Brush Engineered Materials Inc. Reports Positive Earnings On Second Quarter Sales Of $101.8 Million

Cleveland, Ohio -- July 24, 2003 -- Brush Engineered Materials Inc. (NYSE-BW) today reported a significant improvement in second quarter 2003 results. Net income was slightly above breakeven on sales of $101.8 million compared to a net loss of $2.0 million on sales of $100.8 million for the second quarter of 2002. Diluted earnings per share was $0.00 compared to a loss of $0.12 per share in the second quarter of 2002. International sales were 32% of the total sales in the second quarter of 2003, up approximately 21% as growth in the Company's Asian markets offset sluggish domestic markets.

Income (Loss) before income taxes for the quarter improved $3.6 million compared to the second quarter of 2002. Earnings for the second quarter were positively affected by improved margins, favorable product mix and lower overhead costs. Gross margin as a percent of sales reached 18.5%, an improvement of 3.5% and 1.3% respectively compared to the second quarter of 2002 and the first quarter of 2003.

For the first six months of 2003 the Company reported a net loss of $3.0 million or $0.18 per share diluted on sales of $201.3 versus a net loss of $5.9 million or $0.36 per share on sales of $190.3 million. Income (Loss) before income taxes year to date improved $7.0 million over the same period last year.

The Company's diluted net loss per share comparison to the prior year is affected by its accounting for income taxes. In the fourth quarter of 2002, in accordance with SFAS No. 109, "Accounting for Income Taxes", the Company recorded a $19.9 million charge as part of income tax expense in 2002 to establish a valuation reserve allowance for substantially all of its net deferred tax assets in recognition of uncertainty regarding full realization. The Company intends to maintain a valuation allowance on the net deferred tax assets until a full realization event occurs to support reversal of all or a portion of the reserve. Therefore, the Company's second quarter and year-to-date results include a tax provision of $0.2 million and $0.5 million, respectively for certain foreign, state and local taxes but do not include a federal tax provision. In the second quarter and first six months of 2002 a tax benefit of $1.3 million and $3.7 million were recorded which reduced the net loss in those periods.

DEBT

The Company's cash flow continued to improve and debt was reduced further. Cash flow from operations was $7.2 million in the first half of 2003. The Balance Sheet debt at the end of the second quarter of 2003 was down $6.6 million from December 31, 2002.

The Company's revolving line of credit agreement is currently due to mature in April of 2004, and therefore all outstanding borrowings under the revolver are considered current debt as of April 2003. As a result, long-term borrowings of $27.0 million under the revolver have been classified as short-term debt on the Consolidated Balance Sheet as of June 27, 2003. The Company is currently examining several refinancing alternatives.

BUSINESS SEGMENT REPORTING

Metal Systems Group

The Metal Systems Group consists of Alloy Products, Technical Materials, Inc. (TMI) and Beryllium Products.

The Metal Systems Group's second quarter sales of $60.7 million were down 5% from the 2002 second quarter sales of $63.5 million. Year-to-date sales of $121.9 million were up 2% over the first half of 2002.

The second quarter 2003 operating loss for the Metals Systems Group was $2.8 million versus an operating loss of $5.1 for the second quarter of 2002. The operating loss for the first six months was $6.2 million versus a loss of $13.6 million for the same period last year.

Alloy Products' 2003 second quarter sales of $42.1 and year-to-date sales of $82.5 million were up approximately 3% and 4% over the same periods last year. The sales increase is coming from the computer, automotive and appliance sectors with particular strength from Southeast Asia. Alloy is continuing to make progress with its newly introduced products including Alloy 390, moldMAX® XL and ToughMet®. These new materials are targeted at increasing product offerings and opening up

opportunities into other diverse markets. In addition, Alloy continues to make progress in reducing manufacturing operating costs and increasing inventory turns. Alloy Products has recently experienced a fall off in the order entry rate due in part to the customary domestic and European summer manufacturing shutdowns that occur and weakness in the automotive electronics and plastic tooling markets. Alloy is experiencing some strengthening in oil and gas and aerospace product applications.

TMI's 2003 second quarter sales of $10.6 million were down 14% from second quarter 2002 sales of $12.4 million. Year-to-date sales of $22.5 million were down 6% from the first six months of 2002. TMI has been experiencing softness due to push-outs for automotive applications triggered by customer inventory corrections. TMI has scheduled a two-week manufacturing maintenance shutdown during the month of July.

Beryllium Products' second quarter sales of $7.9 million were down 21% from the second quarter of 2002. Year-to-date sales of $16.7 million are up 3% over the same period last year. Order entry for defense applications remains strong for the remainder of 2003.

Microelectronics Group

The Microelectronics Group includes Williams Advanced Materials Inc. (WAM) and Electronic Products.

The Microelectronics Groups' sales for the second quarter 2003 of $37.7 million were 8% above second quarter 2002 sales of $34.5 million. Sales for the first six months of 2003 of $76.0 million were 12% above the same period of 2002. Operating profit for the second quarter was $3.5 million, up $2.0 million compared to the second quarter of 2002. For the first six months of 2003 operating profit was $6.0 million, up 62% or $2.3 million compared to the first six months of 2002.

WAM's second quarter 2003 sales of $29.8 million were up 10% above second quarter 2002 sales of $27.1 million. Year-to-date sales of $60.3 million were up 14% over year-to-date 2002 sales of $53.0 million. WAM sales continue to be driven by strength from the data storage, performance film and optical media markets. It is anticipated that this sales strength will moderate in the third quarter of 2003.

Electronic Products' 2003 second quarter sales of $7.9 million and year-to-date sales of $15.7 million were up 7% and 4% respectively over the same periods last year. This business unit continues to benefit from the restructuring initiatives announced earlier this year.

OUTLOOK

The Company said that forecasting sales continues to be a challenge due to weak conditions in the U.S. economy and a lack of visibility across the Company's major markets. Lead times are short, order entry has weakened in the second quarter and the Company is now entering the customary seasonal manufacturing shutdown period, adding to the forecasting challenge. The current outlook is for third quarter 2003 revenue to be flat to up 5% over third quarter 2002 sales of $93.5 million. Sales in the second half of 2003 are expected to improve by 5 to 10% compared to the prior year second half sales of $182.5 million.

CHAIRMAN'S COMMENTS

Commenting on the results, Gordon D. Harnett, Chairman, President and Chief Executive Officer, stated, "I am pleased to report a slight profit for the second quarter 2003 on sales that were lower than our predicted breakeven quarterly sales of $105.0 million. Our cost reduction efforts are having a substantial impact on our profitability. While we are disappointed in the slower than expected sales growth in the quarter, we are confident that our new growth initiatives coupled with our productivity successes will drive further profit improvement in the second half of 2003 and beyond. We remain committed to improving our bottom line and enhancing long-term shareholder value."

FORWARD-LOOKING STATEMENTS

Portions of the content set forth in this document that are not statements of historical or current facts are forward-looking statements. The Company's actual future performance may materially differ from that contemplated by the forward-looking statements as a result of a variety of factors. These factors include, in addition to those mentioned elsewhere herein:

- The condition of the markets which the Company serves, whether defined geographically or by segment, with the major market segments being telecommunications and computer, optical media, automotive electronics, industrial components, aerospace and defense and appliance
- Changes in product mix and the financial condition of particular customers
- The Company's success in implementing its strategic plans and the timely and successful completion of any capital expansion projects
- The availability of adequate lines of credit and the associated cost and interest rates
- Other financial factors, including tax rates, exchange rates, pension costs, energy costs and the cost and availability of insurance
- Changes in government regulatory requirements and the enactment of new legislation that impacts the Company's

obligations
- The conclusion of pending litigation matters in accordance with the Company's expectation that there will be no material adverse effects

Brush Engineered Materials Inc. is headquartered in Cleveland, Ohio. The Company, through its wholly-owned subsidiaries, supplies worldwide markets with beryllium products, alloy products, electronic products, precious metal products, and engineered material systems.

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