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BRUSHWELLMAN
 ENGINEERED MATERIALS

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STATEMENT OF BRUSH WELLMAN INC.
 CONCERNING THE STATUS OF THE BERYLLIUM INDUSTRY

The purpose of this document is to respond to recurring rumors that
 1) Brush Wellman is going out of the beryllium business or 2) that
 onerous obligations are being imposed on the Government as a condition
 of Brush Wellman's continuing role in the production of beryllium or
 3) that the long term supply of beryllium is in jeopardy for other reasons,
 such as lack of raw materials, environmental problems, etc.

Brush Wellman is unequivocally committed to remain in the beryllium
 business. This commitment is without reservation of any kind, is not
 contingent upon any future action by the Government or any other organi-
 zation and is categorically firm. Specifically,

1. Brush Wellman has been producing beryllium continuously for over
 a half century, often as the only producer in the United States,
 and is unequivocally committed to remaining in business as a beryl-
 lium producer of all beryllium products, including alloys, oxide
 and ceramics and metallic beryllium.
2. Brush Wellman's domestic ore reserves are adequate, in themselves,
 to satisfy all known requirements for beryllium in the foreseeable
 future. In addition, new and expanded sources of imported beryl-
 lium bearing ores have become available in recent years, and addi-
 tional new mining sources are under investigation. Brush Wellman's
 existing extraction facilities are capable of processing both
 domestic and imported ores in the quantities necessary to meet
 the required demand.
3. There is no known or foreseeable regulation, legislation or liti-
 gation, domestic or foreign, which would result in Brush withdrawing
 from the production of beryllium.
4. Brush Wellman, under contract with the Department of Energy, is
 conducting a multi-year, multi-million dollar research and develop-
 ment program to optimize the production of beryllium in terms
 of cost, quality and operating safety.

The foregoing facts clearly demonstrate that prevalent rumors concerning
 the lack of availability of beryllium or the lack of continued production
 of beryllium in the United States are completely unfounded.

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History and Background

Alloys containing dilute quantities of beryllium and electronic grade ceramics of beryllium oxide have been used increasingly over the years in a wide variety of industrial applications. In its pure metallic form, however, beryllium continues to occupy a very small, albeit very crucial, niche in aerospace and defense usage. This anomolous combination of small volume and great importance, coupled with the toxicity of the material and the high technology requirements of production, has generated an aura of confusion about the material, its usage and its availability. As the only producer of beryllium outside of the U.S.S.R. (and possibly China in the near future), Brush Wellman has prepared this statement to set forth as definitively as possible the status of beryllium availability

The Brush Beryllium Company (Brush), predecessor of Brush Wellman Inc., was founded in 1931 to develop commercially the research on beryllium conducted by The Brush Laboratories Co., beginning in 1921. In 1948 the beryllium plant of Brush was destroyed by fire. The U. S. Atomic Energy Commissin (AEC), now a part of the Department of Energy, was the major user of beryllium at that time. The AEC contracted with Brush to design, build and operate a Government-owned plant in Luckey, Ohio, to supply all of the U. S. Government's requirements for beryllium.

In 1956 the AEC entered into contracts with Brush and the Beryllium Corporation of America (Berylco), predecessor of Cabot-Berylco, under which both companies would produce and deliver substantial quantities of metallic beryllium from new plants to be privately funded, built and operated. The two plants began operation in 1958. These contracts were terminated a few years later. During the period 1958-1978 the two companies competed with each other for a share of the beryllium market. However, total demand for beryllium was not large enough to support two producers for much of this period. Since this was almost entirely for Governmental use, competitive fixed bid procurement practices tended to continually drive prices downward. Excess capacity, high fixed costs and the need to recover at least out of pocket costs intensified the competitive bidding. Profits were marginal and return on investment almost non-existent.

Although the total beryllium demand was not large enough to support two producers, DOE contractors of Government-owned facilities from time to time considered developing a capability to produce their beryllium requirements in-house as opposed to procurement from either of the two commercial producers. These "make or buy" decisions were often justified as research or development activities by the Government facilities contractors although considered unfair competition by the producers.

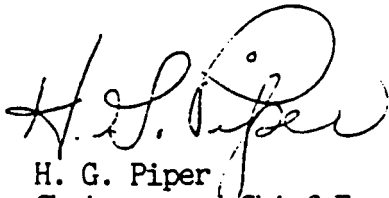
This situation was compounded in 1975 when the Occupational Safety and Health Administration (OSHA) proposed drastic reductions in the already extremely stringent allowable concentrations of airborne beryllium in the workplace. Since these proposed levels were technologically unattainable, no matter how much money was expended to achieve them, the industry faced a prolonged and highly expensive period of litigation. Under these circumstances neither producer, when contacted by DOE-DOD representatives, was willing to commit itself, at that time, to continuing in the metallic beryllium business.

In May of 1979 Berylco announced that it was going out of the metallic beryllium business although it would continue to produce beryllium copper alloys.

In a series of discussions with DOE, and to a lesser degree with DOD representatives, Brush Wellman agreed to a long term commitment to remain the beryllium supplier subject to the following conditions:

1. Satisfactory resolution of the OSHA problem.
2. Oversight of Government facilities contractors to avoid unfair competition under the guise of research.
3. Government pricing practices that would recognize the producer's right to a fair profit and return on investment. As a sole producer, Brush Wellman was subject to Government audit and negotiation of prices which had to recognize the need for future private investment to maintain its long term commitment to continue beryllium production.

These commitments have been met by the Government. In return, Brush Wellman has, without reservation or equivocation, dedicated its resources to honoring its commitment to remain as the long time supplier of the non-communist world's beryllium requirements.



H. G. Piper
Chairman and Chief Executive Officer

April 5, 1983