FORM SC 13D

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities

Filing Date: **1995-03-09**
SEC Accession No. 0000004911-95-000007

SUBJECT COMPANY

AEL INDUSTRIES INC

CIK:**4911**| IRS No.: **231353403** | State of Incorp.:**PA** | Fiscal Year End: **0226**
Type: **SC 13D** | Act: **34** | File No.: **005-11869** | Film No.: **95519686**
SIC: **3812** Search, detection, navagation, guidance, aeronautical sys

Mailing Address
305 RICHARDSON ROAD
LANSDALE PA 19446

Business Address
305 RICHARDSON RD
LANSDALE PA 19446
2158222929

FILED BY

CLASS B CLASS A VOTING TRUST ET AL

CIK:**940615**| State of Incorp.:**PA** | Fiscal Year End: **1231**
Type: **SC 13D**

Mailing Address
305 RICHARDSON ROAD
LANSDALE PA 19446

Business Address
305 RICHARDSON ROAD
LANSDALE PA 19446
2128222929

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Schedule 13D
Under the Securities Exchange Act of 1934

AEL Industries, Inc.
(Name of Issuer)

Class A Common Stock
and
Class B Common Stock
(Title and Class of Securities)

001030105
001030204
(CUSIP Number)

Vincent F. Garrity, Jr., Esquire
John W. Kauffman, Esquire
Duane, Morris & Heckscher
One Liberty Place, Philadelphia, PA 19103-7396
(215) 979-1227
(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

February 28, 1995
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following: / /

Check the following box if a fee is being paid with this statement. /X/

SCHEDULE 13D

1. Name of Reporting Person: Class A Voting Trust, Francis J. Dunleavy, Frederick R. Einsidler, Conrad J. Fowler and Leeam Lowin, Voting Trustees Under Voting Trust Agreement Dated as of February 28, 1995

   I.R.S. Identification No.: Not applicable.

2. Check the Appropriate Box if a Member of a Group (a)/X/
   (b)/ /

3. SEC Use Only

4. Source of Funds:Not applicable.

5. Check Box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e) ___

6. Citizenship or Place of Organization: United States of America

Number of Shares of Class A Common Stock Beneficially Owned by Each Reporting Person with	7. Sole Voting Power:	0
	8. Shared Voting Power:	191,593
	9. Sole Dispositive Power:	0
	10. Shared Dispositive Power:	191,593

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 191,593

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares: /X*/

13. Percent of Class Represented by Amount in Row (11): 5.41%

14. Type of Reporting Person: OO

*See Item 4 and Item 5 of this Schedule 13D.

SCHEDULE 13D

1. Name of Reporting Person: Class B Voting Trust, Francis J. Dunleavy, Frederick R. Einsidler, Conrad J. Fowler and Leeam Lowin, Voting Trustees Under Voting Trust Agreement Dated as of February 28, 1995

I.R.S. Identification No.: Not applicable.

2. Check the Appropriate Box if a Member of a Group (a) /x/ (b) / /

3. SEC Use Only

4. Source of Funds: Not applicable.

5. Check Box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e) / /

6. Citizenship or Place of Organization: United States of America

Number of Shares of Class B Common Stock Beneficially Owned by Each Reporting Person with	7.	Sole Voting Power:	0
	8.	Shared Voting Power:	241,262
	9.	Sole Dispositive Power:	0
	10.	Shared Dispositive Power:	241,262

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 241,262

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares: /X*/

13. Percent of Class Represented by Amount in Row (11): 55.5%

14. Type of Reporting Person: OO

*See Item 4 and Item 5 of this Schedule 13D

PRELIMINARY NOTE

As more fully described in Items 1 and 4 of this Schedule 13D, the Voting Trustees of the Class A Voting Trust and the Class B Voting Trust are required to vote the shares of Class A Common Stock and Class B Common Stock of the Company that have been deposited into the respective trusts in accordance with the terms of the Voting Trust Agreement, which provides for votes to be cast by the Voting Trustees in the manner summarized in Item 4 below. The Voting Trustees believe that none of them individually has or shares the power to vote or dispose of any of the shares of Class A Common Stock or Class B Common Stock deposited in the Voting Trusts apart from their roles as Voting Trustees, whose determinations are made by majority vote as long as there are at least three members of such committee or unanimously if there are fewer than three members, as described more fully in Item 4 below.

Inasmuch as the Voting Trusts and the Voting Trustees, solely with respect to shares held by the Voting Trusts, may be deemed members of a group under Rule 13d-5(b), the Voting Trustees have determined to jointly file this Schedule 13D on behalf of each Voting Trust, and hereby agree that this Schedule 13D is being filed on behalf of each of the Voting Trusts pursuant to Rule 13d-3(f)(iii).

The information provided herein with respect to the shares of Class A Common Stock held by the Class A Voting Trust and the Voting Trustees is provided for informational purposes only, and the furnishing of such information is subject to the position that such shares are not required to be reported on Schedule 13D inasmuch as the Class A Common Stock is not a class of "voting securities" as defined Rule 12b-2 and thus is not a class

of "equity securities" for purposes of Rule 13d-1(d).

The capitalized terms used in this Preliminary Note have the respective meanings ascribed to them in Items 1, 2 and 4 of this Schedule 13D.

Item 1. Security and Issuer.

The title of the classes of equity securities to which this Schedule 13D relates are Class A Common Stock, par value $1.00 per share ("Class A Common Stock"), of AEL Industries, Inc. (the "Company") and Class B Common Stock, par value $1.00 per share ("Class B Common Stock"), of the Company. The address of the principal executive offices of the Company is 305 Richardson Road, Lansdale, Pennsylvania 19446-1485.

On February 28, 1995, Leon Riebman and Claire E. Riebman, husband and wife (hereinafter sometimes collectively referred to as the "Riebmans"), as more fully described in Item 4 below, (a) acquired 180,947 shares of Class A Stock from the Company and (b) transferred legal title to all shares of Class A Stock held by them, including the shares referred to in clause (a) of this Item 1, and all shares of Class B Stock held by them to the "Voting Trustees" to be maintained by the "Voting Trustees" in the "Class A Voting Trust" and the "Class B Voting Trust," respectively (as defined in Item 2 below) . As a result of the aforementioned transfer by the Riebmans, the Voting Trustees under the respective two voting trusts hold legal title to, and certain voting rights with respect to, (i) 10,646 shares of Class A Stock previously held by the Riebmans (the "Existing Class A Shares"), (ii) the 180,947 shares of Class A Stock that the Riebmans acquired from the Company (the "Contingent Shares") and (iii) 241,262 shares of Class B Stock previously held by the Riebmans (the "Existing Class B Shares"), all as more particularly described in Item 2 and Item 4 of this Schedule 13D.

Item 2. Identity and Background

(a) Names: Class A Voting Trust, Francis J. Dunleavy, Frederick R. Einsidler, Conrad J. Fowler and Leeam Lowin, Voting Trustees Under Voting Trust Agreement Dated February 28, 1995 (the "Class A Voting Trust")

Class B Voting Trust, Francis J. Dunleavy, Frederick R. Einsidler, Conrad J. Fowler and Leeam Lowin, Voting Trustees Under Voting Trust Agreement dated February 28, 1995 (the "Class B Voting Trust")

(Each of the Class A Voting Trust and the Class B Voting Trust are hereinafter sometimes collectively referred to herein as the "Voting Trusts")

(b) Business Address: c/o Duane, Morris & Heckscher
One Liberty Place
Philadelphia, PA 19103-7396

Attn: Vincent F. Garrity, Jr., Esquire

(c) Present Principal Occupation: Not Applicable.

(d) Not Applicable.

(e) Not Applicable.

(f) Citizenship: Not Applicable

The following information is being furnished with respect to each of the individual voting trustees (the "Voting Trustees") for the Voting Trusts:

Francis J. Dunleavy is a private investor whose business address is c/o AEL Industries, Inc., 305 Richardson Road, Lansdale, PA 19446-1485. Mr. Dunleavy is a citizen of the United States of America.

Frederick R. Einsidler is a private investor whose business address is c/o AEL Industries, Inc., 305 Richardson Road, Lansdale, PA 19446-1485. Mr. Einsidler is a citizen of the United States of America.

Conrad J. Fowler is a private investor whose business address is c/o AEL Industries, Inc., 305 Richardson Road, Lansdale, PA 19446-1485. Mr. Fowler is a citizen of the United States of America.

Leeam Lowin is a private investor and investment manager, as well as a financial and business consultant, whose business address is c/o AEL Industries, Inc., 305 Richardson Road, Lansdale, PA 19446-1485. Mr. Lowin is a citizen of the United States of America.

During the five years prior to the date hereof, none of the Voting Trustees (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), (ii) was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to judgement, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

The shares were acquired by the Voting Trusts in connection with the Agreement and the Voting Trust Agreement, as described in Item 4 below. The Voting Trustees have agreed to vote such shares in accordance with the terms of the Voting Trust Agreement, as more particularly summarized in Item 4 of this Schedule 13D.

Item 4. Purpose of Transaction.

On February 28, 1995, the following agreements (collectively, the

"Agreements") were entered into by the parties indicated:

1. Agreement (the "Agreement") dated as of February 28, 1995 by and among Leon Riebman and Claire E. Riebman and the Company, in the form filed herewith as Exhibit A;

2. Voting Trust Agreement (the "Voting Trust Agreement") dated as of February 28, 1995 by and among the Company, the Riebmans and the Voting Trustees in the form filed herewith as Exhibit B;

3. 1995 Agreement (the "1995 Agreement") dated as of February 28, 1995 by and between the Company and Leon Riebman, in the form filed herewith as Exhibit C; and

4. Participation Rights Agreement (the "Participation Rights Agreement") dated as of February 28, 1995 by and between the Company and Leon Riebman, in the form filed herewith as Exhibit D.

The Agreements are summarized below. However, such summaries are qualified in their entirety by reference to Exhibits A through D filed herewith.

The Agreement. As more particularly described in the Agreement, the Board of Directors of the Company (the "Board") had previously appointed a Long Range Planning Committee (the "LRPC") for the purpose of considering strategic alternatives for the Company in view of recent and significant developments and consolidations in the defense industry. After assessing certain factors more particularly described in the Agreement, the LRPC decided, because of its belief that it could thereby perform its duty to realize for the shareholders of the Company ("Shareholders") the best value reasonably available, to pursue the following course of action: (i) the negotiation of an arrangement with Leon Riebman and Claire E. Riebman whereby they would transfer their voting control of the Company to the Voting Trustees under the Voting Trusts for a period of time expected to be sufficient to complete a "Qualifying Business Combination" (as defined in the Agreement), and (ii) the negotiation of an arrangement with Leon Riebman regarding his future relationship with the Company. The Agreement, the Voting Trust Agreement, the 1995 Agreement and the Participation Rights Agreement embody the results of these negotiations.

Under the Agreement, in consideration for (a) the Riebman's agreement to accept the same consideration and other terms in a Qualifying Business Combination as the other shareholders, (b) their entering into the Voting Trust Agreement, and (c) their transfer of Class A Stock and Class B Stock to the Voting Trustees for a period of time expected to be sufficient to complete a Qualifying Business Combination, as described below, the Company issued the Contingent Shares to the Riebmans (180,947 shares of Class A Stock, which represents .75 shares of Class A Stock for each share of Class B Stock beneficially owned by them immediately prior to such issuance). The Contingent Shares were issued subject to a condition subsequent, as more particularly described below under the description of the Voting Trust

Agreement.

The Agreement is intended to enable the LRPC to negotiate a "Qualifying Business Combination" for inclusion in a "Proposal" to be submitted for "Shareholder Approval" (as such terms are defined in the Agreement). As used in the Agreement:

(a) "Qualifying Business Combination" means a Business Combination not inconsistent in any material respect with the terms of the Agreement which has been recommended by the LRPC and pursuant to which an opinion acceptable to the LRPC is issued to the Company by a nationally recognized investment banking firm with respect to the fairness, from a financial point of view, to the Shareholders of the consideration offered to them under an agreement providing for such Business Combination ("Business Combination Agreement").

(b) "Business Combination" means (i) a sale of all or substantially all of the assets of the Company in one transaction or a series of related transactions; (ii) the acquisition by a person or group of persons acting in concert of the beneficial ownership of more than eighty percent of the issued and outstanding Class A Stock and Class B Stock; (iii) a merger or consolidation of the Company with another entity; or (iv) any transaction having like effect.

(c) "Proposal" means a single proposition submitted to the Shareholders consisting of (i) ratification of the Agreement, the Voting Trust Agreement, the 1995 Agreement and the Participation Rights Agreement, and (ii) approval of a Business Combination Agreement; and

(d) "Shareholder Approval" means the approval and adoption of the Proposal by the affirmative vote of a majority of votes cast respectively by (i) the holders of shares of Class A Stock and (ii) the holders of shares of Class B Stock, each voting as a class.

Under the terms of the Agreement, the LRPC has committed in good faith to use all reasonable efforts to arrange for a Qualifying Business Combination but it shall not have any obligation to do so unless it deems the terms thereof to be in the best interests of the Company and the Shareholders. The LRPC has the right, in the exercise of its fiduciary duty, to withdraw its recommendation of a Business Combination Agreement. Except as otherwise provided in the Agreement, the Closing of a Qualifying Business Combination may not occur within six months of the date of the Agreement.

All actions by the Company contemplated by the Agreement, the Voting Trust Agreement and the 1995 Agreement shall be taken on its behalf exclusively by the LRPC, which has the full authority of the Board of Directors of the Company for such purpose. All actions of the LRPC require the approval of a majority of the members of the LRPC, unless there exist at any time fewer than three members of the LRPC, in which case all actions at such time shall require the unanimous approval of the members of the

LRPC.

As provided in the Agreement, it is the intent of the LRPC that all holders of Class A Stock and Class B Stock will be offered the same consideration and other terms in a Qualifying Business Combination. The LRPC has engaged an investment banking firm, an employee benefits consultant and independent legal counsel in connection with these matters.

The Agreement has an initial term of nine months commencing February 28, 1995 (the "Initial Term") and can be extended, at the option of the Company, for up to two additional periods of three months each (the "First Renewal Term" and the "Second Renewal Term," respectively) upon payment by the Company to the Riebmans of $100,000 for the First Renewal Term and $300,000 for the Second Renewal Term. Such payments shall be credited against, and reduce to that extent, the Consulting Payments provided for in the 1995 Agreement. In addition, if the Company has entered into a Business Combination Agreement which contemplates a Qualifying Business Combination at any time during the Initial Term, the First Renewal Term or the Second Renewal Term, but Shareholder Approval of the Proposal has not yet been obtained, the Initial Term, the First Renewal Term or the Second Renewal Term, as the case may be, will be automatically extended, if it would have otherwise expired, until the earlier of (i) the consummation of such Qualifying Business Combination ("Closing") or (ii) the termination of such Business Combination Agreement pursuant to its terms. However, if such termination occurs in connection with a recommendation by the LRPC, in the exercise of its fiduciary duty, of an alternative agreement which contemplates a Qualifying Business Combination, the alternative agreement, if entered into by the Company during the Initial Term, the First Renewal Term or the Second Renewal Term and provided that the payments by the Company described in the first sentence of this paragraph have been made in a timely manner, will replace the terminated Business Combination Agreement for purposes of the aforementioned automatic extension.

The Agreement may be terminated at the option of the Riebmans if (i) the Voting Trustees materially breach the Voting Trust Agreement or (ii) the Company materially breaches the Agreement or the 1995 Agreement. The Agreement may be terminated at the option of the Company if (i) the Riebmans materially breach the Voting Trust Agreement, (ii) the Riebmans materially breach the Agreement or (iii) Leon Riebman materially breaches the 1995 Agreement.

Unless the Agreement has previously expired or terminated, it will terminate upon the earlier to occur of the following events: (i) immediately prior to the Closing under a Qualifying Business Combination which has been included in a Proposal as to which Shareholder Approval has been obtained, (ii) immediately following the conclusion of a meeting of Shareholders at which Shareholder Approval of such Proposal has been sought but not obtained, or (iii) November 28, 1996.

The Company has agreed to make a payment to Leon Riebman in the amount

of $500,000 if (i) a Closing occurs under a Qualifying Business Combination included within a Proposal as to which Shareholder Approval has been obtained, and (ii) Leon Riebman's employment with the Company terminates thereafter for any reason, voluntarily or involuntarily.

The Company has agreed to reimburse the Riebmans for the reasonable fees and disbursements (not to exceed $75,000) of their counsel incurred in connection with the negotiation of the Agreement. In addition, as more particularly described in the Agreement, the Company has agreed to pay the reasonable counsel fees and disbursements incurred by the Riebmans as parties to the Agreement, the members of the LRPC, the Voting Trustees, any director or officer of the Company, or any of them in defense of any pending or threatened action, suit or proceedings whether by or in the right of the Company or otherwise, involving the Agreement or any exhibit thereto, subject to the Company's receipt of an undertaking by such person or persons to repay the amount so advanced if it is ultimately determined by a court that such payment was not proper in the circumstances.

In connection with the execution and delivery of the Agreement and the Voting Trust Agreement, the Company's bylaws were amended so as to effectuate the purposes of the Agreement and the Voting Trust Agreement. The form of bylaw amendment is filed herewith as Exhibit F.

The Voting Trust Agreement. Pursuant to the Voting Trust Agreement, the Riebmans transferred to the Voting Trustees to be maintained in the respective Voting Trusts (i) the Existing Class A Shares (10,646 shares of Class A Stock), (ii) the Contingent Shares (180,947 shares of Class A Stock) and (iii) the Existing Class B Shares (241,262 shares of Class B Stock) in exchange for Voting Trust Certificates representing the shares of Class A Stock and Class B Stock so transferred. The shares of Class A Stock so transferred to the Voting Trustees are held in the "Class A Voting Trust" and the shares of Existing Class B Stock so transferred to the Voting Trustees are held in the "Class B Voting Trust." The Contingent Shares were issued subject to a condition subsequent, as more particularly described below.

The sole purpose of the Voting Trust Agreement is to enable the Voting Trustees (i) to vote the Existing Class A Shares and the Existing Class B Shares in favor of a Qualifying Business Combination included in a Proposal for Shareholder Approval and (ii) to vote for the election of directors of the Company, all in accordance with the terms and provisions of the Voting Trust Agreement.

In the election of directors of the Company, the Voting Trustees are required to (a) vote for the election of two persons nominated by Leon Riebman or his personal representatives, (b) vote for the reelection of incumbent directors of the Company unless one or more of them determines not to seek reelection, resigns or dies, (c) consult with Leon Riebman and Claire E. Riebman prior to voting for the election of any other person as a director of the Company, and (d) assure that at all times a majority of the directors of the Company are "Independent Directors" (as such term is

defined in the Voting Trust Agreement). In connection with a Proposal, the Voting Trustees are required to vote (i) the Contingent Shares in the same proportion as the votes cast with respect to the Proposal by the other holders of shares of Class A Stock and (ii) the Existing Class A Shares and the Existing Class B Shares in favor of any Proposal recommended by the LRPC. With respect to any action of Shareholders other than in connection with the election of directors or a Qualifying Business Combination included in a Proposal for Shareholder Approval, the Voting Trustees are required to vote the Existing Class A Shares and the Existing Class B Shares as directed in writing by the Riebmans. Except as provided in the Voting Trust Agreement, in voting shares deposited under the Voting Trust Agreement, the Voting Trustees shall act by majority vote, unless at any time there exists fewer than three Voting Trustees, in which event all acts of the Voting Trustees shall require the unanimous vote of the Voting Trustees.

During the term of the Voting Trust Agreement, if a Voting Trustee ceases to be a member of the LRPC for any reason whatsoever, such Voting Trustee thereupon shall cease to be a Voting Trustee under the Voting Trust Agreement. Upon appointment of a substitute member or members to the LRPC, such member or members shall thereupon become a Voting Trustee or Trustees under the Voting Trust Agreement.

During the term of the Voting Trust Agreement, without the prior written consent of the Company and the Voting Trustees, Leon Riebman and Claire E. Riebman are not permitted to transfer any interest in Class A Stock or Class B Stock owned by them or any beneficial interests evidenced by Voting Trust Certificates, except that (a) the executors of the estate of either of them may succeed to such interests and will be bound by the Voting Trust Agreement, and (b) either of them may make donative transfers of such interests to and among themselves or to their issue so long as the donees agree to be bound by the Voting Trust Agreement. During the term of the Voting Trust Agreement, Leon Riebman and Claire E. Riebman have agreed not to acquire any additional shares of Class A Stock or Class B Stock except in connection with (i) the exercise of options existing on February 28, 1995 or (ii) beneficial ownership of shares of Class A Stock or Class B Stock issued in connection with stock dividends or stock distributions. Any such newly acquired shares shall be deposited into the respective Voting Trust.

The term of the Voting Trust Agreement is coextensive with the term of the Agreement. Upon termination of the Voting Trust Agreement the certificates representing the Existing Class A Shares and the Existing Class B Shares will be returned to the holder(s) of the Voting Trust Certificates representing those shares. Upon the earliest to occur of the following events, certificates representing the Contingent Shares, together with any cash dividends or stock distributions received on the Contingent Shares, will be delivered by the Voting Trustees to the following person or persons:

(a) Immediately prior to the Closing under a Qualifying Business

Combination included in a Proposal as to which Shareholder Approval has been obtained, in which event such delivery will be made to the holder(s) of the Voting Trust Certificates representing the Contingent Shares in proportion to their respective holdings;

(b) The expiration or termination of the Agreement for any reason other than as contemplated by clause (a) above, in which event such delivery will be made to the Company which will thereupon cancel the Contingent Shares without payment of any consideration therefor;

(c) The receipt by the Voting Trustees of joint written instructions from Leon Riebman and Claire E. Riebman and the Company in which event such delivery will be made to the person or persons designated in such instruction; or

(d) The receipt by the Voting Trustees of a certified copy of a final non-appealable order of a court of competent jurisdiction providing for the disposition of the Contingent Shares, in which event such delivery will be made to the person or persons designated in such order.

The 1995 Agreement. Pursuant to the 1995 Agreement, Leon Riebman has agreed (a) that he will not voluntarily retire from active employment with the Company prior to the expiration or termination of the Agreement and (b) that he will provide consulting services to the Company for a period of three years (up to 130 days per year) commencing with the date on which he voluntarily retires from active employment with the Company (the "Consulting Commencement Date"). In addition, the 1995 Agreement contains a supplementary provision which improves the Company's rights with respect to the protection of proprietary information, intellectual property and restrictions on competition.

In consideration for his provision of consulting services to the Company, Leon Riebman will be entitled to specified fringe benefits and will receive $675,000 payable as follows: (a) $300,000 on the Consulting Commencement Date, (b) $225,000 on the first anniversary of the Consulting Commencement Date, and (c) $150,000 on the second anniversary of the Consulting Commencement Date. Payment of any of the aforementioned amounts is conditioned upon certificates representing the Contingent Shares being delivered to the holders of the Voting Trust Certificates representing the Contingent Shares. Further, the Company will have no obligation to make any such payment unless Leon Riebman is available on the payment date to provide consulting services for the forthcoming year. In addition, any payments made by the Company pursuant to the Agreement for the First Renewal Term and the Second Renewal Term will be credited against, and reduce to that extent, such payments. If the Agreement expires or terminates for a reason other than the Closing of a Qualifying Business Combination included within a Proposal as to which Shareholder approval has been obtained, the 1995 Agreement will terminate and be of no further force and effect.

Participation Rights Agreement. In consideration for agreeing to the

supplement in the 1995 Agreement which improves the Company's rights with respect to the protection of proprietary information, intellectual property and restrictions on competition, the Company has granted to Leon Riebman the right to participate in the proceeds of a Qualifying Business Combination ("Participation Payment"). If the "Aggregate Consideration" (as defined in the Participation Rights Agreement) in connection with a Qualifying Business Combination is equal to or greater than $60,000,000, the Participation Payment will be $1,900,000. If the Aggregate Consideration in connection with a Qualifying Business Combination is less than $60,000,000, the Participation Payment will be an amount equal to the product of $1,900,000, multiplied by a fraction, the numerator of which is the amount of such Aggregate Consideration and the denominator of which is $60,000,000. The Company's obligation to make the Participation Payment is conditioned on the delivery of certificates representing the Contingent Shares to the holder(s) of the Voting Trust Certificate(s) representing the Contingent Shares.

Except as set forth in this Item 4, the Voting Trusts and the Voting Trustees have no present plans or proposals which relate to or would result in any of the following:

(a) The acquisition by any person of additional securities of the Company, or the disposition of securities of the Company;

(b) An extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries;

(c) A sale or transfer of a material amount of assets of the Company or any of its subsidiaries;

(d) Any change in the present Board of Directors or management of the Company, including any plans or proposals to change the number of term of directors or to fill any existing vacancies on the Board;

(e) Any material change in the present capitalization or dividend policy of the Company;

(f) Any material change in the Company's business or corporate structure;

(g) Changes in the Company's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Company by any person;

(h) Causing a class of securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an interdealer quotation system of a registered national securities association;

(i) A class of equity securities of the Company becoming eligible for

termination of registration pursuant to Section 12(g)(4) of the Exchange Act; or

(j) Any action similar to any of those enumerated above.

Item 5. Interest in Securities of Issuer.

(a) As a result of the deposit of the Existing Class A Shares and the Contingent Shares into the Class A Voting Trust and the Existing Class B Shares into the Class B Voting Trust as summarized in Item 4 above, the aggregate number and percentage of the Class A Common Stock and the Class B Common Stock beneficially owned by the respective Voting Trusts are as follows:

Name of Beneficial Owner	Number of Shares and Class	Percentage of Class
Class A Voting Trust	191,593 shares of Class A Common Stock	5.41%
Class B Voting Trust	241,262 shares of Class B Common Stock	55.50%

The percentage calculations set forth in this Item 5 are based upon (a) 3,539,158 issued and outstanding shares of Class A Stock and (b) 434,717 issued and outstanding shares of Class B Common Stock. The foregoing amounts of shares as of February 28, 1995 are based upon information furnished by the Company. The share amount and percentage of Class A Common Stock include the Contingent Shares; however, inasmuch as the Voting Trustees do not have or share the power to convert the shares of Class B Common Stock into Class A Common Stock or to exercise certain options held by Leon Riebman, such amounts and percentages do not include the number of shares of Class A Common Stock into which the shares of Class B Common Stock are convertible or the 7,500 shares of Class A Common Stock that Leon Riebman has the right to acquire pursuant to the exercise of stock options that are exercisable within 60 days from the date of this Schedule 13D.

(b) The number of shares as to which such person has:

	Name of Beneficial Owner	Number of Shares and Class
(i) sole power to vote or direct the vote		
	Class A Voting Trust	-0-
	Class B Voting Trust	-0-
(ii) shared power to vote or direct the vote		
	Class A Voting Trust	191,593 shares of Class A Common Stock

Class B Voting Trust	241,262 shares of Class B Common Stock

(iii) sole power to dispose or direct the disposition

Class A Voting Trust	-0-
Class B Voting Trust	-0-

(iv) share power to dispose or direct the disposition

Class A Voting Trust	191,593 shares of Class A Common Stock
Class B Voting Trust	241,262 shares of Class B Common Stock

The Voting Trustees have the right to vote the Existing Class A Shares, the Contingent Shares and the Existing Class B Shares in the manner described in Item 4 above under the Voting Trust Agreement.

Under the Voting Trust Agreement, the Riebmans (or the holders of the Voting Trust Certificates, as the case may be) have agreed, except under limited circumstances, not to transfer any interest in the Class A Stock or Class B Stock owned by them or any beneficial interest evidenced by the Voting Trust Certificates without the prior written consent of the Company and the Voting Trustees, as described more fully in Item 4 above. Therefore, the Voting Trustees believe that they might share dispositive power with respect to the Existing Class A Shares, the Contingent Shares and the Existing Class B shares.

(c) The acquisition of the shares by the Voting Trusts from the Riebmans were effected as described more fully in Item 4 above on February 28, 1995.

(d) Cash dividends on the Existing Class A Shares and the Existing Class B Shares are to be distributed to the holders of the Voting Trust Certificates representing the respective shares. Cash dividends on the Contingent Shares are to be received by the Voting Trustees and distributed in the same manner as the delivery of certificates representing the Contingent Shares, as described in Item 4 above. Stock distributions on the Existing Class A Shares and the Existing Class B Shares are to be received by the Voting Trustees and held by them in the Voting Trusts pursuant to the terms of the Voting Trust Agreement. Stock distributions on the Contingent Shares are to be received by the Voting Trustees in the Voting Trusts and distributed in the same manner as the delivery of certificates representing the Contingent Shares, as described in Item 4 above.

(e) Not applicable.

Each of the Individual Voting Trustees beneficially owns the shares set forth in the table below, which shares are excluded from the totals

reported in this Schedule 13D by the respective Voting Trusts. Inasmuch as none of the Voting Trustees believes that he is individually a beneficial owner of the shares held in the respective Voting Trusts, and each of them expressly disclaims beneficial ownership of such shares, the filing of this Schedule 13D shall not be construed as an admission that they, or any of them, are beneficial owners individually of any of the shares of Class A Common Stock and Class B Common Stock deposited with them in the respective Voting Trusts.

Each of the Voting Trustees individually beneficially owns the following shares of Class A Common Stock and Class B Common Stock, respectively, of the Company:

Name of Voting Trustee	Number of Shares Beneficially Owned and Class of Shares
Francis J. Dunleavy	1,900 shares of Class A Common Stock
Frederick R. Einsidler	627 shares of Class A Common Stock
Conrad J. Fowler	143 shares of Class A Common Stock(1) 93,874 shares of Class B Common Stock(1)
Leeam Lowin	1,075,700 shares of Class A Common Stock(2)

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(1) The sole voting and investment power of the Class A Common Stock belongs to Mr. Fowler's wife, who also has sole voting and investment power with respect to 32,789 shares of Class B Common Stock. Mr. Fowler has sole voting and investment power as to the remaining shares of Class B Common Stock.

(2) Mr. Lowin has sole voting and investment power with respect to 583,000 shares and shared investment power with respect to 475,700 shares. The sole voting power with respect to these 475,700 shares rests with other persons. The sole voting and investment power of an additional 17,000 shares belongs to Mr. Lowin's wife.

In connection with the Agreement, Messrs. Dunleavy, Einsidler and Lowin have each agreed to vote his respective shares of Class A Common Stock and Class B Common Stock over which he has voting power in favor of a Qualifying Business Combination included within a Proposal submitted for Shareholder Approval. The form of such letter agreement is filed herewith as Exhibit E.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

See Item 4 and Item 5.

Item 7. Material to Be Filed as Exhibits.

A. Agreement dated as of February 28, 1995 by and among AEL Industries, Inc. and Dr. Leon Riebman and Claire E. Riebman.

B. Voting Trust Agreement dated as of February 28, 1995 by and among AEL Industries, Inc., Dr. Leon Riebman and Claire E. Riebman and Francis J. Dunleavy, Frederick R. Einsidler, Conrad J. Fowler and Leeam Lowin.

C. 1995 Agreement dated as of February 28, 1995 by and between AEL Industries, Inc. and Dr. Leon Riebman.

D. Participation Rights Agreement dated as of February 28, 1995 by and between AEL Industries, Inc. and Dr. Leon Riebman.

E. Form of letter agreement executed by Francis J. Dunleavy, Frederick R. Einsidler and Leeam Lowin dated February 28, 1995.

F. Bylaw Amendments

Signatures.

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Class A Voting Trust:

Date: March 9, 1995

/s/ Francis J. Dunleavy
Francis J. Dunleavy
Voting Trustee

/s/ Frederick R. Einsidler
Frederick R. Einsidler
Voting Trustee

/s/ Conrad J. Fowler
Conrad J. Fowler
Voting Trustee

/s/ Leeam Lowin
Leeam Lowin
Voting Trustee

Signatures.

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Class B Voting Trust:

Date: March 9, 1995

/s/ Francis J. Dunleavy
Francis J. Dunleavy
Voting Trustee

/s/ Frederick R. Einsidler
Frederick R. Einsidler
Voting Trustee

/s/ Conrad J. Fowler
Conrad J. Fowler
Voting Trustee

/s/ Leeam Lowin
Leeam Lowin
Voting Trustee

AGREEMENT

This Agreement is made as of the 28th day of February, 1995 by and among AEL Industries, Inc., a Pennsylvania corporation ("Company") and Dr. Leon Riebman and Claire E. Riebman (collectively the "Riebmans").

BACKGROUND:

A. The Board of Directors ("Board") of the Company has appointed a committee of the Board known as the Long Range Planning Committee ("LRPC") for the purpose of considering strategic alternatives for the Company in view of recent and significant developments and consolidations in the defense industry. Among other possibilities, the LRPC considered whether the Company should remain independent. That alternative may entail a search for a new Chief Executive Officer. The LRPC also took into account the right of the Riebmans either to transfer their Company stock to family members or to sell only their Company stock to a person who may not wish to purchase the Company stock held by other shareholders. The LRPC also addressed the practical difficulties of consummating a sale of the Company on terms which may not be acceptable to the Riebmans as controlling shareholders.

B. After assessing the implications of maintaining the Company's independence and these other factors, the LRPC decided, because of its belief that it could thereby perform its duty to realize for the shareholders of the Company ("Shareholders") the best value reasonably available, to pursue the following course of action: (i) the negotiation of an arrangement with the Riebmans concerning their voting control of the Company in anticipation of a possible sale of the Company and (ii) the negotiation of an arrangement with Dr. Riebman regarding his future relationship with the Company.

C. A sale of the Company may be effected by a "Business Combination" which shall mean (i) a sale of all or substantially all of the assets of the Company in one transaction or a series of related transactions; (ii) the acquisition by a person or group of persons acting in concert of the beneficial ownership of more than eighty percent of the issued and outstanding shares of "Class A Stock" and "Class B Stock" (each as herein defined); (iii) a merger or consolidation of the Company with another entity; or (iv) any transaction having like effect. An agreement providing for a Business Combination is referred to as a "Business Combination Agreement".

D. The LRPC has engaged an investment banking firm, an employee benefits consultant and independent legal counsel to serve as its advisors in connection with these matters.

E. The authorized capital stock of the Company consists of 20,000,000 shares of Class A Common Stock, par value $1.00 ("Class A Stock") of which 3,358,211 shares are issued and outstanding; 440,000 shares of Class B Common Stock, par value $1.00 ("Class B Stock") of which 434,717 shares are issued and outstanding; and 200,000 shares of Preferred Stock, par value $1.00, none of which are issued and outstanding.

F. The holders of Class B Stock have the exclusive voting power with respect to matters submitted to the Shareholders except as to any matter directly affecting the rights and privileges of Class A Stock or as otherwise required by law.

G. Since the Riebmans collectively own (as tenants by the entireties with right of survivorship) approximately 55% of the total voting power of Class B Stock, they possess effective voting control of the Company. The Shareholders other than the Riebmans are called the "Public Shareholders".

H. The LRPC believes that a Business Combination will be facilitated and value maximized for the Shareholders if (i) voting control of the Company is transferred to the "Voting Trustees" (as hereinafter defined) for the term of this Agreement and (ii) a predetermined allocation between the Riebmans and the Public Shareholders of the consideration paid in a Business Combination is agreed to by the LRPC with the Riebmans at this time by the issuance to the Riebmans of .75 shares of Class A Stock for each share of Class B Stock owned by them.

I. The LRPC believes that, in order to accomplish this goal, it is in the best interests of the Company and the Public Shareholders for the Company to agree to issue to the Riebmans additional shares of Class A Stock in exchange for the transfer by the Riebmans of their voting control of the Company to the Voting Trustees for a period of time expected to be sufficient to complete a "Qualifying Business Combination" (as herein defined); provided, however, that such additional shares be held by the Voting Trustees and be returned to the Company for cancellation if a Qualifying Business Combination is not consummated as provided herein. It is the intent of the LRPC that all holders of Class A Stock and Class B Stock will be offered the same consideration and other terms for each share in connection with a Qualifying Business Combination.

J. Dr. Leon Riebman and the Company have entered into an Employment and Retirement Agreement dated January 8, 1982, as amended on November 14, 1991 (collectively the "1982 Agreement") pursuant to which, among other things, Dr. Riebman may, but is not required to, provide consulting services to the Company.

K. The LRPC believes that the Company's interests will be substantially enhanced by Dr. Riebman and the Company entering into an agreement which will (a) assure Dr. Leon Riebman's availability exclusively to the Company in the future, and (b) substantially improve the Company's rights with respect to the protection of proprietary information, intellectual property and restrictions on competition.

L. The purpose of this Agreement is to set forth the terms and conditions of the arrangements which the LRPC, acting for the Company, has negotiated with (i) the Riebmans with respect to their voting control of the Company to the extent set forth in the "VT Agreement" (as herein defined) and a predetermined allocation between the Riebmans and the Public Shareholders of the proceeds of a possible Qualifying Business Combination; and (ii) Dr. Leon Riebman concerning his future relationship with the Company.

NOW THEREFORE, in consideration of the premises set forth above and the covenants of the parties included herein, and intending to be legally bound hereby, the Company and the Riebmans agree as follows:

I. Term

(a) The initial term of this Agreement ("Initial Term") shall be nine (9) months from the date hereof subject to extension, renewal, or termination as follows:

(1) This Agreement shall be renewable for three additional months beyond the Initial Term ("First Renewal Term") (i) if written notice to this effect is given by the Company to the Riebmans not less than five days prior to the expiration of the Initial Term and (ii) not later than the last day of the Initial Term a payment is made by the Company to the Riebmans of One Hundred Thousand Dollars ($100,000) which shall be credited against, and reduce to that extent, the "Consulting Payments" (as herein defined) as contemplated in Section V(b) hereof in the chronological order thereof.

(2) This Agreement shall be renewable for an additional three months beyond the First Renewal Term ("Second Renewal Term") (i) if written notice to this effect is given by the Company to the Riebmans not less than five days prior to the expiration of the First Renewal Term and (ii) not later than the last day of the First Renewal Term a payment is made by the Company to the Riebmans of Three Hundred Thousand Dollars ($300,000) which shall be credited against, and reduce to that extent, the Consulting Payments as contemplated in Section V(b) hereof in the chronological order thereof.

(3) If a Business Combination Agreement which contemplates a Qualifying Business Combination recommended by the LRPC has been executed by the Company at any time during the Initial Term, First Renewal Term or Second Renewal Term but "Shareholder Approval" of the "Proposal" (as each such term is herein defined) has not yet been obtained, the Initial Term, First Renewal Term or Second Renewal Term, as the case may be, shall automatically be extended, if it would have otherwise expired, until the earlier of (i) the consummation of the Qualifying Business Combination contemplated in such Business Combination Agreement ("Closing") or (ii) the termination of such Business Combination Agreement pursuant to the terms thereof unless such termination occurs in connection with a recommendation

by the LRPC, in the exercise of its fiduciary duty, of an alternative Business Combination Agreement which contemplates a Qualifying Business Combination, in which event such alternative Business Combination Agreement shall be deemed to be a "Business Combination Agreement" for purposes of this Section I(a)(3). Any such automatic extension shall be subject to the provisions of Section I(a)(4) and I(a)(7) hereof.

(4) If (i) the Initial Term or First Renewal Term has been automatically extended under Section I(a)(3) hereof and (ii) the Business Combination Agreement referred to therein has been terminated pursuant to the terms thereof, the Company shall have the right to renew this Agreement for one or two successive three month periods, as the case may be, commencing as of the expiration of the Initial Term or the First Renewal Term, as the case may be, as contemplated in Section I(a) (l) or Section I(a)(2), as appropriate, by giving the notice provided therein within fifteen (15) business days after the termination of such Business Combination Agreement and by making the requisite payment within three (3) business days thereafter which payment shall be deemed timely for purposes of Section I(a)(1) or Section I(a)(2), as appropriate. The exercise by the Company of its rights under this Section I(a)(4) as it relates to the First Renewal Term shall not abrogate the Company's rights under Section I(a)(2).

(5) This Agreement may be terminated at the option of the Riebmans if (i) the "Voting Trustees" (as herein defined) materially breach the "VT Agreement" (as herein defined) and such breach is not cured within thirty days of their receipt of a written notice to this effect from the Riebmans, except in the event of a material breach by the Voting Trustees of Paragraph 5 6, 11 (first sentence) or 11(a) of the VT Agreement in which case this Agreement may be terminated immediately by written notice to this effect by the Riebmans or (ii) the Company materially breaches this Agreement or the 1995 Agreement (as herein defined) and such breach is not cured within thirty days of its receipt of a written notice to this effect from the Riebmans, except in the event of a material breach by the Company of Section IX(c) of this Agreement in which case this Agreement may be terminated immediately by written notice to this effect by the Riebmans.

(6) This Agreement may be terminated at the option of the Company if (i) the Riebmans materially breach the "VT Agreement" (as herein defined) and such breach is not cured within thirty days of their receipt of a written notice to this effect from the Company, except in the event of a material breach by the Riebmans of Paragraph 6 or 10 of the VT Agreement in which case this Agreement may be terminated immediately by written notice to this effect by the Company or (ii) the Riebmans materially breach this Agreement or Dr. Leon Riebman materially breaches the 1995 Agreement and such breach is not cured within thirty days of their receipt of a written notice to this effect from the Company.

(7) Unless this Agreement shall have previously expired or terminated, this Agreement shall terminate upon the earliest to occur of the following events: (i) immediately prior to the Closing under a Business Combination Agreement not inconsistent in any material respect

with the terms of this Agreement which has been recommended by the LRPC and pursuant to which an opinion acceptable to the LRPC is issued to the Company by a nationally recognized investment banking firm with respect to the fairness, from a financial point of view, to the Shareholders of the consideration offered to them under such Business Combination Agreement ("Qualifying Business Combination") and which Qualifying Business Combination has been included in the Proposal as to which Shareholder Approval has been obtained; (ii) immediately following the conclusion of a meeting of Shareholders at which Shareholder Approval has been sought but not obtained of such Proposal; or (iii) November 28, 1996.

(b) "Proposal" shall mean a single proposition submitted to the Shareholders consisting of: (1) ratification of this Agreement, the "VT Agreement", the "Participation Rights Agreement" and the "1995 Agreement" (as each term is herein defined) and (2) approval of a Qualifying Business Combination.

(c) "Shareholder Approval" shall mean the approval and adoption of the Proposal by the affirmative vote of a majority of the votes cast respectively by: (1) the holders of shares of Class A Stock and (2) the holders of shares of Class B Stock, each voting as a class.

(d) The withdrawal by the LRPC, in the exercise of its fiduciary duty, of its recommendation of a Business Combination Agreement, shall not, in and of itself, result in the reduction of the time period comprehended by the Initial Term, First Renewal Term, Second Renewal Term or any extension thereof.

II. Voting Trust Agreement

(a) Concurrently with the execution of this Agreement, the Company, the Riebmans, and Messrs. Francis J. Dunleavy, Frederick R. Einsidler, Conrad J. Fowler and Leeam Lowin, as voting trustees ("Voting Trustees"), have executed a Voting Trust Agreement in the form attached hereto as Exhibit A ("VT Agreement") pursuant to which two separate trusts ("A" and "B") have been created. Certain provisions of the VT Agreement are summarized as follows for convenience only. The provisions of the VT Agreement shall exclusively govern the interpretation thereof.

(b) The Riebmans have transferred to the Voting Trustees for allocation to the A and B Trusts all of the shares of Class A Stock and Class B Stock (and stock powers duly endorsed in favor of the Voting Trustees) owned by the Riebmans prior to the execution of this Agreement (the "Riebman Shares") and the Contingent Shares (and stock powers duly endorsed in favor of the Voting Trustees) so that the Voting Trustees possess voting power with respect to the Riebman Shares and the Contingent Shares, subject to the limitations stated in the VT Agreement.

(c) The Voting Trustees have agreed to perform their duties in good faith, in a manner each reasonably believes to be in the best interest of the Company and the Shareholders and with such care including reasonable

inquiry, skill and diligence as a person with ordinary prudence would use under similar circumstances.

(d) The term of the VT Agreement shall be coextensive with the term of this Agreement.

(e) In no event shall the Voting Trustees vote (which shall include action by written consent) the Riebman Shares or the Contingent Shares in a manner which is not consistent with the effectuation of the purpose of the VT Agreement as described in Paragraph B of the Background thereof.

(f) The Voting Trustees shall vote for the election of two (2) persons nominated by Dr. Riebman or his personal representatives as directors of the Company. The Voting Trustees shall vote for the reelection as directors of the incumbent directors of the Company unless one or more of them determines not to seek re-election, resigns or dies. The Voting Trustees shall consult with the Riebmans prior to voting for the election of any other person as a director of the Company. The Voting Trustees shall assure that at all times a majority of the directors of the Company shall be "Independent Directors" (which term shall for the purposes of this Agreement and the VT Agreement mean a person who (i) is not an employee of or consultant to the Company; (ii) is not related by blood or marriage to either of the Riebmans; and (iii) in the reasonable determination of the LRPC, does not have a financial or other material relationship with either of the Riebmans which might influence the objectivity of his or her judgment as it relates to the best interests of the Company and the Shareholders). The Riebmans in their capacity as directors of the Company shall take such action as is appropriate to give effect to the foregoing sentence.

(g) Upon the termination of the VT Agreement, the Riebman shares shall be delivered to the holder(s) of the Voting Trust Certificates issued with respect to the Riebman Shares.

(h) The VT Agreement may not be amended or rescinded without the written consent of the Company, the Riebmans and a majority of the Voting Trustees unless there are at any time less than three Voting Trustees in which case all actions at such time shall require the unanimous approval of the Voting Trustees.

(i) "Voting Trustees" shall include their respective successors.

III. Contingent Issuance of Shares of Class A Stock

(a) The Company has issued .75 shares of Class A Stock ("Contingent Shares") to the Riebmans for each share of Class B Stock owned by them and the Riebmans have concurrently transferred the Contingent Shares (and stock powers duly endorsed in favor of the Voting Trustees) to the Voting Trustees who shall hold them in the A Trust under the VT Agreement as otherwise in accordance with the terms thereof.

(b) The VT Agreement provides, with respect to the Contingent Shares, among other things, that:

(1) The Contingent Shares shall be held by the Voting Trustees until the earlier of the following:

(i) Immediately prior to the Closing under a Qualifying Business Combination included in the Proposal as to which Shareholder Approval has been obtained, in which event the Contingent Shares shall be delivered to the holder(s) of the voting trust certificate(s) issued with respect to the Contingent Shares, or

(ii) The expiration or termination of this Agreement for a reason other than as contemplated in Section III(b)(1)(i) hereof, in which event the Contingent Shares shall be delivered to the Company which shall thereupon cancel them without the payment of any consideration therefor.

(2) The Contingent Shares shall be voted by the Voting Trustees in connection with the Proposal in the same proportion as the votes cast with respect to the Proposal by the other holders of shares of Class A Stock.

(c) On the date hereof, Dillon, Read & Co. Inc. has issued an opinion to the LRPC and the Board with respect to the fairness, from a financial point of view, to the Public Shareholders of the issuance of the Contingent Shares pursuant to this Agreement.

IV. Undertakings by the Riebmans and Dr. Riebman

(a) During the Initial Term, First Renewal Term, Second Renewal Term or any extension thereof, without the prior written consent of the Company, the Riebmans agree that they will not transfer or agree to transfer any interest in: (i) the Riebman Shares or (ii) their respective beneficial interests evidenced by voting trust certificates under the VT Agreement; provided that the executor(s) of the estates of either of the Riebmans may succeed to such interests and shall be bound by this Agreement and the VT Agreement; and provided further that the Riebmans may make donative transfers of such interests to and among themselves or to their issue so long as the donee(s) thereof agree(s) in writing to be bound by this Agreement and the VT Agreement.

(b) During the Initial Term, First Renewal Term, Second Renewal Term or any extension thereof, the Riebmans agree that neither of them will acquire any additional shares of Class A Stock or Class B Stock except in connection with: (i) the exercise of options existing on the date hereof or (ii) the beneficial ownership of shares of Class A Stock or Class B Stock issued in respect of stock dividends or stock distributions hereafter declared.

(c) At such times as requested by the LRPC, Dr. Riebman shall

consult and cooperate with the LRPC in connection with its efforts to arrange for a Qualifying Business Combination.

V. 1995 Agreement

(a) Concurrently with the execution of this Agreement, the Company and Dr. Leon Riebman have executed a 1995 Agreement ("1995 Agreement") in the form attached hereto as Exhibit B. Certain provisions of the 1995 Agreement are summarized as follows for convenience only. The provisions of the 1995 Agreement shall exclusively govern the interpretation thereof.

(b) The Company shall not be obligated to make the "Participation Payment" or the "Consulting Payments" (as therein defined) contemplated under Sections 8.F. and 4 of the 1995 Agreement unless the Contingent Shares shall have been delivered by the Voting Trustees to the holder(s) of the voting trust certificates issued with respect to the Contingent Shares pursuant to Paragraph 11(a) of the VT Agreement.

(c) The Participation Payment contemplated in the 1995 Agreement shall be in consideration of various noncompetition and other undertakings made by Dr. Leon Riebman on the date hereof for the benefit of the Company in Section V of the 1995 Agreement.

(d) Dr. Leon Riebman has on this date hereof agreed to hold himself available to the Company, whenever requested by the Company, to provide consulting services ("Consulting Services") for a three year period commencing upon the date ("Consulting Commencement Date") on which Dr. Riebman voluntarily retires from active employment with the Company, which shall in no event occur prior to the date on which this Agreement expires, as and to the extent requested by the Company in consideration of the payment (collectively the "Consulting Payments" and individually a "Consulting Payment") by the Company of Six Hundred Seventy-five Thousand Dollars ($675,000) as follows:

1. Three Hundred Thousand Dollars ($300,000) payable on the Consulting Commencement Date.

2. Two Hundred Twenty-Five Thousand Dollars ($225,000) payable on the first anniversary of the Consulting Commencement Date.

3. One Hundred Fifty Thousand Dollars ($150,000) payable on the second anniversary of the Consulting Commencement Date.

The Company shall not be obligated to make any of the Consulting Payments unless certificates representing the Contingent Shares shall have been delivered by the Voting Trustees to the holder(s) of the voting trust certificates representing the Contingent Shares pursuant to Paragraph 11(a) of the VT Agreement; provided that this provision shall not reduce or otherwise affect the Company's obligations under Section I(a)(1), I(a)(2) or I(a)(4).

If on the date such payment is otherwise due, Dr. Riebman will not be available to provide Consulting Services for the forthcoming year, the Company shall have no obligation to make any additional Consulting Payments.

Any payment(s) made by the Company pursuant to Sections I(a)(l), I(a)(2) or I(a)(4) hereof shall be credited against, and reduce to that extent, Consulting Payments in chronological order thereof.

(e) The 1995 Agreement may not be amended or rescinded without the written consent of Dr. Riebman and the Company.

VI. Change in Control Payment

The Corporation shall make a payment ("Change in Control Payment") to Dr. Leon Riebman in the amount of Five Hundred Thousand Dollars ($500,000) if (i) Closing occurs under a Qualifying Business Combination included within the Proposal as to which Shareholder Approval has been obtained; and (ii) Dr. Riebman's employment with the Company terminates thereafter for any reason, voluntary or involuntary.

VII. Business Combination

The LRPC shall in good faith use all reasonable efforts to arrange for a Qualifying Business Combination but it shall not have any obligation to do so unless it deems the terms thereof to be in the best interests of the Company and the Shareholders. The LRPC shall have the right, in the exercise of its fiduciary duty, to withdraw its recommendation of a Business Combination Agreement. The Closing of a Qualifying Business Combination shall not occur within six months of the date hereof unless the Riebmans are advised in writing by their counsel that the sale by them of the Contingent Shares at such time will not expose them to liability under Section 16(b) of the Securities and Exchange Act of 1934.

VIII. Advancing Counsel Fees

(a) Subject to the condition set forth in the following sentence, the Company shall pay the reasonable counsel fees and disbursements incurred by the Riebmans as parties to this Agreement, the members of the LRPC, the Voting Trustees, any director or officer of the Company, or any of them in the defense of any pending or threatened action, suit or proceedings whether by or in the right of the Company or otherwise, involving this Agreement or any Exhibit hereto (collectively "Proceeding") in advance of the final disposition of the Proceeding. The foregoing obligation of the Company is conditioned upon its prior receipt of an undertaking by such person or persons to repay the amount so advanced if it is ultimately determined by a court that such payment was not proper in the circumstances.

(b) Except as provided in the following sentence, the Company shall have the right to engage one law firm ("Primary Counsel") to represent the Riebmans as parties to this Agreement, the members of the LRPC, the Voting Trustees, any director or officer of the Company, or any of them in connection with any Proceeding. The Company shall pay (and advance subject to the provisions of Section VIII(a) hereof) the reasonable fees and disbursements of separate counsel who may be selected by the Riebmans (and reasonably acceptable to the Company) to represent them in any Proceeding but only upon the following condition: the Primary Counsel shall advise the Company in writing that it is such Primary Counsel's opinion that the retention of separate counsel for the Riebmans is appropriate because (i) the representation of the Riebmans and the other persons described above by one law firm would involve a conflict of interest or (ii) there are separate and additional defenses available to the Riebmans which are not available to the other persons described above. The Company shall have the right to determine the reasonableness of such separate counsel's fees and disbursements. The Company shall have the right to assume and control the defense of any Proceeding, including the engagement of Primary Counsel subject, however, to the terms of the second sentence of this Section VIII(b).

(c) The foregoing undertakings by the Company shall not inure to the benefit of any party or parties other than the Riebmans, the members of the LRPC, the Voting Trustees or any director or officer of the Company, or any of them, and their heirs and personal representatives.

IX. Amendment or Recision; Company Actions Exclusively by LRPC; Company Covenants; Bylaw Amendments

(a) This Agreement may not be amended or rescinded without the written consent of the Riebmans and the Company.

(b) All actions by the Company contemplated by this Agreement, the VT Agreement and the 1995 Agreement shall be taken on its behalf exclusively by the LRPC which shall have the full authority of the Board for the purposes hereof and thereof. All actions of the LRPC shall require the approval of a majority of the members of the LRPC; provided, however, if at any time there exist less than three (3) members of the LRPC, all actions at such time shall require the unanimous approval of the members of the LRPC. The foregoing shall not excuse the performance by the Company of any obligations which it has undertaken to perform hereunder all of which obligations having been approved by the LRPC, no further approval being required.

(c) The Company agrees not to issue, or authorize the issuance of, any additional shares of Class B Stock, any options for Class B Stock, or securities exchangeable for or convertible into Class B Stock, during the Initial Term, First Renewal Term, Second Renewal Term, or any extension thereof. The Company further agrees not to change, or authorize the change of, the voting rights relating to the Company's capital stock during the Initial Term, the First Renewal Term, Second Renewal Term or

any extension thereof. It is the intention of this Section IX(c) that if this Agreement expires or terminates for a reason other than the Closing of a Qualifying Business Combination included within the Proposal as to which Shareholder Approval has been obtained, the voting power of the Riebmans with respect to the Company shall be restored to no less than what such voting power would have been (i.e. voting control of the Company) had this Agreement and the VT Agreement not been entered into.

(d) The Board shall: (i) maintain the LRPC in existence during the Initial Term, First Renewal Term, Second Renewal Term or any extension thereof; (ii) not change the present composition of the LRPC except upon the request of the LRPC; and (iii) cause any successor member of the LRPC to be a person who the LRPC considers to be an Independent Director.

(e) The Bylaws of the Company have been amended on the date hereof so as to effectuate the purposes of this Agreement and the VT Agreement.

X. Representations and Warranties

(a) The Company represents and warrants to the Riebmans as follows:

(1) The Company is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.

(2) The authorized and issued and outstanding capital stock of the Company is as set forth in the recitals hereof. All of the issued and outstanding shares of the capital stock are duly authorized, validly issued, fully paid and nonassessable.

(3) All corporate actions on the part of the Company, including, without limitation, the approval of this Agreement, the VT Agreement, the Participation Rights Agreement and the 1995 Agreement by the LRPC and the approval thereof by the requisite vote of the Board (the Riebmans having abstained from voting thereon) necessary for the execution and delivery by the Company of this Agreement, the VT Agreement, the Participation Rights Agreement and the 1995 Agreement and the performance by the Company of its obligations hereunder and thereunder, have been duly taken.

(4) This Agreement, the VT Agreement, the Participation Rights Agreement and the 1995 Agreement each constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with the terms of each.

(5) The Contingent Shares have been duly authorized and validly issued and are fully paid and nonassessable.

(b) The Riebmans severally represent and warrant to the Company

as follows:

(1) Each of them is sui juris and of full capacity to make and perform his or her obligations under this Agreement. The execution, delivery and performance by each of them of this Agreement will not violate or constitute a breach of or default under any instrument to which either of them is a party.

(2) This Agreement constitutes a valid and binding obligation of each of them enforceable in accordance with its terms.

(3) The Riebmans beneficially own the Riebman Shares.

(4) The Riebmans have good, valid and indefeasible title to the Riebman Shares, free and clear of all security interests, liens, encumbrances, options, calls, pledges, trusts, voting trusts and other agreements, covenants or restrictions.

(5) Each of them is acquiring the Contingent Shares solely for their own account and in connection with a sale thereof pursuant to a Qualifying Business Combination as contemplated herein and not with a view to the distribution thereof within the meaning of the Securities Act of 1933. Each of them acknowledges that the Contingent Shares will not have been registered under the Securities Act of 1933 or under any applicable state securities law and may not be transferred (assuming the consent required in Section IV(a) hereof has been given) unless they are subsequently so registered or an exemption from such registration is available.

(6) Each of them acknowledges that each voting trust certificate evidencing a beneficial interest under the VT Agreement will bear a legend as provided therein restricting transferability thereof.

XI. Notices

All communications provided for in this Agreement shall be in writing and shall be sent to each party as follows:

To the Company:
AEL Industries, Inc.
305 Richardson Road
Lansdale, PA 19446
Attention: John R. Cox, Esquire
General Counsel
Fax 215-822-6056

With copies to:

Mr. Francis J. Dunleavy
560 Morris Road, Box 208
Blue Bell, PA 19422

Fax 215-643-9275

Frederick R. Einsidler
99 South Park Avenue, Apt. 109
Rockville Centre, NY 11570
Fax 516-536-6505

Conrad J. Fowler
826 North Fairway Road
Glenside, PA 19038
Fax 215-887-3293

Leeam Lowin
21 Fox Run Lane
Greenwich, CT 06831
Fax 203-661-6258

and

Vincent F. Garrity, Jr., Esquire
Duane, Morris & Heckscher
One Liberty Place
Philadelphia, PA 19103
Fax 215-979-1020

To the Riebmans

Dr. & Mrs. Leon Riebman
1380 Barrowdale Road
Rydal, PA 19046
Fax 215-885-2238 (telephone first)

With a copy to:

Abraham H. Frumkin, Esquire
Eckert Seamans Cherin & Mellott
1700 Market Street, Suite 3232
Philadelphia, PA 19103
Fax 215-575-6015

or to such other address as such party may hereafter specify in writing, and shall be deemed given on the earlier of (a) physical delivery, (b) if given by facsimile transmission, when such facsimile is transmitted to the telephone number specified in this Agreement and telephone confirmation of receipt thereof is received (c) three days after mailing by prepaid first class mail and (d) one day after transmittal by prepaid overnight courier.

XII. Miscellaneous

(a) Equitable Relief. In the event of a breach or threatened breach of any provision in this Agreement, in addition to any and all other

legal and equitable remedies which may be available, any party hereto may specifically enforce the terms of this Agreement and may obtain temporary or permanent injunctive relief without the necessity of proving actual damage by reason of any such breach or threatened breach.

(b) Survival of Representations and Warranties; Section VIII Obligations

All representations and warranties contained in this Agreement and the obligations of the Company set forth in Section VIII hereof shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(c) Binding Effect

This Agreement shall be binding upon, and inure to the benefit of, the Company and its successors and the Riebmans and their respective heirs and personal representatives.

(d) Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with the internal law of the Commonwealth of Pennsylvania without giving effect to conflicts of laws.

(e) Counsel Fees

The Company agrees to reimburse the Riebmans for the reasonable fees and disbursements (but not in excess of Seventy-Five Thousand Dollars) of their counsel incurred in connection with the negotiation of this Agreement.

(f) Entire Agreement

This Agreement (including the VT Agreement, the 1995 Agreement, and the Participation Rights Agreement) supersedes any prior negotiations and understandings and constitutes the entire agreement between the parties with regard to its subject matter. The recitals contained in the Background of this Agreement are an integral part of this Agreement.

(g) Counterparts

This Agreement may be executed in several counterparts each of which shall be deemed an original but all of which taken together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed, this Agreement as of the date first mentioned above.

AEL INDUSTRIES, INC.

By:/s/ George King

/s/ Dr. Leon Riebman
Dr. Leon Riebman

/s/ Claire E. Riebman
Claire E. Riebman

AEL INDUSTRIES, INC.
VOTING TRUST AGREEMENT

This AEL Industries, Inc. Voting Trust Agreement ("Voting Trust Agreement") is made as of the 28th day of February, 1995 by and among AEL Industries, Inc., a Pennsylvania corporation (the "Corporation"), Dr. Leon Riebman and Claire E. Riebman (collectively the "Riebmans") and Francis J. Dunleavy, Frederick R. Einsidler, Conrad J. Fowler and Leeam Lowin, as voting trustees (collectively, the "Voting Trustees").

Background

A. This is the Voting Trust Agreement referred to in Section II of an agreement dated the date hereof by and among the Corporation and the Riebmans ("Agreement").

B. The sole purpose of this Voting Trust Agreement is to enable the Voting Trustees (i) to vote the Existing Class A Shares and the Class B Shares (as defined herein) in favor of a Qualifying Business Combination which has been recommended by the LRPC and submitted in a Proposal for Shareholder Approval and (ii) to vote for the election of directors of the Company, all in accordance with the terms and provisions of this Voting Trust Agreement.

C. All terms defined in the Agreement shall have the same meaning when used herein and capitalized unless the context clearly indicates otherwise.

NOW, THEREFORE, in consideration of the premises and for the purposes set forth above and the covenants of the parties included herein and intending to be legally bound hereby, the Corporation, the Riebmans and the Voting Trustees agree as follows:

1. The Riebmans have concurrently deposited the certificates representing (a) all of the shares of Class A Stock currently owned by them and listed below their signatures at the end of this Voting Trust Agreement (the "Existing Class A Shares"), and (b) the Contingent Shares (the Existing Class A Shares and the Contingent Shares shall be collectively referred to as the "Class A Shares"), with proper transfers thereof in favor of the Voting Trustees, with the Voting Trustees and have received in exchange therefor Voting Trust Certificates as provided below. The Class A Shares represented by the stock certificates so deposited shall be transferred on the books of the Corporation to the name of the Voting Trustees and shall be maintained by the Voting Trustees in the "Class A Voting Trust."

2. The Riebmans have concurrently deposited the certificates representing all of the shares of Class B Stock owned by them and listed below their signatures at the end of this Voting Trust Agreement (the "Class B Shares," and together with the Class A Shares, the "Shares"), with proper transfers thereof in favor of the Voting Trustees, with the Voting Trustees and have received in exchange therefor a Voting Trust Certificate as provided below. The Class B Shares represented by the stock certificates so deposited shall be transferred on the books of the Corporation to the name of the Voting Trustees and shall be maintained by the Voting Trustees in the "Class B Voting Trust."

3. The Voting Trustees shall be Voting Trustees with respect to both the Class A Voting Trust and the Class B Voting Trust (collectively, the "Voting Trusts").

4. Subject to the provisions of Paragraphs 5 and 6 hereof, while this Voting Trust Agreement is in effect, the Voting Trustees shall have the legal title to the Shares, and be entitled to exercise, in person or by their nominee or proxy, all rights and powers in respect to any and all such Shares by voting the shares and taking part in or consenting to any action of Shareholders for the election of directors or in favor of a Qualifying Business Combination which has been recommended by the LRPC and submitted in a Proposal for Shareholder Approval. With respect to any action of the Shareholders other than in connection with the election of directors or a Qualifying Business Combination which has been recommended by the LRPC and submitted in a Proposal for Shareholder Approval, the Voting Trustees shall vote (which shall include action by written consent) the Existing Class A Shares and the Class B Shares as directed in writing by the Riebmans; provided, however, in no event shall the Voting Trustees be required to vote (which shall include action by written consent) the Existing Class A Shares or Class B Shares in a manner which is not consistent with the effectuation of the purpose of this Voting Trust Agreement as described in Paragraph B of the Background hereof.

5. The Voting Trustees agree that in connection with a Proposal the Voting Trustees shall vote the Contingent Shares in the same proportion as the votes cast with respect to the Proposal by the other holders of shares of Class A Stock.

6. The Voting Trustees shall vote for the election of two (2) persons nominated by Dr. Riebman or his personal representatives as directors of the Company. The Voting Trustees shall vote for the reelection as directors of the incumbent directors of the Company unless one or more of them determines not to seek re-election, resigns or dies. The Voting Trustees shall consult with the Riebmans prior to voting for the election of any other person as a director of the Company. The Voting Trustees shall respectively assure that at all times a majority of the directors of the Company shall be "Independent Directors" (which term shall for the purposes of the Agreement and this VT Agreement mean a person who (i) is not an employee of or consultant to the Company; (ii) is not related

by blood or marriage to either of the Riebmans; and (iii) in the reasonable determination of the LRPC, does not have a financial or other material relationship with either of the Riebmans which might influence the objectivity of his or her judgment as it relates to the best interests of the Company and the Shareholders). The Riebmans in their capacity as directors of the Company shall take such action as is appropriate to give effect to the foregoing sentence. In no event shall the Voting Trustees vote (which shall include action by written consent) the Shares in a manner which is not consistent with the effectuation of the purpose of this Voting Trust Agreement as described in Paragraph B of the Background hereof.

7. The Voting Trustees shall issue to the Riebmans Voting Trust Certificates in respect of the Shares in substantially the form of Exhibits 1, 2 and 3 hereto. While this Voting Trust Agreement is in effect, the holders of Voting Trust Certificates shall not have any right, either under said Voting Trust Certificates or under this Voting Trust Agreement, or under any agreement express or implied, or otherwise, with respect to any Shares held by the Voting Trustees hereunder to vote such Shares or to take part in or consent to any action of Shareholders, or to do or perform any other act or thing relating to voting power which the holders of the Corporation's Class A Stock or Class B Stock are now or may hereafter become entitled to do or perform; provided, however, that the holders of Voting Trust Certificates, excluding the holders of Voting Trust Certificates issued with respect to the Contingent Shares, shall be entitled to receive payments of all dividends other than pro rata distributions of additional shares of capital stock of the Corporation declared by the Corporation with respect to the Shares. With respect to the Contingent Shares, the Voting Trustees shall take possession of all dividends other than pro rata distributions of additional shares of capital stock of the Corporation declared by the Corporation with respect to the Shares and shall cause all such dividends to be distributed as provided in Paragraph 11 with respect to the distribution of the Contingent Shares. All stock distributions shall be issued in the name of the Voting Trustees as additional Existing Class A Shares, Contingent Shares and Class B Shares hereunder and the Voting Trustees shall issue additional Voting Trust Certificates therefor to the Riebmans.

8. Upon the declaration of any cash dividends by the Corporation with respect to the Existing Class A Shares or the Class B Shares the Voting Trustees shall cause all such dividends to be distributed by the Corporation to the holders of the voting trust certificates issued with respect to the Existing Class A Shares or the Class B Shares as if such holders themselves held the Shares represented by their Voting Trust Certificates. Upon the declaration of any cash dividends by the Corporation with respect to the Contingent Shares, the Voting Trustees shall take possession of all such dividends and shall cause all such dividends to be distributed as provided in Paragraph 11 with respect to the distribution of the Contingent Shares.

9. The term of this Voting Trust Agreement shall be coextensive with the term of the Agreement.

10. During the term hereof, without the prior written consent of the Corporation and the Voting Trustees, the Riebmans agree that they will not transfer or agree to transfer (a) any interest in any Class A Stock or Class B Stock owned by either of them or (b) their respective beneficial interests evidenced by the Voting Trust Certificates; provided, however, that the executors of the estate of either of the Riebmans may succeed to such interests and shall be bound by this Voting Trust Agreement; and provided further that the Riebmans may make donative transfers of such interests to and among themselves or to their issue so long as the donee(s) thereof agree(s) in writing to be bound by this Voting Trust Agreement. During the term hereof, the Riebmans agree that neither of them will acquire any additional shares of Class A Stock or Class B Stock except in connection (i) with the exercise of options existing on the date hereof or (ii) the beneficial ownership of shares of Class A Stock or Class B Stock issued in respect of stock dividends or stock distributions hereafter declared; the Riebmans shall deliver the certificates representing any such additional shares so acquired to the Voting Trustees for deposit in the applicable Voting Trust in exchange for Voting Trust Certificates.

11. Upon the termination of this Voting Trust Agreement certificates representing the Existing Class A Shares and Class B Shares deposited hereunder shall be delivered by the Voting Trustees to the holder(s) of the Voting Trust Certificates issued with respect to the Existing Class A Shares and Class B Shares in the proportion of their respective holdings, upon presentation and surrender to the Voting Trustees of the Voting Trust Certificates therefor. Upon the earliest to occur of the following events, certificates representing the Contingent Shares deposited hereunder shall be delivered by the Voting Trustees to the person or persons designated below:

(a) Immediately prior to the Closing under a Qualifying Business Combination included in the Proposal as to which Shareholder Approval has been obtained in which event the delivery shall be made to the holder(s) of the Voting Trust Certificate(s) issued with respect to the Contingent Shares in proportion to their respective holdings.

(b) The expiration or termination of the Agreement for a reason other than as contemplated in subparagraph (a) of this Paragraph 11 in which event the delivery shall be made to the Corporation which shall thereupon cancel the Contingent Shares without the payment of any consideration therefor;

(c) The receipt by the Voting Trustees of joint written instructions from the Riebmans and the Corporation, in which event the delivery shall be made to the person or persons designated in such instructions; or

(d) Receipt by the Voting Trustees of a certified copy of a final non-appealable order by a court of competent jurisdiction providing for the disposition thereof, in which event the delivery shall be made to

the person or persons designated therein.

12. The Voting Trustees may serve as directors, officers, employees or consultants of the Corporation and be compensated therefor, and may hold stock in the Corporation or become a creditor of the Corporation or otherwise deal with it in good faith.

13. Except as provided in Paragraph 5, in voting the Shares deposited hereunder, the Voting Trustees shall act by majority vote; provided, however, if at any time there exist less than three (3) Voting Trustees, all acts of the Voting Trustees shall require the unanimous vote of the Voting Trustees. At such time as any of the Voting Trustees ceases to be a member of the LRPC for any reason whatsoever, such Voting Trustee thereupon shall cease to be a Voting Trustee hereunder. In the event any substitute member or members of the LRPC shall be subsequently appointed by the Board, such member or members shall thereupon become a Voting Trustee or Trustees under this Voting Trust Agreement.

14. In voting the Shares deposited hereunder, the Voting Trustees agree to perform their duties in good faith, in a manner each reasonably believes to be in the best interests of the Corporation and the Shareholders and with such care, including reasonable inquiry, skill and diligence, as a person with ordinary prudence would use under similar circumstances. No Voting Trustee shall be liable for any acts or omissions taken or omitted in compliance with Paragraphs 5 and 6 and this Paragraph 13. No Voting Trustee shall be responsible for any act or omission by any predecessor or successor Voting Trustee.

15. The Voting Trustees shall serve hereunder without compensation. The Voting Trustees shall have the right to incur and pay such reasonable expenses and charges and to employ and pay such agents, attorneys and counsel as they may deem necessary and proper. Any such expenses or charges incurred by and due to the Voting Trustees will be paid by the Corporation. The Corporation shall indemnify the Voting Trustees against all costs, charges, expenses, loss, liability and damage incurred by them in the administration of the Voting Trusts or in the exercise of any power conferred upon the Voting Trustees by this Voting Trust Agreement.

16. In the event of a breach or threatened breach of any provision in this Voting Trust Agreement, in addition to any and all other legal and equitable remedies which may be available, any party hereto may specifically enforce the terms of this Voting Trust Agreement and may obtain temporary or permanent injunctive relief without the necessity of proving actual damage by reason of any such breach or threatened breach.

17. The term "Trustee" as used in this Voting Trust Agreement shall apply equally to the Voting Trustees named herein and to their successors hereunder.

18. The Voting Trustees by executing this Voting Trust Agreement accept the Voting Trusts herein created.

19. The Corporation by executing this Voting Trust Agreement consents to all the terms and conditions hereof, and agrees that it will take all action necessary or appropriate for carrying out the terms hereof.

20. All communications provided for in this Voting Trust Agreement shall be in writing and shall be sent to each party as follows:

To The Corporation:

AEL Industries, Inc.
305 Richardson Road
Lansdale, PA 19446
Attention: John R. Cox, Esquire
General Counsel
Fax 215-822-6056

To the Voting Trustees:

Francis J. Dunleavy
560 Morris Road, Box 208
Blue Bell, PA 19422
Fax 215-643-9275

Frederick R. Einsidler
99 South Park Avenue, Apt. 109
Rockville Centre, NY 11570
Fax 516-536-6505

Conrad J. Fowler
826 North Fairway Road
Glenside, PA 19038
Fax 215-887-3293

Leeam Lowin
21 Fox Run Lane
Greenwich, CT 06831
Fax 203-661-6258

With a copy to:

Vincent F. Garrity, Jr., Esquire
Duane, Morris & Heckscher
One Liberty Place
Philadelphia, PA 19103
Fax 215-979-1020

To the Riebmans

Dr. & Mrs. Leon Riebman

1380 Barrowdale Road
Rydal, PA 19046
Fax 215-885-2238 (telephone first)

With a copy to:

Abraham H. Frumkin, Esquire
Eckert Seamans Cherin & Mellott
1700 Market Street
Suite 3232
Philadelphia, PA 19103
Fax 215-575-6015

or to such other address as such party may hereafter specify in writing, and shall be deemed given on the earlier of (a) physical delivery, (b) if given by facsimile transmission, when such facsimile is transmitted to the telephone number specified in this Voting Trust Agreement and telephone confirmation of receipt thereof is received, (c) three days after mailing by prepaid first class mail and (d) one day after transmittal by prepaid overnight courier.

21. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of any other provision. A court of competent jurisdiction may reduce or limit the scope or application of any provision hereof in order to make such provision enforceable.

22. This Voting Trust Agreement may be executed in several counterparts each of which shall be deemed an original, but all of which taken together shall constitute one and the same document.

23. This Voting Trust Agreement may be amended or rescinded only by written instrument signed by the Corporation, the Riebmans and by the same number of Voting Trustees whose vote would be required at the time pursuant to Paragraph 13 hereof as if the Voting Trustees were voting the shares deposited hereunder.

24. The Voting Trustees shall file a copy of this Voting Trust Agreement in the registered office of the Corporation.

25. This Voting Trust Agreement supersedes any prior negotiations and understandings and constitutes the entire agreement between the parties with regard to its subject matter. The recitals contained in the Background of this Voting Trust Agreement are an integral part of this Voting Trust Agreement.

26. This Voting Trust Agreement shall be binding upon, and inure to the benefit of, the Corporation and its successors and the Riebmans and their heirs and personal representatives.

27. This Voting Trust Agreement shall be governed by, and

construed and enforced in accordance with the internal laws of the Commonwealth of Pennsylvania without giving effect to conflicts of laws.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Voting Trust Agreement to be executed as of the date first written above.

AEL INDUSTRIES, INC.

By: /s/ George King
Name: George King
Title: Vice President

/s/ Francis J. Dunleavy
Francis J. Dunleavy,
Voting Trustee

/s/ Conrad J. Fowler
Conrad J. Fowler,
Voting Trustee

/s/ Frederick R. Einsidler
Frederick R. Einsidler,
Voting Trustee

/s/ Leeam Lowin
Leeam Lowin,
Voting Trustee

Signature of Shareholder

/s/ Dr. Leon Riebman
Dr. Leon Riebman

/s/ Claire E. Riebman
Claire E. Riebman

Number of Shares Deposited

Existing Class A Shares:	10,646
Class B Shares:	241,262
Contingent Shares:	180,947

EXHIBIT 1

AEL INDUSTRIES, INC.

Voting Trust Certificate

No. 1 10,646 Shares of

Class A Common Stock

This certifies that Dr. Leon and Mrs. Claire E. Riebman have deposited 10,646 shares of Class A Common Stock of AEL INDUSTRIES, INC. (the "Corporation"), a Pennsylvania corporation, with the undersigned Voting Trustees, under the AEL Industries, Inc. Voting Trust Agreement dated as of February __, 1995, among the Corporation, the Voting Trustees and Dr. Leon Riebman and Claire E. Riebman ("VT Agreement") a copy of which will be furnished to the holder hereof without charge upon written request therefor to the Voting Trustees.

This Certificate has not been registered under the Securities Act of 1933, as amended, and may not be sold or otherwise transferred unless (a) covered by an effective registration statement under the Securities Act of 1933, as amended, or (b) the Voting Trustees and the Corporation have been furnished with an opinion of counsel satisfactory to them to the effect that no registration is legally required for such transfer.

The holder of this Certificate takes the same subject to all terms and conditions of the VT Agreement and is bound by and entitled to the benefit of such Voting Trust Agreement.

THE TRANSFERABILITY OF THIS CERTIFICATE IS RESTRICTED AS PROVIDED IN THE VT AGREEMENT.

IN WITNESS WHEREOF, the Voting Trustees have signed this Certificate as of this __ day of February, 1995.

_____
Francis J. Dunleavy, Voting Trustee

_____
Frederick R. Einsidler, Voting Trustee

_____
Conrad J. Fowler, Voting Trustee

_____
Leeam Lowin, Voting Trustee

EXHIBIT 2

AEL INDUSTRIES, INC.

Voting Trust Certificate

No. 2

241,262 Shares of
Class B Common Stock

This certifies that Dr. Leon and Mrs. Claire E. Riebman have deposited 241,262 shares of Class B Common Stock of AEL INDUSTRIES, INC. (the "Corporation"), a Pennsylvania corporation, with the undersigned Voting Trustees, under the AEL Industries, Inc. Voting Trust Agreement dated as of February __, 1995, among the Corporation, the Voting Trustees and Dr. Leon Riebman and Claire E. Riebman ("VT Agreement") a copy of which will be furnished to the holder hereof without charge upon written request therefor to the Voting Trustees.

This Certificate has not been registered under the Securities Act of 1933, as amended, and may not be sold or otherwise transferred unless (a) covered by an effective registration statement under the Securities Act of 1933, as amended, or (b) the Voting Trustees and the Corporation have been furnished with an opinion of counsel satisfactory to them to the effect that no registration is legally required for such transfer.

The holder of this Certificate takes the same subject to all terms and conditions of the VT Agreement and is bound by and entitled to the benefit of such Voting Trust Agreement.

THE TRANSFERABILITY OF THIS CERTIFICATE IS RESTRICTED AS PROVIDED IN THE VT AGREEMENT.

IN WITNESS WHEREOF, the Voting Trustees have signed this Certificate as of this __ day of February, 1995.

_____
Francis J. Dunleavy, Voting Trustee

_____
Frederick R. Einsidler, Voting Trustee

_____
Conrad J. Fowler, Voting Trustee

_____

Leeam Lowin, Voting Trustee

EXHIBIT 3

AEL INDUSTRIES, INC.

Voting Trust Certificate

No. 3 180,947 Shares of
Class A Common Stock

This certifies that Dr. Leon and Mrs. Claire E. Riebman have deposited 180,947 shares of Class A Common Stock of AEL INDUSTRIES, INC. (the "Corporation"), a Pennsylvania corporation, with the undersigned Voting Trustees, under the AEL Industries, Inc. Voting Trust Agreement dated as of February __, 1995, among the Corporation, the Voting Trustees and Dr. Leon Riebman and Claire E. Riebman ("VT Agreement") a copy of which will be furnished to the holder hereof without charge upon written request therefor to the Voting Trustees.

This Certificate has not been registered under the Securities Act of 1933, as amended, and may not be sold or otherwise transferred unless (a) covered by an effective registration statement under the Securities Act of 1933, as amended, or (b) the Voting Trustees and the Corporation have been furnished with an opinion of counsel satisfactory to them to the effect that no registration is legally required for such transfer.

The holder of this Certificate takes the same subject to all terms and conditions of the VT Agreement and is bound by and entitled to the benefit of such Voting Trust Agreement.

THE TRANSFERABILITY OF THIS CERTIFICATE IS RESTRICTED AS PROVIDED IN THE VT AGREEMENT.

IN WITNESS WHEREOF, the Voting Trustees have signed this Certificate as of this __ day of February, 1995.

_____
Francis J. Dunleavy, Voting Trustee

_____
Frederick R. Einsidler, Voting Trustee

_____
Conrad J. Fowler, Voting Trustee

_____
Leeam Lowin, Voting Trustee

1995 Agreement

This 1995 AGREEMENT ("1995 Agreement") is made as of the 28th day of February, 1995 by and between AEL Industries, Inc., a Pennsylvania corporation ("Corporation") and Dr. Leon Riebman ("Riebman").

Background

A. This is the 1995 Agreement referred to in Section V of an agreement dated the date hereof by and among the Corporation and Dr. Leon Riebman and Claire E. Riebman (the "Agreement").

B. The Corporation and Riebman have entered into an Employment and Retirement Agreement, dated January 8, 1982, as amended on November 14, 1991 (collectively, "1982 Agreement").

C. The Corporation's rights will be substantially enhanced if Riebman and the Corporation enter into this 1995 Agreement which will (a) assure Riebman's availability exclusively to the Corporation in the future and (b) substantially improve the Corporation's rights with respect to the protection of proprietary information, intellectual property and restrictions on competition, all as hereinafter more particularly set forth. The purpose of this 1995 Agreement is to set forth the terms and conditions thereof.

NOW THEREFORE, intending to be legally bound hereby, the Corporation and Riebman agree as follows:

I. Definitions. All terms defined in the 1982 Agreement or the Agreement shall have the same meaning when used herein and capitalized unless the context clearly indicates otherwise.

II. Effective Date. This 1995 Agreement shall become effective on the date hereof and shall supplement the 1982 Agreement to the extent provided herein.

III. Limitation on Voluntary Retirement. Notwithstanding the provisions of the 1982 Agreement, Riebman agrees that he shall not voluntarily retire from active employment prior to the date of expiration or termination of the Agreement.

IV. Consultancy. As contemplated in Section 4B of the 1982 Agreement, the Corporation and Riebman agree as follows:

4. Consultancy. For a period of three (3) years commencing upon the date on which Riebman voluntarily retires from active employment

with the Corporation (which shall in no event occur prior to the date on which the Agreement expires or terminates) ("Consulting Commencement Date") Riebman shall provide to the Corporation, for up to 130 days per year, at the Corporation's request, such consulting services ("Consulting Services") which are not inconsistent with the position held by Riebman prior to the date hereof as shall be required by the Corporation in its sole reasonable discretion, which Consulting Services shall include, without limitation, developing and continuing to cultivate relationships in the Corporation's industry for the benefit of the Corporation. As consideration therefor, the Corporation shall make payments (collectively the "Consulting Payments" and individually a "Consulting Payment") to Riebman in the amount of Six Hundred Seventy-five Thousand Dollars ($675,000) as follows:

(1) On the Consulting Commencement Date, a payment of Three Hundred Thousand Dollars ($300,000);

(2) On the first anniversary of the Consulting Commencement Date, a payment of Two Hundred Twenty-five Thousand Dollars ($225,000); and

(3) On the second anniversary of the Consulting Commencement Date, a payment of One Hundred Fifty Thousand Dollars ($150,000).

The Corporation shall not be obligated to make any of the Consulting Payments unless the certificates representing the Contingent Shares shall have been delivered by the Voting Trustees to the holder(s) of the voting trust certificates representing the Contingent Shares pursuant to Paragraph 11(a) of the VT Agreement.

The Corporation shall have no obligation to make any additional Consulting Payments if on the date any such payment is otherwise due Riebman will not be available to provide Consulting Services for the forthcoming year. Any payment(s) made by the Company pursuant to Sections I(a)(1), I(a)(2) or I(a)(4) of the Agreement shall be credited against, and reduce to that extent, the Consulting Payments in chronological order thereof.

For the period during which Riebman is performing the Consulting Services, Riebman shall (i) be entitled to the Fringe Benefits provided in Section 3C of the 1982 Agreement, provided Riebman shall not be entitled to any vacation; and (ii) observe the covenants set forth in Section 8 of the 1982 Agreement, as supplemented and restated by Section V of this 1995 Agreement.

V. Proprietary Information and Non-Competition. Section 8 of the 1982 Agreement is hereby supplemented and restated in its entirety as follows:

"8. Proprietary Information and Non-Competition.

A. Proprietary Information.

(1) Disclosure; Confidentiality Agreements. Riebman covenants and agrees that he will not, during the Employment Period or at any time thereafter, except with the express written consent of the Corporation, directly or indirectly disclose, furnish, communicate or divulge to any Person, or use for the benefit of any Person, other than the Corporation, any confidential knowledge or information with respect to the conduct or details of the Corporation's business, including, without limitation, all manufacturing processes, technology, patents, copyrights, inventions, proprietary information, computer software, computer hardware designs, formulae, trade secrets, know-how, equipment, methods of operation, financial condition, prices, fees, costs, designs, marketing methods, forms, statistics, suppliers, customer lists, business methods, financial and cost data and secret processes (collectively, the "Proprietary Information"). Riebman further agrees to be bound by the provisions of any confidentiality or similar agreement with any customer or supplier of the Corporation to which Riebman is a party or to which the Corporation is a party and as to which Riebman has knowledge of the terms and conditions thereof on the date hereof, as employee, consultant, officer, director or otherwise.

(2) Technical Data; Assignment of Rights Promptly upon termination of his relationship with the Corporation, as employee, consultant, officer, director or otherwise, for any reason whatsoever, Riebman agrees to return to the Corporation any and all technical data, drawings, memoranda, customer lists, notes, computer programs and listings thereof, books of accounts, specifications, price lists and any other papers and items embodying Proprietary Information which are in Riebman's possession or control, all of which materials shall be the property of the Corporation. Riebman further agrees to assign, transfer and convey to the Corporation any patents, trademarks or other intellectual property rights obtained by Riebman at any time in the future and which in any respect relate to the business of the Corporation and are developed or derived by him as a result of his relationship with the Corporation as employee, consultant, officer, director or otherwise.

B. Non-Competition. Riebman covenants and agrees that for so long as he shall have any relationship with the Corporation as employee, consultant, officer, director or otherwise, and for a period of five (5) years following the termination of such relationship for any reason whatsoever ("Non-Competition Period"), Riebman shall not, without the express written consent of the Corporation, directly or indirectly

(1) establish, engage, participate or invest in or assist (whether as owner, part-owner, shareholder, partner, director, officer, trustee, employee, agent, shareholder, partner or consultant or in any other capacity) any business organization which

(a) is in competition with the Corporation in any geographic area in which the Corporation conducts its business or sells its products or in which the Corporation, to the knowledge of Riebman, plans to conduct its business or sell its products;

(b) solicits or accepts, or intends to solicit or accept, the business of any person or entity

(i) which was a customer or supplier of the Corporation at any time within five (5) years prior to the termination of Riebman's relationship with the Corporation, or

(ii) which was engaged in significant discussions with the Corporation or had received a proposal from the Corporation with a view toward establishing a customer or supplier relationship at any time within two (2) years prior to the termination of Riebman's relationship with the Corporation, or

(iii) with which Riebman shall have had significant contact on behalf of the Corporation and which was, at the time of such contact, a customer or supplier of the Corporation;

(2) divert or attempt to divert any business from the Corporation by influencing or attempting to influence any customer or prospective customer of the Corporation;

(3) hire, as employee, consultant, agent or otherwise, or solicit the participation in any business activity (as owner, part-owner, shareholder, partner, director, officer, trustee, employee, agent or consultant or in any other capacity) of, any person who was an employee, consultant or officer of the Corporation at any time within two (2) years preceding the date of the termination of Riebman's relationship with the Corporation.

Notwithstanding the foregoing provisions of this Section 8(B), Riebman may make passive investments in a competitive enterprise the shares of ownership of which are publicly traded if Riebman's investment constitutes less than 5% of the equitable ownership of such enterprise.

C. Remedies.

(1) Equitable Relief. Riebman recognizes and acknowledges that the Corporation's damages from any breach of the provisions of this Section 8 may be difficult to measure and that the Corporation's legal remedy for any such breach may accordingly be inadequate. Riebman agrees that upon any actual or threatened violation of the provisions of this Agreement, in addition to any other rights and remedies which the Corporation may have at law or in equity, an order, either temporary or permanent, may be entered by any court of competent jurisdiction in an action brought by the Corporation for the purpose of enjoining Riebman and his partners, agents, servants, employers and

employees from violating any of the provisions of this Section 8. The existence of any claim or cause of action which Riebman may have against the Corporation or any other Person (other than a claim for the Corporation's breach of this Agreement for failure to make payments hereunder) shall not constitute a defense or bar to the enforcement of such covenants. If the Corporation is obliged to resort to the courts for the enforcement of any of the covenants or agreements contained in this Section 8, or if such covenants or agreements are otherwise the subject of litigation between the parties, then the term of such covenants and agreements shall be extended for a period of time equal to the period of such breach, such extension commencing on the later of (a) the date of a final court order (without further right of appeal) enforcing such covenant or agreement, and (b) the last date on which the covenants and agreements would be enforceable without such an extension.

(2) Monetary Relief. In the event of any breach by Riebman of any of the covenants or agreements contained in this Section 8, the Corporation shall (in addition to its other rights and remedies) have the right to suspend any or all of the payments otherwise due to Riebman under this Agreement for the period of the breach (with no obligation to pay such suspended payments after the period of the breach) and in the event of a material breach, to permanently terminate any or all such payments; any suspension or permanent termination of the payments shall not relieve Riebman of his obligations under this Section 8 or other sections of this Agreement.

The suspension or permanent termination of payments otherwise due to Riebman under this Agreement shall not preclude an award of equitable relief nor shall it be construed as liquidated damages. Riebman recognizes and acknowledges that the damages which may be suffered by the Corporation and recovered by it for a violation by Riebman of this Section 8 may exceed the amount set forth in Subparagraph F.

D. Invalidity or Unenforceability. If any portion of the covenants or agreements contained in this Section 8, or the application thereof, is construed to be invalid or unenforceable, then the other portions of such covenant(s) or agreement(s) or the application thereof shall not be affected and shall be given full force and effect without regard to the invalid or unenforceable portions to the fullest extent possible. If any covenant or agreement in this Section 8 is held to be unenforceable because of the area covered, the duration thereof, or the scope thereof, then the court making such determination shall have the power to reduce the area and/or duration and/or limit the scope thereof, and the covenant or agreement shall then be enforceable in its reduced form.

E. Definition of Corporation. For purposes of this Section 8, the term "Corporation" shall include Corporation and all direct and indirect subsidiaries and affiliates of Corporation.

F. Proprietary Information and Noncompetition Payment;

Participation Rights Agreement. The Corporation and Riebman have entered into a "Participation Rights Agreement" on the date hereof in the form of Exhibit C to the Agreement which provides that in consideration of Riebman's agreement to comply with the provisions of this Section 8, the Corporation shall, subject to the conditions set forth therein, make a "Participation Payment" (as defined therein).

VI. Amendment; Rescission; Actions by the Corporation.

a. No amendment or rescission of this 1995 Agreement shall be effective unless set forth in writing, signed by Riebman and the Corporation and approved by the Long Range Planning Committee ("LRPC") o the Board of Directors of the Corporation as provided in Section VI b. hereof.

b. All actions by the Corporation contemplated by this 1995 Agreement shall be taken by and require the approval of a majority of the members of the LRPC; provided, however, if at any time there exist less than three members of the LRPC, all such actions shall require the unanimous approval of the members of the LRPC. The foregoing shall not excuse the performance by the Corporation of any obligations which it has undertaken to perform hereunder all of which obligations having been approved by the LRPC, no further approval being required.

VII. Representations and Warranties. Riebman hereby represents and warrants to the Corporation as follows:

a. He is sui juris and of full capacity to make and perform his obligations under this 1995 Agreement.

b. The execution, delivery and performance by Riebman of this 1995 Agreement will not violate or constitute a breach of or default under any instrument to which he is party or pursuant to which he is bound.

c. This 1995 Agreement constitutes a valid and binding obligation of Riebman enforceable in accordance with its terms.

d. To his knowledge, there are no breaches or violations of any condition, covenant or provision of the 1982 Agreement, no event of default has occurred under the 1982 Agreement, and no event has occurred which, with the passage of time or the giving of notice or both, would constitute an event of default under the 1982 Agreement.

e. To his knowledge, there exist no defenses or offsets to the rights of the Corporation under the 1982 Agreement.

VIII. Termination

If the Agreement expires or terminates for a reason other than the Closing of a Qualifying Business Combination included within a Proposal as to which Shareholder Approval has been obtained, this 1995 Agreement

shall terminate and shall be of no further force and effect.

IX. Notices

All communications provided for in this 1995 Agreement shall be in writing and shall be sent to each party as follows:

To The Corporation:

AEL Industries, Inc.
305 Richardson Road
Lansdale, PA 19446
Attention: John R. Cox, Esquire
General Counsel
Fax 215-822-6056

With copies to:

Francis J. Dunleavy
560 Morris Road, Box 208
Blue Bell, PA 19422
Fax 215-643-9275

Frederick R. Einsidler
99 South Park Avenue, Apt. 109
Rockville Centre, NY 11570
Fax 516-536-6505

Conrad J. Fowler
826 North Fairway Road
Glenside, PA 19038
Fax 215-887-3293

Leeam Lowin
21 Fox Run Lane
Greenwich, CT 06831
Fax 203-661-6258

and

Vincent F. Garrity, Jr., Esquire
Duane, Morris & Heckscher
One Liberty Place
Philadelphia, PA 19103
Fax 215-979-1020

To Riebman

Dr. Leon Riebman
1380 Barrowdale Road

Rydal, PA 19046
Fax 215-885-2238 (telephone first)

With a copy to:

Abraham H. Frumkin, Esquire
Eckert Seamans Cherin & Mellott
1700 Market Street
Suite 3232
Philadelphia, PA 19103
Fax 215-575-6015

or to such other address as such party may hereafter specify in writing, and shall be deemed given on the earlier of (a) physical delivery, (b) if given by facsimile transmission, when such facsimile is transmitted to the telephone number specified in this Agreement and telephone confirmation of receipt thereof is received, (c) three days after mailing by prepaid first class mail and (d) one day after transmittal by prepaid overnight courier.

X. Miscellaneous

a. Survival of Representations and Warranties. All representations and warranties contained in this 1995 Agreement shall survive the execution and delivery of this 1995 Agreement and the consummation of the transactions contemplated hereby.

b. Binding Effect. This 1995 Agreement shall be binding upon, and inure to the benefit of, the Corporation and its successors and the Riebmans and their heirs and personal representatives.

c. Governing Law. This 1995 Agreement shall be governed by, and construed and enforced in accordance with, the internal law of the Commonwealth of Pennsylvania without giving effect to conflicts of laws.

d. Entire Agreement. This 1995 Agreement and the 1982 Agreement taken together supersede any prior negotiations and understandings and constitute the entire agreement between the parties with regard to its subject matter.

e. The 1982 Agreement, with the enhancements in favor of the Corporation provided by this 1995 Agreement, remains in full force and effect.

f. Counterparts. This 1995 Agreement may be executed in several counterparts each of which shall be deemed an original, but all of which taken together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed or caused to be executed this Agreement as of the date first mentioned above.

AEL INDUSTRIES, INC.

By:/s/ George King
Name: George King
Title: Vice President

/s/ Dr. Leon Riebman
Dr. Leon Riebman

PARTICIPATION RIGHTS AGREEMENT

This PARTICIPATION RIGHTS AGREEMENT ("Participation Agreement") is made as of the 28th day of February, 1995 by and between AEL Industries, Inc., a Pennsylvania corporation ("Corporation") and Dr. Leon Riebman ("Dr. Riebman").

Background

A. This is the Participation Rights Agreement referred to in a certain 1995 Agreement ("1995 Agreement") dated the date hereof between the Corporation and Dr. Riebman.

B. The purpose of this Participation Agreement is to set forth the terms and conditions upon which, in consideration for Dr. Riebman's agreement to comply with the provisions of Section 8 of the 1982 Agreement, as supplemented and restated by Section V of the 1995 Agreement, the receipt and sufficiency of such consideration being hereby acknowledged; the Corporation, upon the occurrence of a Qualifying Business Combination, will make a cash payment to Dr. Riebman, in the amount and at the time determined pursuant to this Participation Agreement.

NOW THEREFORE, intending to be legally bound hereby, the Corporation and Dr. Riebman agree as follows:

1. Definitions. Terms capitalized but not defined herein shall have the meanings ascribed to them in the 1982 Agreement (as defined in the 1995 Agreement) or in the Agreement (as defined in the 1995 Agreement) unless the context otherwise requires.

2. Grant of Participation Rights. The Corporation hereby grants to Dr. Riebman the right to participate in the proceeds of a Qualifying Business Combination, such participation right to be paid in cash by the Corporation to Dr. Riebman in accordance with the provisions hereof ("Participation Payment").

3. Amount of Participation Payment. The amount of the Participation Payment shall be the "Calculated Amount" (as defined hereinbelow). The Calculated Amount shall be determined as follows:

(i) If the "Aggregate Consideration" (as defined hereinbelow) in connection with a Qualifying Business Combination is equal to or greater than $60,000,000 the Calculated Amount shall be equal to $1,900,000; or

(ii) If the Aggregate Consideration in connection with a Qualifying

Business Combination is less than $60,000,000, the Calculated Amount shall be equal to the product of (x) $1,900,000, multiplied by (y), a fraction, the numerator of which is equal to the amount of the Aggregate Consideration in connection with a Business Combination and the denominator of which is $60,000,000;

(iii) The "Aggregate Consideration" shall be equal to the aggregate of (A) the amount of any cash and (B) the fair market value of any property, paid by a buyer as consideration to the Corporation and/or the shareholders of the Corporation in connection with a Qualifying Business Combination measured as of the closing date ("Closing Date") of the Qualifying Business Combination. For the purposes of determining the amount of the Aggregate Consideration: (1) the amount of any consideration to be paid following the Closing Date shall be discounted to the Closing Date at a discount rate of six percent (6%) per annum; (2) the fair market value of any common stock or other securities received shall mean, with respect to each such share or unit one of the following determined in the order of priority set forth below: the weighted average of the closing prices for such share or unit sold on all securities exchanges on which such share or unit may at the time be listed for a period of twenty (20) consecutive trading days prior to the Closing Date or, if there have been no sales on such exchanges on such days, the weighted average of the highest bid and lowest asked prices on all such exchanges at the end of each such days or, if such stock or units are not so listed, the average of the representative bid and asked prices quoted on the NASDAQ system as of 4:00 p.m. New York City time on each of such days, or if such stock or units are not quoted on the NASDAQ system, the average of the highest bid and lowest asked prices on such days in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization, or, if not so quoted, the value as determined in good faith by the Board of the Corporation in consultation with Dr. Riebman and (3) the fair market value of any consideration to be paid in property other than common stock or securities shall be as determined in good faith by the Board of the Corporation in consultation with Dr. Riebman. Notwithstanding any of the foregoing, for purposes of this Section 3(iii), the Aggregate Consideration shall be reduced by cash paid or to be paid to the Corporation as the exercise price for stock options exercised in connection with a Qualifying Business Combination.

4. Corporation's Obligation to Make the Participation Payment. The Corporation's obligation to make the Participation Payment shall only arise and be payable upon the delivery by the Voting Trustees of the certificates representing the Contingent Shares to the holder(s) of the Voting Trust Certificate(s) issued with respect to the Contingent Shares pursuant to Paragraph 11(a) of the VT Agreement, and upon such delivery the Participation Payment shall be made on the later of (a) the date of such delivery or (b) August 28, 1995. The aforementioned delivery is the only condition to the Corporation's obligation to make the Participation Payment.

5. Amendment; Rescission; Actions by the Corporation. No amendment

or rescission of this Participation Agreement shall be effective unless set forth in a writing signed by Dr. Riebman and the Corporation. Such amendment or recission by the Corporation shall require the approval of a majority of the members of the LRPC; provided, however, if at any time there exist less than three members of the LRPC, all such actions shall require the unanimous approval of the members of the LRPC. The foregoing shall not excuse the performance by the Corporation of any obligations which it has undertaken to perform hereunder.

6. Representations and Warranties. Dr. Riebman hereby represents and warrants to the Corporation as follows:

a. He is sui juris and of full capacity to make and perform his obligations under this Participation Agreement.

b. The execution, delivery and performance by Dr. Riebman of this Participation Agreement will not violate or constitute a breach of or default under any instrument to which he is party or pursuant to which he is bound.

c. This Participation Agreement constitutes a valid and binding obligation of Dr. Riebman enforceable in accordance with its terms.

7. Notices.

All communications provided for in this Agreement shall be in writing and shall be sent to each party as follows:

To The Corporation:

AEL Industries, Inc.
305 Richardson Road
Lansdale, PA 19446
Attention: John R. Cox, Esquire
General Counsel
Fax 215-822-6056

With copies to:

Mr. Francis J. Dunleavy
560 Morris Road, Box 208
Blue Bell, PA 19422
Fax 215-643-9275

Frederick R. Einsidler
99 South Park Avenue, Apt. 109
Rockville Centre, NY 11570
Fax 516-536-6505

Conrad J. Fowler

826 North Fairway Road
Glenside, PA 19038
Fax 215-887-3293

Leeam Lowin
21 Fox Run Lane
Greenwich, CT 06831
Fax 203-661-6258

and

Vincent F. Garrity, Jr., Esquire
Duane, Morris & Heckscher
One Liberty Place
Philadelphia, PA 19103
Fax 215-979-1020

To Riebman:

Dr. Leon Riebman
1380 Barrowdale Road
Rydal, PA 19046
Fax 215-885-2238 (telephone first)

With a copy to:

Abraham H. Frumkin, Esquire
Eckert Seamans Cherin & Mellott
1700 Market Street
Suite 3232
Philadelphia, PA 19103
Fax 215-575-6015

or to such other address as such party may hereafter specify in writing, and shall be deemed given on the earlier of (a) physical delivery, (b) if given by facsimile transmission, when such facsimile is transmitted to the telephone number specified in this Agreement and telephone confirmation of receipt thereof is received, (c) three days after mailing by prepaid first class mail and (d) one day after transmittal by prepaid overnight courier.

8. Miscellaneous.

a. Survival of Representations and Warranties. All representations and warranties contained in this Participation Agreement shall survive the execution and delivery of this Participation Agreement and the consummation of the transactions contemplated hereby.

b. Binding Effect. This Participation Agreement shall be binding upon, and inure to the benefit of, the Corporation and its successors and Dr. Riebman and his heirs and personal representatives.

c. Governing Law. This Participation Agreement shall be governed by, and construed and enforced in accordance with, the internal law of the Commonwealth of Pennsylvania without giving effect to conflicts of laws.

d. Entire Agreement. This Participation Agreement supersedes any prior negotiations and understandings and constitutes the entire agreement between the parties with regard to its subject matter.

e. Counterparts. This Participation Agreement may be executed in several counterparts each of which shall be deemed an original, but all of which taken together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed or caused to be executed this Agreement as of the date first mentioned above.

AEL INDUSTRIES, INC.

By:/s/ George King
Name: George King
Title: Vice President

/s/ Dr. Leon Riebman
Dr. Leon Riebman

February 28, 1995

Dr. & Mrs. Leon Riebman

Dear Dr. & Mrs. Riebman:

In order to induce you to enter into the Agreement ("Agreement") between AEL Industries, Inc. ("Company") and you dated as of this date and the related agreements referred to therein, intending to be legally bound hereby, I agree that I will vote all the shares of Company Class A Common Stock and Class B Common Stock over which I have voting power in favor of a Qualifying Business Combination included within a Proposal submitted for Shareholder Approval and for which the Voting Trustees are voting the Riebman Shares (as each of such capitalized terms are defined in the Agreement).

/s/Leeam Lowin
Leeam Lowin

February 28, 1995

Dr. & Mrs. Leon Riebman

Dear Dr. & Mrs. Riebman:

In order to induce you to enter into the Agreement ("Agreement") between AEL Industries, Inc. ("Company") and you dated as of this date and the related agreements referred to therein, intending to be legally bound hereby, I agree that I will vote all the shares of Company Class A Common Stock and Class B Common Stock over which I have voting power in favor of a Qualifying Business Combination included within a Proposal submitted for Shareholder Approval and for which the Voting Trustees are voting the Riebman Shares (as each of such capitalized terms are defined in the Agreement).

/s/Frederick R. Einsidler
Frederick R. Einsidler

February 28, 1995

Dr. & Mrs. Leon Riebman

Dear Dr. & Mrs. Riebman:

In order to induce you to enter into the Agreement ("Agreement") between AEL Industries, Inc. ("Company") and you dated as of this date and the related agreements referred to therein, intending to be legally bound hereby, I agree that I will vote all the shares of Company Class A Common Stock and Class B Common Stock over which I have voting power in favor of a Qualifying Business Combination included within a Proposal submitted for Shareholder Approval and for which the Voting Trustees are voting the Riebman Shares (as each of such capitalized terms are defined in the Agreement).

/s/Francis J. Dunleavy
Francis J. Dunleavy

AEL INDUSTRIES, INC.
BYLAW AMENDMENT RESOLUTION

RESOLVED, that the Board of Deirectors of AEL INDUSTRIES, INC. , a Pennsylvania corporation ("Corporation"), by the affirmative vote of a majority of the Board of Directors of the Corporation at a meeting duly convened and held on February 28, 1995, does hereby amend the Bylaws of the Corporation as follows so as to effectuate the purposes of an Agreement dated February 28, 1995 between the Corporation and Dr. Leon Riebman and Claire Riebman.

ARTICLE IV. DIRECTORS AND BOARD MEETINGS.

Section 401. Management by Board of Directors. Except as provided in Section 410 of these Bylaws, the business and affairs of the Corporation shall be managed by its Board of Directors, and the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the shareholders.

Section 402. Number of Directors. (a) The Board of Directors shall consist of not less than three (3) nor more than ten (10) directors. The number of directors to be elected, subject to the foregoing limits, shall be determined by resolution of the Board of Directors. The directors shall be elected by the shareholders at the annual meeting of shareholders to serve until the next annual meeting of shareholders. Each director shall serve until his successor shall have been elected and shall qualify, even though his term of office as herein provided has otherwise expired, except in the event of his earlier resignation or removal. A majority of the Board of Directors, whether or not he or they constitute a quorum, may designate a successor to fill a vacancy arising from the resignation, death, incapacity or disqualification of any director.

(b) A majority of the Board of Directors shall be independent directors. For the purpose of these bylaws the term "independent director" shall mean a person (i) who is not an employee of or consultant to the Company; (ii) is not related by blood or marriage to either Dr. Leon Riebman or Claire E. Riebman; and (iii), in the reasonable determination of the Committee, does not have a financial or other material relationship with either Dr. Leon Riebman or Claire E. Riebman which might influence the objectivity of his or her judgment as it relates to the best interests of the Company and its

shareholders.

Section 403. Resignations. Any director may resign at any time. Such resignation shall be in writing, but the acceptance thereof shall not be necessary to make it effective.

Section 404. Compensation of Directors. No director shall be entitled to any salary as such; but the Board of Directors may fix, from time to time, a reasonable fee to be paid each director for his services in attending meetings of the Board. Directors may also be reimbursed by the Corporation for all reasonable expenses incurred in attending each meeting of the Board or any Committee of the Board.

Section 405. Regular Meetings. Regular meetings of the Board of Directors shall be held on such day and at such hour as the Board shall from time to time designate. The Board of Directors shall meet for reorganization at the first regular meeting following the annual meeting of shareholders at which the directors are elected. Notice of regular meetings of the Board of Directors need not be given.

Section 406. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President and shall be called whenever two or more members of the Board so request in writing. Notice of the time and place of every special meeting, which need not specify the business to be transacted thereat and which may be either verbal or in writing, shall be given by the Secretary to each member of the Board at least one calendar day before the date of such meeting.

Section 407. Reports and Records. The reports of officers and committees shall be filed with the Secretary. The Board of Directors shall keep complete records of its proceedings. When a director shall request it, the vote of each director upon a particular question shall be recorded in the minutes.

Section 408. Executive Committee. The Board of Directors may, without limiting its right to establish other committees, establish an Executive Committee of the Board which shall consist of any two or more directors. The Executive Committee shall have and exercise the authority of the Board of Directors in the management and affairs of the Corporation, except as otherwise provided by applicable statute or in the resolution establishing the Executive Committee, and except as provided in Section 410 of these Bylaws.

Section 409. Absence or Disqualification of Committee Members. In the absence or disqualification of any member of any committee (other than the Long Range Planning Committee) or committees established by the Board of Directors, the member or members

thereof present at any meeting of such committee or committees, and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member.

Section 410. Long Range Planning Committee. (a) All actions by the Company contemplated by the Agreement dated February 8, 1995 by and among the Company and Dr. Leon Riebman and Claire E. Riebman (the "Agreement"), and by the Voting Trust Agreement, the Escrow Agreement, the 1995 Agreement and the Participation Rights Agreement, all referred to therein, shall be taken on its behalf exclusively by the Long Range Planning Committee (the "Committee"), which shall have the full authority of the Board of Directors for the purposes of all four of the foregoing agreements.

(b) All actions of the Committee shall require the approval of a majority of the members thereof; provided, however, if at any time there exist fewer than three members of the Committee, all actions at such time shall require the unanimous approval of the members of the Committee.

(c) The Board of Directors shall (i) maintain the Committee in existence during the Initial Term, Renewal Term (as those terms are defined in the Agreement) or any extension of the Agreement; (ii) not change the present composition of the Committee except upon request of the Committee; and (iii) cause any successor member of the Committee to be a person who the Committee considers to be an independent director, as defined in Section 402(b) of these Bylaws.

(d) The amendment or repeal of any provision of Article IV relating to the Committee shall require the approval of the Committee.