company) in the third or fourth quarter of 1998.

CLAIMS INITIATED SINCE THE END OF FIRST QUARTER 1998. By letter dated March 6, 1998, the U.S. EPA notified Egbert Corp., a subsidiary of the Company (the "Subsidiary"), that it was a potentially responsible party under CERCLA for the remediation of the PCB Treatment Site (the "PCB Treatment Site") in Kansas City, Kansas, and Kansas City, Missouri. The basis for the U.S. EPA's letter was the removal from the Subsidiary's facility in 1985 of 10 drums of oil, 22 drums of solids and three transformers manufactured by High Voltage Maintenance, which allegedly were shipped, at least in part, to the PCB Treatment Site. The Subsidiary has requested High Voltage Maintenance to hold it harmless from any liability arising from this proceeding. To date, the U.S. EPA has identified approximately 1,800 PRPs for the PCB Treatment Site and has initiated the process of trying to allocate liability, including consideration of the issuance of de micromis and/or de minimis settlements to eligible parties. The Subsidiary's expenses at the PCB Treatment Site will be affected by a number of uncertainties, including the method and extent of remediation, the percentage of waste disposed of at the PCB Treatment Site attributable to the Subsidiary relative to that attributable to other parties, and the financial capabilities of the other PRPs, including High Voltage Maintenance.

(b) Beryllium Exposure Claims.

RECENT DEVELOPMENTS RELATING TO PENDING CLAIMS SINCE THE END OF FIRST QUARTER 1998. In BALLINGER ET AL. V. BRUSH WELLMAN INC. ET AL., a product liability case filed in November 1996 in the United States District Court, Colorado, 26 plaintiffs who allegedly have chronic beryllium disease ("CBD") and their spouses, and one representative of a spouse who allegedly died from CBD (a total of 43 plaintiffs), are claiming recovery based on various legal theories and seek compensatory and punitive damages of an unspecified amount. None of the plaintiffs is an employee of the Company. This case was previously reported in the Company's annual report on Form 10-K for the year ended December 31, 1997. The defendants filed various motions in response to the complaint, including a motion to dismiss. Before a ruling on the motion to dismiss, an amended complaint was filed in September 1997 adding 7 plaintiffs who allegedly have CBD and their spouses (a total of 14 additional plaintiffs). Various motions were again filed, including a motion to dismiss. Before a ruling was made on the motion to dismiss the amended complaint, a second amended complaint was filed in December 1997. One plaintiff and his spouse moved for dismissal of their claims without prejudice, which motion was granted. Also, in December 1997, the remaining plaintiffs agreed to dismiss the second defendant and filed an agreed motion for dismissal. The Court granted this second agreed motion on February 13, 1998. In response to the second amended complaint, on January 23, 1998, the Company moved to dismiss 47 of the 55 plaintiffs based on the statute of limitations and answered as to the remaining 8 plaintiffs. On June 25, 1998, the Court denied the Company's motion to dismiss.

In two other product liability cases pending before the Court of Common Pleas, Montgomery County, Pennsylvania -- NEIMAN ET AL. V. CABOT CORP. ET AL. (filed November 1990) and ROBBINS ET AL. V. CABOT CORP. ET AL. (filed June 1993) -- the Company is one of three defendants in each case. The plaintiffs allege injury resulting from exposure to beryllium-containing materials, other than as employees of the Company, and are claiming

recovery based on various legal theories. In NEIMAN, the plaintiffs seek damages in excess of $20,000 for personal injury and in excess of $20,000 for loss of consortium. In ROBBINS, the plaintiffs individually seek damages in excess of $50,000 and Mr. Robbins also seeks punitive damages in excess of $50,000. Both cases were previously reported in the Company's annual reports on Form 10-K for the years ended December 31, 1997 and prior years. Settlements have been reached in each of these cases, but the settlements have not yet been finalized. The Company's portion of the settlement payments in both these cases will be paid by insurance.

As previously reported in the Company's annual report on Form 10-K for the year ended December 31, 1997, 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 29, 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 CBD 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 CBD. These nine cases were dismissed by the trial court following summary judgments entered in favor of the Company on August 26, 1996. The plaintiffs appealed the adverse ruling to the Arizona Court of Appeals. On March 31, 1998, the Court of Appeals filed its decision, affirming in part and reversing in part the summary judgments. The Court of Appeals held that all of plaintiffs' common law claims -- breach of contract, breach of implied covenant of good faith and fair dealing, and fraud -- were barred by the election of remedy provision in Arizona statutory law. Thus, this portion of the summary judgments was affirmed. The Court of Appeals further held that the record did not establish that plaintiffs had waived their claims for willful misconduct by accepting workers compensation benefits and that a question of fact existed as to whether that claim was barred by the statute of limitations. The Court made no ruling on whether there was any merit to any such claim by the plaintiffs. Plaintiffs and the Company moved for reconsideration of this decision of the Court of Appeals. Both motions, however, were denied. On July 22 and 24, 1998, respectively, plaintiffs and the Company filed petitions with the Arizona Supreme Court for its review of the decision of the Court of Appeals. The petitions filed with the Arizona Supreme Court are pending.

CLAIMS CONCLUDED SINCE THE END OF FIRST QUARTER 1998. In LINDSTEDT V. NATIONAL BERYLLIUM CORP. ET AL., SPECTRA-PHYSICS, INC. V. BRUSH WELLMAN INC., a case previously reported in the Company's annual report on Form 10-K for the year ended December 31, 1997, an employee of the Company brought a suit against a number of defendants, including Spectra Physics, a customer of the Company, for personal injury resulting from exposure to beryllium-containing materials. The customer then filed a third-party complaint on December 12, 1996 against the Company in the Superior Court of New Jersey seeking indemnification. The third-party complaint against the Company was dismissed by the Court in early 1997. Spectra-Physics has since settled with the plaintiff and has itself been dismissed from the action. On March 20, 1998, the single remaining defendant requested, and was granted, permission to identify the Company as a party for discovery purposes only. The suit against the Company was formally dismissed on May 4, 1998.

As previously reported in the Company's annual report on Form 10-K for the year ended December 31, 1997, the Company was a defendant in seven cases pending before the Court of Common Pleas of Cuyahoga County, Ohio, brought by current and former employees of the Company and, in most of the cases, their family members: BERLIN V. BRUSH WELLMAN INC., filed January 24, 1997; KNEPPER ET AL. V. BRUSH WELLMAN INC., filed January 23, 1997; MIA JOHNSON, EXECUTRIX OF THE ESTATE OF ETHEL JONES ET AL. V. BRUSH WELLMAN INC., filed January 22, 1997; JACOBS ET AL. V. BRUSH WELLMAN INC., filed December 31, 1996; STARIN V. BRUSH WELLMAN INC., filed December 31, 1996; MUSSER ET AL. V. BRUSH WELLMAN INC., filed October 25, 1996; and WHITAKER ET AL. V. BRUSH WELLMAN INC., filed August 23, 1996. The complaints in all of these cases alleged that the employees contracted CBD at the workplace, sought recovery on an intentional tort theory and, except in the BERLIN and STARIN cases, included claims by family members. The plaintiffs in these cases sought both compensatory and, except in the KNEPPER case, punitive damages. All of these cases, except the KNEPPER case, were consolidated at least for purposes of discovery and pretrial motions. On October 16, 1997, one of the employee-plaintiffs in the consolidated cases and his spouse dismissed their complaint without prejudice. On March 20, 1998, the parties filed an agreed motion to stay and to cancel all scheduled events in all of the seven cases on the grounds that the parties had negotiated a settlement and would need time to reduce that settlement to definitive written agreements. Certain aspects of the proposed settlement were to be submitted for approval of the probate divisions of the appropriate common pleas courts. The motion to stay was granted on March 30, 1998. On June 4, 1998, notices of dismissal were filed in all of the cases, and all of the cases have now been dismissed with prejudice. The Company's liability insurance carrier has agreed to contribute a portion of the settlement in all of the foregoing cases, except the STARIN and BERLIN cases. As described in the Company's Annual Report on Form 10-K for the year ended December 31, 1997, the Arizona State Compensation Fund has filed an action in Pima County Superior Court, Arizona, seeking a declaratory judgment that the Fund is not required to defend or indemnify the Company against claims made in the WHITAKER case: STATE COMPENSATION FUND V. BRUSH WELLMAN INC., filed December 11, 1996. The parties have agreed to stay further proceedings in the case for a mutually agreed period of time.

(c) Asbestos Exposure Claims.

The Subsidiary is a co-defendant in seventeen cases making claims for asbestos-induced illness allegedly relating to the former operations of the Subsidiary, then known as The S.K. Wellman Corp. All but one 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 fifty similar cases previously reported have been dismissed or disposed of by pretrial judgment, one by jury verdict of no liability and fourteen others by settlement for nominal sums.

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.

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

(a) The Company's Annual Meeting of Shareholders for 1998 was held on May 5, 1998.

(b) At the Annual Meeting, three directors were elected to serve for a term of three years by the following vote:

	Shares Voted "For"	Shares Voted "Against"	Shares Voted "Abstaining"
Joseph P. Keithley	13,500,149	-0-	871,509
William R. Robertson	13,527,256	-0-	844,402
John Sherwin, Jr.	13,527,131	-0-	844,527

The following directors' continued their term of office after the meeting: Gordon D. Harnett, William P. Madar, Robert M. McInnes, Albert C. Bersticker, Dr. Charles F. Brush, III, and David L. Burner.

(c) (1) An amendment to the Brush Wellman Inc. 1995 Stock Incentive Plan was approved by the following vote:

Shares Voted "For"	Shares Voted "Against"	Shares Voted "Abstaining"
13,050,486	1,212,400	108,772

(2) Adoption of the Brush Wellman Inc. 1997 Incentive Plan for Non-Employee Directors was approved by the following vote:

Shares Voted "For"	Shares Voted "Against"	Shares Voted "Abstaining"
12,664,941	1,551,086	155,631

(3) The selection of Ernst & Young LLP as independent auditors for 1998 was ratified and approved by the following vote:

Shares Voted "For"	Shares Voted "Against"	Shares Voted "Abstaining"
14,231,450	59,705	80,503

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

(10a)* Form of Employment Agreement entered into by the Company and Mr. William R. Seelbach dated June 29, 1998.

(10b)* Employment Arrangement between the Company and Mr. William R. Seelbach dated June 3, 1998.

(10c)* Addendum to Employment Arrangement between the Company and Mr. William R. Seelbach dated June 24, 1998.

(10d) Form of Indemnification Agreement entered into by the Company and Mr. William R. Seelbach dated June 29, 1998.

(10e)* Key Employee Share Option Plan (filed on Form S-8 on May 5, 1998), incorporated herein by reference.

(11) Statement re computation of per share earnings (filed as Exhibit 11 to Part I of this report).

(27) Financial Data Schedules for the periods ended July 3, 1998 and June 27, 1997.

(b) Reports on Form 8-K

The Company filed a report on Form 8-K on July 27, 1998 which included a copy of a press release containing the Company's financial results for the quarter ended July 3, 1998.

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 6(a) of this report.

SIGNATURES

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

BRUSH WELLMAN INC.

Dated: August 17, 1998

/s/Carl Cramer

Carl Cramer
Vice President Finance and
Chief Financial Officer

EXHIBIT 10a

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement"), entered into this 29th day of June, 1998, by BRUSH WELLMAN INC., an Ohio corporation (the "Company"), and WILLIAM R. SEELBACH (the "Executive").

WITNESSETH:

WHEREAS, the Board of Directors of the Company (the "Board") has made the following determinations:

A. The Executive is a senior executive of the Company and is expected to make major contributions to the growth, profitability, and financial strength of the Company;

B. The Board wishes to assure the Company's continuity of management;

C. The Board recognizes that, as is the case with many publicly held companies, the possibility of a Change in Control (as defined in Section IV) may exist and wishes to ensure that the Company's senior executives are not practically disabled from discharging their duties upon the occurrence of any actual or threatened Change in Control; and

D. This Agreement shall not alter materially the remuneration and benefits which the Executive could reasonably expect to receive from the Company in the absence of a Change in Control and, accordingly, although effective as of the date hereof, this Agreement shall become operative only upon the occurrence of a Change in Control during the Term (as defined in Section II).

NOW, THEREFORE, the Company and the Executive agree as follows:

I. Employment; Position and Responsibilities

(A) Subject to the terms and conditions of this Agreement, upon the occurrence of a Change in Control during the Term, the Company, if the Executive is then an employee of the Company, shall continue the Executive in its employ (and the Executive shall remain in the employ of the Company) for the Window Period (as defined in Section III), whether or not the Term ends before the end of the Window Period, in the position which he holds at the time of such Change in Control (or such enhanced position to which he may from time to time thereafter be elected by the Board) and with substantially the same duties, responsibilities, and reporting relationships as he has at the time of such Change in Control (or such enhanced duties, responsibilities, and reporting relationships as the Board may from time to time thereafter designate in writing or to which the Company and the Executive may from time to time thereafter agree in writing).

(B) During the Window Period, the Executive shall, while he is an employee of the Company, devote substantially all of his time during normal business hours to the business and affairs of the Company, but nothing in this Agreement shall preclude the Executive during the Window Period from devoting reasonable periods of time during normal business hours to serving as a director, trustee, or member of any committee of any organization or business so long as such activity would not constitute Competitive Activity (as defined in Section XIII) if conducted by the Executive after any termination of the Executive's employment with the Company pursuant to Section VII (A).

II. Effectiveness of this Agreement; Term

In determining whether the Window Period commences, this Agreement shall be effective immediately upon execution and shall continue in force for a period of five years (the "Term") from the date of such execution; PROVIDED, HOWEVER, that on the date five years after this Agreement is executed, and on each second anniversary of such date thereafter, the Term shall be automatically extended for two additional years unless either the Company or the Executive has given written notice to the other, as provided in Section X, prior to the date which is two years before the date on which the Term would end if not automatically extended.

III. Operation of this Agreement; Window Period

This Agreement shall become operative only upon the occurrence of a Change in Control and then only if such Change in Control occurs prior to the end of the Term while the Executive is an employee of the Company. If the Executive is employed by the Company at the time of any such Change in Control, this Agreement shall remain operative for a period (the "Window Period") of four years after the occurrence of such Change in Control or, if shorter, until the Executive reaches age 65.

IV. Definition of Change in Control

A "Change in Control" of the Company shall have occurred if at any time during the Term any of the following events shall occur:

(A) The Board at any time shall fail to include a majority of Directors who are either "Original Directors" or "Approved Directors". An Original Director is a Director who is

serving on February 20, 1989. An Approved Director is a Director who, after such date, is elected, or is nominated for election by the shareholders, by a vote of at least two-thirds of the Original Directors and the previously elected Approved Directors, if any.

(B) Any person (as the term "person" is defined in Section 1701.01(G) of the Ohio Revised Code) shall have made a "control share acquisition" (as the term "control share acquisition" is defined in Section 1701.01(Z) of the Ohio Revised Code) of shares of the Company without having first complied with Section 1701.831 of the Ohio Revised Code (dealing with control share acquisitions).

(C) The Board shall at any time during the Term determine in the good faith exercise of its judgment that (1) any particular actual or proposed accumulation of shares of the Company, tender offer for shares of the Company, merger, consolidation, sale of assets, proxy contest, or other transaction or event or series of transactions or events will, or is likely to, if carried out, result in a Change in Control falling within Section IV (A) or IV(B) and (2) it is in the best interests of the Company and its shareholders, and will serve the intended purposes of this Agreement, if this Agreement shall thereupon become immediately operative.

V. Compensation While Employed During Window Period

(A) No compensation shall be payable under this Section V unless and until there shall have been a Change in Control while the Executive is an employee of the Company during the Term (at which time the Window Period shall begin).

(B) If such a Change in Control so occurs (at which time the Window Period shall begin), the Executive, while an employee of the Company, will be entitled to receive compensation, for the Window Period, in the following forms, rates, and amounts:

(1) BASE SALARY: salary payments (semi-monthly in arrears) at an annual rate which will be the highest of:

(a) the annual rate in effect at the time of the Change in Control;

(b) the annual rate in effect at any time during the 24 months prior to the Change in Control; or

(c) the annual rate approved by the Board from time to time after the Change in Control.

(2) ANNUAL BONUS: annual bonus amounts (payable on February 10, or, if February 10 is not a business day in any year, then on the business day next preceding such February 10) with respect to the previous calendar year equal to the higher of:

(a) the highest annual bonus awarded to the Executive in the 36 months prior to the Change in Control; or

(b) the highest annual bonus approved by the Board from time to time after the Change in Control.

(3) BENEFIT PLANS - The Executive shall continue, as if there had been no Change in Control, to participate, throughout the Window Period, in all benefit plans, policies, or arrangements of the Company in which the Executive participates immediately prior to the Change in Control, including, without limitation, any incentive, retirement income, savings or thrift, stock option, stock purchase, stock appreciation, stock grant, group insurance (health, life, and others, if any), disability, salary continuation, and other employee benefit plans, policies, or arrangements, or any successor plans, policies, or arrangements that may thereafter be adopted by the Company and provide the Executive at least the same reward

opportunities that were provided to him immediately prior to the Change in Control as if there had been no Change in Control.

(4) EXECUTIVE PERQUISITES - The Executive shall continue to receive, throughout the Window Period, all executive perquisites (including, without limitation, a Company automobile, club dues, and secretarial services) provided by the Company immediately prior to the Change in Control and any improvements therein which are thereafter approved by the Board from time to time.

(5) Nothing in this Agreement shall preclude improvement of the plans, policies, or arrangements contemplated by the foregoing paragraphs (1)-(4) of this Section V(B), but no such improvements shall in any way diminish any other obligation of the Company under this Agreement. If the Company shall change or terminate any such plans, policies, or arrangements during the Window Period, it shall nevertheless continue to provide to the Executive other arrangements which are substantially comparable thereto.

VI. Termination While Employed During Window Period

(A) If a Change in Control shall occur while the Executive is an employee of the Company during the Term (and the Window Period therefore commences), the Executive shall be entitled to the compensation provided in
Section VII if his employment with the Company is thereafter terminated during the Window Period unless such termination results from the Executive's

(1) death;

(2) disability (on the terms described in Section VI(B));

(3) retirement (as defined in Section VI(C));

(4) termination by the Company for Cause (as defined in Section VI(D); or

(5) decision to terminate his employment other than for Good Reason (as defined in Section VI(E)).

(B) If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall qualify for benefits under the long-term disability plan, policy, or arrangement (if any) of the Company in effect at the time when the Change in Control occurs and shall have been absent from his duties with the Company on a full-time basis during the Window Period for a continuous period of one year, then the Company may terminate the Executive's employment for disability without the Executive being entitled to the compensation provided in Section VII.

(C) "Retirement" means the attainment by the Executive of age 65 or his earlier voluntary retirement in accordance with any applicable retirement plan of the Company. Voluntary retirement for this purpose does not include any retirement decision made by the Executive as a consequence of a termination by the Executive of his employment for Good Reason.

(D) "Cause" means commission by the Executive of an act which constitutes a felony.

(E) The Executive may terminate his employment for Good Reason during the Window Period and, if he does so, he shall be entitled to the compensation provided in Section VII. "Good Reason" shall mean any of the following:

(1) any reduction in the Executive's base salary provided in
Section V(B)(1) or his annual bonus provided in Section V(B)(2);

(2) any significant reduction in the Executive's benefits provided in Section V(B)(3) or his perquisites provided in Section V(B)(4);

(3) any significant reduction in the Executive's title, status, position, responsibilities, duties, or reporting relationships as herein provided;

(4) any determination made by the Executive in good faith that, as a consequence of the circumstances giving rise to a Change in Control or resulting therefrom, he is unable to carry out the responsibilities, duties, or reporting relationships associated with his title, status, or position as herein provided;

(5) the Company shall require the Executive to have as his principal location of work any location which is in excess of 50 miles from the Executive's principal residence as of the date immediately prior to the Change in Control; or

(6) any failure of any successor of or to the Company following a Change in Control to comply with Section IX(A).

VII. Compensation Upon Termination During Window Period

(A) If the Executive's employment by the Company is terminated during the Window Period:

(1) by the Company other than by reason of death, disability, or Cause, or

(2) by the Executive for Good Reason, then the Company shall pay to the Executive, within the time specified in Section VII(D), a lump sum in cash equal to the present value (determined as provided in
Section VII(B)) of his base salary and annual bonus at the rates provided in Sections V(B)(1) and V(B)(2), respectively, for the remainder of the Window Period.

(B) In determining present value for purposes of Section VII(A), there shall be applied a discount factor equal to the coupon rate on general full-faith-and-credit obligations of

the U.S. Treasury having a maturity of five years and issued on the date of such termination (or, if no such obligations are issued on that date, then on such obligations issued on the most recent day prior to that date); PROVIDED, HOWEVER, that if the Executive should die on or after the date of such termination but before full payment is made to him pursuant to Section VII(D), such payment shall be made to such person(s) as the Executive shall have designated in a writing filed with the Secretary of the Company or, if he shall not have filed such a designation, then to his executor or administrator within ten days after appointment of the same.

(C) To secure, fund, or otherwise assure to the maximum practicable extent the payment to be made by the Company to the Executive pursuant to Sections VII(A) and VII(B), the Company will enter into a trust agreement in substantially the form attached hereto as Exhibit A. Should a Change in Control occur during the Term while the Executive is an employee of the Company, the Company shall, at or prior to the time of such Change in Control, cause there to be on deposit with the trustee under such trust agreement an amount of funds equal to one-twelfth of the sum of the amounts referred to in Section V(B)(1) and
Section V(B)(2) (disregarding the application of the discount factor provided in Section VII(B)) multiplied by the lesser of 48 or the number of months (rounded to the next higher number) between the date of such Change in Control and the date the Executive reaches age 65. Should the Executive's employment by the Company be terminated (i) for any reason prior to the occurrence of a Change in Control or (ii) by reason by death, disability (on the terms described in Section VI(B)), retirement, by the Company for Cause, or by the Executive's decision to terminate it other than for Good Reason after the occurrence of a Change in Control, the Executive will consent to the revocation of the trust under the trust agreement and the payment to the Company of all the assets then held in such trust.

(D) The compensation provided for in Sections VII(A) and VII(B)
shall be paid not later than the 40th day following the date of any such termination of employment pursuant to Section VII(A).

(E) The Company shall arrange to provide the Executive, following the date of any termination of employment of the type described in Section VII(A), for the remainder of the Window Period, with continued coverage and participation in the benefit plans, policies, arrangements, and perquisites referred to in Sections V(B)(3) and V(B)(4) as if there had been no such termination of employment (or with such improved coverage and participation, if any, as may be implemented during the Window Period), except that participation will not continue in any stock option, stock purchase, stock appreciation, or stock grant plans and except that no benefits shall accrue for any period after such termination of employment pursuant to any benefit plan qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), or any supplemental retirement benefit plan created for the benefit of the Executive subsequent to the date of this Agreement (the "Supplemental Retirement Benefit Plan") by reason of any provision included in this Agreement. For purposes of applying the immediately preceding sentence with respect to any benefit plan, policy, or arrangement the level of benefits under which depends in whole or in part on years of service, the Executive shall be treated as having continued in the employment of the Company for the remainder of the Window Period. To the extent that the Executive's coverage or participation in any such plan, policy, or arrangement is terminated by reason of the Executive's no longer being an employee of the Company during the Window Period, the Company shall (i) pay from time to time to the Executive cash in amounts equal to what would have been provided pursuant to such plan, policy, or arrangement at any such time had the Executive's coverage or participation not been terminated and as if the Executive's

employment with the Company continued for the remainder of the Window Period or (ii) arrange, with the Executive's prior written consent, to provide him with coverage and participation in a substantially similar plan, policy, or arrangement. If, under any plan, policy, or arrangement in effect immediately prior to the Change in Control, the Executive would have been eligible for post-retirement health or medical benefits with respect to himself or others if his retirement had occurred on the last day of the Window Period, the Company shall provide him with post-retirement health or medical benefits that are substantially similar to those provided under such plan, policy, or arrangement (or with such improved benefits, if any, as may be implemented during the Window Period). In addition, the Company shall pay to the Executive, within the time specified in Section VII(D), a lump sum (calculated as provided in Section VII(B)) in cash equal to (i) the number of months (rounded to the next higher number) between the date of termination of the Executive's employment with the Company pursuant to Section VII(A) and the last day of the Window Period multiplied by (ii) one-twelfth of the annual benefit (expressed as a single life annuity commencing at age 65) that the Executive would have accrued under the Brush Wellman Inc. Pension Plan for Salaried Employees (the "Pension Plan") during the calendar year ending prior to the date of such termination of employment if the Pension Plan did not contain the limitations on benefits imposed by the Code, including, without limitation, Sections 415 and 401(a)(17) of the Code (the "Constructive Supplemental Amount"). The Company and the Executive intend that the benefits payable under this Section VII(E) shall not constitute a "supplemental retirement or other similar benefit" for purposes of the Supplemental Retirement Benefit Plan. The obligation of the Company to make any payments under this Section VII(E) constitutes the unsecured promise of the Company to make such payments from its general assets,

and the Executive shall have no interest in, or lien or prior claim upon, any property of the Company in connection therewith.

(F) If the compensation and other payments under this Section VII, either alone or together with other receipts of the Executive from the Company, would, after taking into account Section VIII, constitute a "parachute payment" (as defined in Section 280G of the Code), such compensation, other payments, and other receipts shall be reduced to the largest amount as will result in no portion of the such compensation, other payments, or other receipts being subject to the excise tax imposed by Section 4999 of the Code. The determination of any reduction under this Section VII(F) in such compensation, other payments, and other receipts (including the section of the specific types of such compensation, other payments, or other receipts to be reduced) shall be made by the Executive in good faith (and upon the advice of a nationally recognized expert in compensation matters engaged and paid for by the Executive) after consultation with the Company. The Executive shall deliver such determination to the Company by the 25th day following any termination of the Executive pursuant to Section VII (A). His duty to consult with the Company under this Section VII(F) shall expire on the 30th day following such termination. Such determination shall be conclusive and binding on the Company. The Company shall cooperate in good faith with the Executive in making such determination and in providing the necessary information for this purpose.

(G) The Company shall have no right of set-off or counterclaim in respect of any of its obligations to the Executive under this Agreement.

VIII. Mitigation

If the Executive's employment by the Company is terminated during the Window Period pursuant to Section VII(A), the Company shall acknowledge by written notice to the Executive that the Executive offered to continue employment with the Company in accordance with the terms of this Agreement but that such offer was rejected. Thereafter, the Executive shall, for a period of two years (or, if less, for the remainder of the Window Period), use reasonable efforts to mitigate damages by seeking other employment; PROVIDED, HOWEVER, that the Executive shall not be required to accept a position (i) of less importance or of a substantially different character than the position he held immediately prior to the date of such termination, (ii) that would call upon him to engage in any Competitive Activity, or (iii) other than in a location within 50 miles of his principal residence immediately prior to the date of such termination. The Executive shall pay over to the Company 50% of all employment income earned and received by him from other employers pursuant to the foregoing during such two year (or lesser) period (up to the amount received by him from the Company pursuant to Section VII(A)), and any employee benefits received from such other employers during such period shall reduce PRO TANTO the Company's obligation to furnish benefits or perquisites pursuant to Section VII(E).

IX. Successors and Binding Agreement

(A) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company by agreement in form and substance satisfactory to the Executive to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. If, at any time during the Window

Period following a Change in Control, there shall not be in full force and effect an agreement between any such successor and the Executive to the effect contemplated by the preceding sentence, the absence of such agreement shall constitute a material breach of this Agreement by such successor and shall entitle the Executive to terminate his employment for Good Reason. This Agreement shall be binding upon and inure to the benefit of the Company and any successor of or to the Company, including, without limitation, any persons acquiring directly or indirectly all or substantially all of the assets of the Company whether by merger, consolidation, sale, or otherwise (and such successor shall thereafter be deemed the "Company" for the purpose of this Agreement), but shall not otherwise be assignable or delegable by the Company.

(B) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, assigns, heirs, distributees and legatees.

(C) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer, or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Section IX(A). Without limiting the generality of the forgoing, the Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by his will (or other testamentary instrument) or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section IX(C), the Company shall have no liability to pay any amount so attempted to be assigned or transferred.

X. Notices

All communications provided for herein or pursuant hereto shall be in writing and shall be deemed to have been duly given when delivered:
If to the Company to:

Brush Wellman Inc.
17876 St. Clair Avenue
Cleveland, Ohio 44110
Attention: Secretary

If to the Executive to:

William R. Seelbach

President of Alloy Products Brush Wellman Inc.
17876 St. Clair Avenue
Cleveland, Ohio 44110

or to such other address as either party may have furnished to the other in writing in accordance herewith.

XI. Employment Rights

Nothing expressed or implied in this Agreement shall create any right or duty on the part of the Company or the Executive to have the Executive remain in the employment of the Company prior to a Change in Control; PROVIDED, HOWEVER, that any termination of employment of the Executive following the commencement of any discussions with a third party that ultimately result in a Change in Control shall (unless such termination is wholly unrelated to such discussions) be deemed to be a termination by the Executive for Good Reason after a Change in Control.

XII. Withholding of Taxes

The Company may withhold from any amounts payable under this Agreement all federal, state, city, or other taxes as shall be required to be withheld pursuant to any law or governmental regulation or ruling.

XIII. Competitive Activity

Following the Executive's termination of employment pursuant to
Section VII(A) and for the duration of the Window Period, if the Company shall have complied and be complying with this Agreement, the Executive shall not engage in any Competitive Activity. The term "Competitive Activity" means the Executive's participation, without the written consent of an officer of the Company, in the management of any business enterprise if such enterprise engages in substantial and direct competition with the Company. Competitive Activity shall not include the mere ownership of securities in any enterprise and exercise of rights appurtenant thereto.

XIV. Legal Fees and Expenses

The Company shall pay and be solely responsible for any and all attorneys' and related fees and expenses incurred by the Executive as a result of (A) the Company's failure to perform this Agreement or any provision hereof; (B) the Company, any shareholder of the Company, or any other person contesting the validity or enforceability of this Agreement or any provision hereof; or (C) the Company, any shareholder of the Company, or any other person contesting the performance by the Executive of his obligations under this Agreement. Performance of the Company's obligations under this Section XIV shall be secured by one or more policies of insurance or as the Board may otherwise determine.

XV. Supersession

If the Executive has heretofore entered into an Employment Agreement dated July 1, 1983 with the Company, this Agreement shall supersede such Employment Agreement, which Employment Agreement is hereby cancelled with neither party thereunder having any liability to the other.

XVI. Governing law

The validity, interpretation, construction, and performance of this Agreement shall be governed by the internal substantive laws of the State of Ohio, disregarding principle of conflicts of law and the like.

XVII. Miscellaneous

No provision of this Agreement may be modified, waived, or discharged unless such modification, waiver or, discharge is agreed to in a writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement, except as set forth in the letter dated June 3, 1998 from Gordon D. Harnett to the Executive with respect to the terms of his initial employment by the Company; PROVIDED, HOWEVER, that there shall be no duplication of payments made under Article VII of this Agreement with the severance payment provided for in such letter.

XVIII. Validity

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

XIX. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered on the date set forth above.

BRUSH WELLMAN INC.

By: /s/ Gordon D. Harnett
Title: Gordon D. Harnett
President and CEO

THE EXECUTIVE

/s/ William R. Seelbach
William R. Seelbach

EXHIBIT 10b

June 3, 1998

William R. Seelbach
Inverness Partners
Landmark Centre, Suite 180
25700 Science Park Drive
Beachwood, OH 44122

Dear Bill:

I am pleased to offer you the opportunity to join Brush Wellman as President of Alloy Products as well as an Executive Officer and a member of our Executive Staff and Operations ("Ops") Team, with a reporting relationship to me. You would be responsible for the entire Alloy business, including sales, marketing, distribution, operations and technology. I have outlined in an attached sheet in more detail, my expectations for the President of Alloy Products.

Your annual salary would be $250,000 and paid on a bi-weekly basis. Upon starting, you will be awarded a stock option of 7,500 shares. As an Executive Officer, your option award would vest in full six months from the date of grant.

You will become a participant in the Brush Wellman Performance Compensation Plan and in Grade B which has a target bonus of 37% of base salary. For 1998, you would be eligible for one-half of a full year opportunity. As the President of Alloy, two-thirds of your bonus would be based on meeting earnings targets established for Alloy Products and one-third based on Brush Wellman meeting its earnings targets. A copy of the plan is enclosed.

You will also be a participant in our stock incentive plan, which provides awards in Brush Wellman stock based on performance over a three-year period. For the performance period of January 1, 1998 to December 31, 2000, the amount of the award earned will be based on stock price appreciation. I will be pleased to provide you more details on the plan and the shares that would be awarded to you at the time you joined Brush Wellman.

As an Executive Officer, you will be eligible for an annual allowance of up to $5,000 for professional tax and/or estate-planning advice. You would also be eligible for

reimbursement for dues at a club of our choice. Both the allowance and the dues reimbursement are taxable, non-pensionable items.

The Company would enter into an employment agreement with you, which would provide certain benefits in the event there is a change in control of the Company. Other than a change in control, in the event your employment was terminated by the Company for any reason other than cause, you would be eligible for a separation payment equivalent to one year of base pay during the first five years of employment. After five years of employment, you would be eligible for the standard separation practice of the Company.

Information regarding indemnification protection afforded to any Executive Officer will be provided to you upon your start of employment.

Our offer includes participation in our exempt benefits programs (e.g., flexible benefits, savings and investment plan, pension). Several of the enclosed materials pertain to such benefits.

Although you will participate in our standard vacation plan, you will be allowed additional time off, which when combined with your standard vacation, will equal four weeks per year (vacation year runs from July 1 through June 30) beginning with your date of employment.

Our offer is contingent upon successful completion of a preemployment drug screen and the attached I-9 form (Employment Eligibility Verification).

Finally, our offer is contingent on your beginning work no later than July 1, 1998.

Bill, I am excited at the prospect of your joining Brush Wellman and I believe you can make a significant contribution to our team.

Please contact me or Dan Skoch (216-383-6810) to answer any questions you may have.

Sincerely,

/s/ Gordon D. Harnett

Gordon D. Harnett

smz
enclosures

President - Alloy Products

Major Responsibilities

1. Accountable for the profitability of the worldwide Alloy business

2. Establish the strategic direction for the business

3. Lead and insure full integration of the various functions reporting to the President

4. Develop the organization needed to fully meet the business opportunities and plans

5. Lead, coach and develop the members of the Alloy Management Team

6. Establish a strong working knowledge of our key markets and customers and the actions needed to increase our share of market

7. Work with the V.P. Operations to insure the plans are in place to achieve our cost targets and the operational excellence needed to achieve significant competitive advantage in the market

8. Work with the V.P. Alloy Products to define the marketing and sales strategies, the resulting organization needs and a plan for implementation

9. Work with the V.P. Alloy Products and the V.P. Alloy Technology to define the product development needs and priorities

10. Gain a strong understanding of our competition, their strength and weaknesses and their likely responses to our plans and market actions

11. Gain a strong understanding of the international market and our opportunities for growth

12. Be an effective contributor to both the Executive Staff and the Ops Team by representing and assisting in both Alloy and Corporate issues

EXHIBIT 10c

June 24, 1998

William R. Seelbach
Inverness Partners
Landmark Centre, Suite 180
25700 Science Park Drive
Beachwood, OH 44122

Dear Bill:

The purpose of this letter is to expand upon my offer letter to you of June 3, 1998.

Other than for reason of change in control of the Company, in the event your employment is involuntarily terminated by the Company during the first five years of your employment for any reason other than "cause," you would be eligible for a defined "Separation Package." In addition, if you terminate your employment for "good reason" during the first five years of your employment, you will also be eligible for the same defined "Separation Package."

"Cause" is defined as (a) the commission of an act which constitutes a felony;
(b) willful gross misconduct in performance of your duties which continues after written notice thereof and a reasonable opportunity to cure; or,
(c) willful gross neglect of your duties which continues after written notice thereof and a reasonable opportunity to cure.

"Good reason" is defined as (a) any reduction of base salary or incentive compensation opportunity (annual or long term) and any significant reduction of the following: benefits, perquisites, title, status, position, responsibilities, or reporting relationships; (b) any requirement to relocate principal location of work in excess of fifty miles from your principal residence; (c) any requirement to travel out of the Northern Ohio area more than one-half of the business days in any fiscal quarter other than for extraordinary circumstances;
(d) your not becoming at least President and Chief Operating Officer of the Company within three years of generally full time employment with the Company, and; (e) any breach by the Company of the June 3, 1998 letter and/or this letter which is not promptly cured after written notice by you of such breach to the Company.

"Separation Package" is defined as (a) one year of base rate compensation at the higher of the rate in effect at the time of separation or any prior base rate;
(b) all benefits to which one is entitled to under the specific provisions of such benefit plan documents, and; (c) a payment equivalent to 50% of the prior year's incentive compensation if such separation occurs within the first six months of the year and 100% if it occurs in the second six months of the year. The "Separation Package" will be paid within 30 days of such separation.

The option on 7,500 shares to be granted to you on date of hire will be priced on the average of the high and low stock price on the date of hire. This grant will have a term of ten years in accordance with the provisions of such grant.

Your initial allocation on the date of hire of performance restricted shares under the Stock Incentive Plan will be for a number of Company shares (or their equivalent) equal to $175,000 divided by the average of the high and low stock price on the date of hire.

Your base compensation will be reviewed annually for consideration of increases based upon performance and other reasonable criteria; provided however, that (a) each element of your compensation in any year will be either set as at least the second highest level in the Company or, where performance factors are involved, will have a reasonable probability of being at least the second highest level in the Company and (b) each element of your actual compensation will maintain (subject only to differential caused by relative achievement of performance targets established under individual compensation arrangements affecting incentive compensation, performance restricted stock and the like) at least the same approximate relative proportion as exists on your hiring date to the same elements of actual compensation of the next highest compensated executive of the Company.

The list of "Major Responsibilities" provided for in the June 3, 1998 letter is hereby amended to also provide that (a) all Alloy business employees and officers will report to you, (b) you will have hiring, firing and compensation authority with respect to all such officers and employees within the employment policies of the Company and subject to review of the Company's Executive Staff and/or CEO with respect to officers, and (c) you will have responsibility for corporate development activities of the Alloy business subject to review by the Executive Staff and/or CEO and Board of Directors.

The club for which dues will be reimbursed will be Kirtland Country Club or such other club as we might hereafter determine by mutual agreement.

Your incentive compensation for 1998 will be guaranteed at a minimum of $35,000 payable in March 1999. If Alloy performance is on plan for the second half of 1998, you will be awarded incentive compensation in the amount of $45,000. If Alloy performance

for the second half of 1998 is over plan, you will be awarded incentive compensation in the same proportion as outlined in the annual plan for above target performance.

Any dispute or controversy arising under or in connection with this letter and the June 3, 1998 letter shall be settled exclusively by binding arbitration in Cleveland, Ohio, by three arbitrators. The selection of arbitrators and the arbitration shall be in accordance with the rules of the American Arbitration Association in effect at the time of submission to arbitration.

Sincerely,

/s/ Gordon D. Harnett

Gordon D. Harnett

smz

EXHIBIT 10d

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "Agreement") is made as of the 29th day of June, 1998 by and between BRUSH WELLMAN INC., an Ohio corporation (the "Company"), and WILLIAM R. SEELBACH (the "Indemnitee"), an Officer of the Company.

RECITALS

A. The Indemnitee is presently serving as an Officer of the Company, and the Company desires the Indemnitee to continue in that capacity. The Indemnitee is willing, subject to certain conditions (including, without limitation, the execution and performance of this Agreement by the Company), to continue in that capacity.

B. In addition to the indemnification to which the Indemnitee is entitled under the Code of Regulations of the Company (the "Regulations") or otherwise, the Company has obtained, at its sole expense, insurance protecting the Company and its Directors and officers including the Indemnitee against certain losses arising out of actual or threatened actions, suits, or proceedings to which such persons may be made or threatened to be made parties. However, as a result of circumstances having no relation to, and beyond the control of, the Company and the Indemnitee, there can be no assurance of the continuation or renewal of that insurance.

Accordingly, and in order to induce the Indemnitee to continue to serve in his present capacity, the Company and the Indemnitee agree as follows:

1. CONTINUED SERVICE. The Indemnitee shall continue to serve at the will of the Company as an Officer of the Company so long as he is duly elected and qualified in accordance with the Regulations or until he resigns in writing in accordance with applicable law.

2. INITIAL INDEMNITY. (a) The Company shall indemnify the Indemnitee, if or when he is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Company), by reason of the fact that he is or was a Director or an officer of the Company or is or was serving at the request of the Company as a director, trustee, officer, employee, or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise, or by reason of any action alleged to have been taken or omitted in any such capacity, against any and all costs, charges, expenses (including, without limitation, fees and expenses of attorneys and/or others; all such costs, charges and expenses being herein jointly referred to as "Expenses"), judgments, fines and amounts paid in settlement, actually and reasonably incurred by the Indemnitee in connection therewith including any appeal of or from any judgment or decision, unless it is proved by clear and convincing evidence in a court of competent jurisdiction that the Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company. In addition, with respect to any criminal action or proceeding,

indemnification hereunder shall be made only if the Indemnitee had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not satisfy the foregoing standard of conduct to the extent applicable thereto.

(b) The Company shall indemnify the Indemnitee, if or when he is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding by or in the right of the Company to procure a judgment in its favor, by reason of the fact that the Indemnitee is or was a Director or an officer of the Company or is or was serving at the request of the Company as a director, trustee, officer, employee, or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust, or other enterprise, against any and all Expenses actually and reasonably incurred by the Indemnitee in connection with the defense or settlement thereof or any appeal of or from any judgment or decision, unless it is proved by clear and convincing evidence in a court of competent jurisdiction that the Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company, except that no indemnification shall be made in respect of any action or suit in which the only liability asserted against the Indemnitee is pursuant to Section 1701.95 of the Ohio Revised Code (the "ORC").

(c) Any indemnification under Section 2(a) or 2(b) (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct set forth in
Section 2(a) or 2(b). Such authorization shall be made (i) by the Directors of the Company (the "Board") by a majority vote of a quorum consisting of Directors who were not and are no parties to or threatened with such action, suit, or proceeding, or (ii) if such a quorum of disinterested Directors is not obtainable or if a majority of such quorum so directs, in a written opinion by independent legal counsel (designated for such purpose by the Board) which shall not be an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the Company, or any person to be indemnified, within the five years preceding such determination, or (iii) by the shareholders of the Company (the "Shareholders"), or (iv) by the court in which such action, suit, or proceeding was brought.

(d) To the extent that the Indemnitee has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any action, suit, or proceeding referred to in
Section 2(a) or 2(b), or in defense of any claim, issue, or matter therein, he shall be indemnified against Expenses actually and reasonably incurred by him in connection therewith. Expenses actually and reasonably incurred by the Indemnitee in defending any such action, suit, or proceeding shall be paid by the Company as they are incurred in advance of the final disposition of such action, suit, or proceeding under the procedure set forth in Section 4(b).

(e) For purposes of this Agreement, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on the Indemnitee with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service which imposes duties on, or involves services by, the Indemnitee with respect to an employee benefit plan, its participants or

beneficiaries; references to the masculine shall include the feminine; and references to the singular shall include the plural and vice versa.

3. ADDITIONAL INDEMNIFICATION. Pursuant to ORC Section 1701.13(E)(6), without limiting any right which the Indemnitee may have pursuant to Section 2 hereof or any other provision of this Agreement or the Amended Articles of Incorporation of the Company (the "Articles"), the Regulations, the ORC, any policy of insurance, or otherwise, but subject to any limitation on the maximum permissible indemnity which may exist under applicable law at the time of any request for indemnity hereunder and subject to the following provisions of this
Section 3, the Company shall indemnify the Indemnitee against any amount which he is or becomes obligated to pay relating to or arising out of any claim (including any pending, threatened or completed action, suit or proceeding to which he is or is threatened to be made a party) made against him because of any action alleged to have been taken or omitted to be taken, including any actual or alleged error, misstatement, or misleading statement, which he commits, suffers, permits, or acquiesces in while acting in his capacity as a Director or an officer of the Company. The payments which the Company is obligated to make pursuant to this Section 3 shall include, without limitation, judgments, fines, and amounts paid in settlement and any and all Expenses actually and reasonably incurred by the Indemnitee in connection therewith including any appeal of or from any judgment or decision; provided, however, that the Company shall not be obligated under this Section 3 to make any payment in connection with any claim against the Indemnitee:

(a) to the extent of any fine or similar governmental imposition which the Company is prohibited by applicable law from paying which results from a final, nonappealable order; or

(b) to the extent based upon or attributable to the Indemnitee having actually realized a personal gain or profit to which he was not legally entitled, including, without limitation, profit from the purchase and sale by the Indemnitee of equity securities of the Company which is recoverable by the Company pursuant to Section 16(b) of the Securities Exchange Act of 1934, or profit arising from transactions in publicly traded securities of the Company which were effected by the Indemnitee in violation of Section 10(b) of the Securities Exchange Act of 1934, or Rule 10b-5 promulgated thereunder.

A determination as to whether the Indemnitee shall be entitled to indemnification under this Section 3 shall be made in accordance with Section

4(a). Expenses incurred by the Indemnitee in defending any claim to which this
Section 3 applies shall be paid by the Company as they are actually and reasonably incurred in advance of the final disposition of such claim under the procedure set forth in Section 4(b).

4. CERTAIN PROCEDURES RELATING TO INDEMNIFICATION. (a) For purposes of pursuing his rights to indemnification under Section 3, the Indemnitee shall (i) submit to the Board a sworn statement of request for indemnification substantially in the form of Exhibit 1 attached hereto and made a part hereof (the "Indemnification Statement") stating that he is entitled to indemnification hereunder; and (ii) present to the Board reasonable evidence of all amounts for which indemnification is requested. Submission of an Indemnification Statement to the Board shall create a presumption that the Indemnitee is entitled to indemnification hereunder, and the Company shall, within 60 calendar days after submission of the

Indemnification Statement, make the payments requested in the Indemnification Statement to or for the benefit of the Indemnitee, unless (i) within such 60-calendar-day period the Board shall resolve by vote of a majority of the Directors at a meeting at which a quorum is present that the Indemnitee is not entitled to indemnification under Section 3, (ii) such vote shall be based upon clear and convincing evidence (sufficient to rebut the foregoing presumption), and (iii) the Indemnitee shall have received within such period notice in writing of such vote, which notice shall disclose with particularity the evidence upon which the vote is based. The foregoing notice shall be sworn to by all persons who participated in the vote and voted to deny indemnification. The provisions of this Section 4(a) are intended to be procedural only and shall not affect the right of any Indemnitee to indemnification under Section 3 so long as the Indemnitee follows the prescribed procedure and any determination by the Board that an Indemnitee is not entitled to indemnification and any failure to make the payments requested in the Indemnification Statement shall be subject to judicial review by any court of competent jurisdiction.

(b) For purposes of obtaining payments of Expenses in advance of final disposition pursuant to the second sentence of Section 2(d) or the last sentence of Section 3, the Indemnitee shall submit to the Company a sworn request for advancement of Expenses substantially in the form of Exhibit 2 attached hereto and made a part hereof (the "Undertaking"), stating that he has reasonably incurred actual Expenses in defending an action, suit or proceeding referred to in Section 2(a) or 2(b) or a claim referred to in Section 3. Unless at the time of the Indemnitee's act or omission at issue, the Articles or Regulations prohibit such advances by specific reference to ORC Section 1701.13(E)(5)(a) and unless the only liability asserted against the Indemnitee in the subject action, suit, or proceeding is pursuant to ORC Section 1701.95, the Indemnitee shall be eligible to execute Part A of the Undertaking by which he undertakes to (a) repay such amount if it is proved by clear and convincing evidence in a court of competent jurisdiction that the Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company and (b) reasonably cooperate with the Company concerning the action, suit, proceeding or claim. In all cases, the Indemnitee shall be eligible to execute Part B of the Undertaking by which he undertakes to repay such amount if it ultimately is determined that he is not entitled to be indemnified by the Company under this Agreement or otherwise. If the Indemnitee is eligible to and does execute both Part A and Part B of the Undertaking, the Expenses which are paid by the Company pursuant thereto shall be required to be repaid by the Indemnitee only if he is required to do so under the terms of both Part A and Part B of the Undertaking. Upon receipt of the Undertaking, the Company shall thereafter promptly pay such Expenses of the Indemnitee as are noticed to the Company in writing and in reasonable detail arising out of the matter described in the Undertaking. No security shall be required in connection with any Undertaking.

5. LIMITATION ON INDEMNITY. Notwithstanding anything contained herein to the contrary, the Company shall not be required hereby to indemnify the Indemnitee with respect to any action, suit, or proceeding that was initiated by the Indemnitee unless (i) such action, suit or proceeding was initiated by the Indemnitee to enforce any rights to indemnification arising hereunder and such person shall have been formally adjudged to be entitled to indemnity by reason hereof, (ii) authorized by another agreement to which the Company is a party whether heretofore or hereafter entered, or (iii) otherwise ordered by the court in which the suit was brought.

6. SUBROGATION: DUPLICATION OF PAYMENTS. (a) In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

(b) The Company shall not be liable under this Agreement to make any payment in connection with any claim made against an Indemnitee to the extent that the Indemnitee has actually received payment (under any insurance policy, the Regulations or otherwise) of amounts otherwise payable hereunder.

7. FEES AND EXPENSES OF ENFORCEMENT. It is the intent of the Company that the Indemnitee not be required to incur expenses associated with the enforcement of his rights under this Agreement by litigation or other legal action because such expenses would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. Accordingly, if it should appear to the Indemnitee that the Company has failed to comply with any of its obligations under this Agreement or if the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any action, suit, or proceeding to deny, or to recover from, the Indemnitee the benefits intended to be provided to the Indemnitee hereunder, the Company irrevocably authorizes the Indemnitee from time to time to retain counsel of his choice, at the expense of the Company as hereafter provided, to represent the Indemnitee in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, shareholder, or other person affiliated with the Company, in any jurisdiction. Regardless of the outcome thereof, the Company shall pay and be solely responsible for any and all expenses, including, without limitation, fees and expenses of attorneys and others, reasonably incurred by the Indemnitee pursuant to this Section 7.

8. MERGER OR CONSOLIDATION. If the Company shall be a constituent corporation in a consolidation, merger, or other reorganization, the Company, if it shall not be the surviving, resulting, or acquiring corporation therein, shall require as a condition thereto that the surviving, resulting, or acquiring corporation agree to assume all of the obligations of the Company hereunder and to indemnify the Indemnitee to the full extent provided herein. Whether or not the Company is the resulting surviving, or acquiring corporation in any such transaction, the Indemnitee shall also stand in the same position under this Agreement with respect to the resulting, surviving, or acquiring corporation in which he would have stood with respect to the Company if its separate existence had continued.

9. NONEXCLUSIVELY AND SEVERABILITY. (a) The rights to indemnification provided by this Agreement shall not be exclusive of any other rights of indemnification to which the Indemnitee may be entitled under the Articles, the Regulations, the ORC or any other statute, any insurance policy, agreement, or vote of shareholders or directors or otherwise, as to any actions or failures to act by the Indemnitee, and shall continue after he has ceased to be a Director, officer, employee, or agent of the Company or other entity for which his service gives rise to a right hereunder, and shall inure to the benefit of his heirs, executors, and administrators. In the event of any payment under this Agreement, the Company shall be subrogated to the extent thereof to all rights of recovery previously vested in

the Indemnitee, who shall execute all instruments and take all other actions as shall be reasonably necessary for the Company to enforce such right.

(b) If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable, or otherwise illegal, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected, and the provision so held to be invalid, unenforceable, or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid, and legal.

10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without giving effect to principles of conflicts of law and the like.

11. MODIFICATION. This Agreement and the rights and duties of the Indemnitee and the Company hereunder may be modified only by an instrument in writing signed by both parties hereto.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

BRUSH WELLMAN INC.

By: /s/ Carl Cramer

Carl Cramer
Title: Vice President and
Chief Financial Officer

/s/ William R. Seelbach

William R. Seelbach

Exhibit 1

INDEMNIFICATION STATEMENT

State of)
) ss:
County of)

I,_____, being first duly sworn, do depose and say as follows:

1. This Indemnification Statement is submitted pursuant to the Indemnification Agreement made as of _____, 19__ between BRUSH WELLMAN INC. (the "Company"), an Ohio corporation, and the undersigned.

2. I am requesting indemnification against costs, charges, expenses (which may include fees and expenses of attorneys and/or others), judgments, fines, and amounts paid in settlement (collectively, "Liabilities"), which have been actually and reasonably incurred by me in connection with a claim referred to in Section 3 of the aforesaid Indemnification Agreement.

3. With respect to all matters related to any such claim, I am entitled to be indemnified as herein contemplated pursuant to the aforesaid Indemnification Agreement.

4. Without limiting any other rights which I have or may have, I am requesting indemnification against Liabilities which have or may arise out of _____.

[Signature of Indemnitee]

Subscribed and sworn to before me, a Notary Public in and for said County and State, this ___ day of _____ 19___.

[Seal]

My commission expires the_____ day of_____, 19___.

Exhibit 2

UNDERTAKING

State of)
) ss:
County of)

I,_____, being first duly sworn do depose and say as follows:

1. This Undertaking is submitted pursuant to the Indemnification Agreement made as of _____, 19___ between BRUSH WELLMAN INC. (the "Company"), an Ohio corporation, and the undersigned.

2. I am requesting payment of costs, charges, and expenses which I have reasonably incurred or will reasonably incur in defending an action, suit or proceeding referred to in Section 2(a) or 2(b) or any claim referred to in
Section 3 of the aforesaid Indemnification Agreement.

3. The costs, charges, and expenses for which payment is requested are, in general, all expenses related to _____.

4. Part A

I hereby undertake to (a) repay all amounts paid pursuant hereto if it is proved by clear and convincing evidence in a court of competent jurisdiction that my action or failure to act which is the subject of the matter described herein involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company and (b) reasonably cooperate with the Company concerning the action, suit, proceeding or claim.

_____

[Signature of Indemnitee]

4. Part B

I hereby undertake to repay all amounts paid pursuant hereto if it ultimately is determined that I am not entitled to be indemnified by the Company under the aforesaid Indemnification Agreement or otherwise.

_____

[Signature of Indemnitee]

Subscribed and sworn to before me, a Notary Public in and for said County and State, this ____ day of _____, 19__.

[Seal] My commission expires the_____ day of_____, 19__.

BRUSH WELLMAN INC. AND SUBSIDIARIES
COMPUTATION OF PER SHARE EARNINGS

	SECOND QUARTER ENDED		SIX MONTHS ENDED	
	JULY 3, 1998	JUNE 27, 1997	JULY 3, 1998	JUNE 27, 1997
Basic:				
Average shares outstanding	16,372,170	16,285,043	16,344,844	16,244,158
Net Income	($13,084,000)	$7,489,000	($6,922,000)	$13,979,000
Per share amount	($0.80)	$0.46	($0.42)	$0.86
Diluted:				
Average shares outstanding	16,372,170	16,285,043	16,344,844	16,244,158
Dilutive stock options based on the treasury stock method using average market price		297,092		232,941
Totals	16,372,170	16,582,135	16,344,844	16,477,099
Net Income	($13,084,000)	$7,489,000	($6,922,000)	$13,979,000
Per share amount	($0.80)	$0.46	($0.42)	$0.86

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 1998
PERIOD START	JAN 01 1998
PERIOD END	JUL 03 1998
CASH	747
SECURITIES	0
RECEIVABLES	61,593
ALLOWANCES	1,367
INVENTORY	95,001
CURRENT ASSETS	174,918
PP&E	418,355
DEPRECIATION	247,785
TOTAL ASSETS	384,071
CURRENT LIABILITIES	90,475
BONDS	17,905
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	22,476
OTHER SE	203,113
TOTAL LIABILITY AND EQUITY	384,071
SALES	217,174
TOTAL REVENUES	217,174
CGS	171,629
TOTAL COSTS	208,584
OTHER EXPENSES	18,596
LOSS PROVISION	64
INTEREST EXPENSE	408
INCOME PRETAX	(10,478)
INCOME TAX	(3,556)
INCOME CONTINUING	(6,922)
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(6,922)
EPS PRIMARY	(0.42)
EPS DILUTED	(0.42)

ARTICLE 5

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 1997
PERIOD START	JAN 01 1997
PERIOD END	JUN 27 1997
CASH	16,161
SECURITIES	0
RECEIVABLES	72,426
ALLOWANCES	1,039
INVENTORY	91,987
CURRENT ASSETS	197,663
PP&E	437,524
DEPRECIATION	283,303
TOTAL ASSETS	380,172
CURRENT LIABILITIES	82,079
BONDS	18,705
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	21,969
OTHER SE	208,007
TOTAL LIABILITY AND EQUITY	380,172
SALES	213,062
TOTAL REVENUES	213,062
CGS	157,584
TOTAL COSTS	193,705
OTHER EXPENSES	(652)
LOSS PROVISION	148
INTEREST EXPENSE	364
INCOME PRETAX	19,497
INCOME TAX	5,518
INCOME CONTINUING	13,979
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	13,979
EPS PRIMARY	0.86
EPS DILUTED	0.86