

## **Environmental Tectonics Corporation Insider Trading Policy**

This Policy applies to all transactions in securities of Environmental Tectonics Corporation (“ETC” or the “Company”), including, but not limited to, ETC common stock, options for ETC common stock, and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible debentures, as well as to derivative securities relating to the Company’s stock, whether or not issued by the Company, such as exchange-traded options.

“Nonpublic information” is information that has not been previously disclosed to the general public and is otherwise not available to the general public or that the public has not had a reasonable opportunity to assimilate.

In general, information is “material” if its disclosure to the public would affect an investor’s decision to purchase or sell the Company’s securities. Information would be considered material if there is a substantial likelihood that its disclosure would be viewed by a reasonable investor as having significantly altered the “total mix” of information available and if, together with all other available information about the Company, it would be likely to cause a revaluation of the securities by reasonable investors. Therefore, any information that, upon disclosure, would be likely to result in a substantial change in the price of the Company’s stock, is deemed *material nonpublic information*.

Any person who possesses *material nonpublic information* regarding ETC is an “Insider” for so long as the information is not publicly known. Consequently, directors, officers, and employees of ETC, and consultants and contractors to ETC, and possibly other persons, can be an Insider from time to time, and would at those times be subject to this Policy.

### **THE ETC INSIDER TRADING POLICY**

#### ***GENERAL POLICY***

It is ETC’s policy to oppose the unauthorized disclosure of any nonpublic information acquired in the work-place and the misuse of *material nonpublic information* in securities trading.

## **SPECIFIC POLICIES**

1. **Trading on material nonpublic information.** No Insider, and no member of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of the Company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses *material nonpublic information* and ending at the close of business on the second Trading Day following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material. For this Policy, the term "Trading Day" means a day on which national stock exchanges and the American Stock Exchange are open for trading.

2. **Tipping.** No Insider shall disclose, *i.e.*, "tip" *material nonpublic information* to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of *material nonpublic information* as to trading in ETC's securities.

- Even if you are not in possession of *material nonpublic information*, do not recommend to any other person that he or she buy or sell securities of ETC. (Remember that "tipping" *material nonpublic information* is always prohibited, and your recommendation could be imputed to the Company and may be misleading if you don't have all relevant information).
- If any Insider receives inquiries about ETC from securities analysts, reporters, or others, decline comment and direct them to Senior Management or the Company's Ethics Advisor.
- Do not discuss *material nonpublic information* where it may be overheard, such as in restaurants, elevators, restrooms, and other public places. Remember that cellular phone conversations are often overheard and that voice mail and e-mail messages may be retrieved by persons other than their intended recipients.

3. **Confidentiality of Nonpublic Information.** Nonpublic information relating to ETC is the property of the Company and the unauthorized disclosure of such information is forbidden. Keep all memoranda, correspondence and other documents that reflect nonpublic information in a secure place, such as a locked office or a locked file cabinet, so it cannot be seen by third persons.

4. **Blackout Periods.** Federal rules prohibit directors, officers and others who are likely to be exposed to sensitive information from trading in ETC securities during designated “blackout” periods of the year.

- Each year, the Company will publish a schedule of these blackout periods for distribution to those affected by this provision.
- ETC may also announce ad hoc “blackouts” when the Company is in possession of *material nonpublic information* related to extraordinary events that affect the public’s perception or evaluation of the Company.

5. **Directors and Officers.** ETC directors and officers must also comply with the federal reporting obligations of any transactions made in Company securities. Each director and officer is personally responsible for the timely filing of all personal insider trades within the reporting criteria of the Securities and Exchange Commission rules.

In addition, no officer or director may ever make a short sale of ETC stock. The Company will provide separate memoranda and other appropriate materials to its officers and directors regarding compliance with Section 16 and its related rules.

6. **Individual Responsibility.** Every Insider has the individual responsibility to comply with this Policy. The guidelines set forth in this Policy are guidelines only, and appropriate judgment should be exercised in connection with any trade in ETC securities.

From time to time an Insider may have to forego a proposed transaction in the Company’s securities even if he or she planned to make the transaction before learning of the *material nonpublic information* and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

7. **Trading Shares in Other Companies.** Trading securities of other companies while in possession of *material nonpublic information* about those companies, obtained as a result of employment at ETC, is also prohibited.

8. **International Business Activity.** ETC’s reach is beyond the borders of the United States. Therefore, transactions outside of the U.S., and transactions in the shares of foreign companies about which employees may learn *material nonpublic information* in the course of their work, are subject to the same prohibitions as are domestic transactions.

## POTENTIAL CRIMINAL AND CIVIL LIABILITY; DISCIPLINARY ACTION

1. ***Liability for Insider Trading.*** Insiders who violate this Policy may be subject to substantial criminal and civil penalties and other potential liabilities under federal and/or state securities laws.
2. ***Liability for Tipping.*** Insiders who violate this Policy may also be liable for improper transactions by any person, e.g., *tippee*, to whom they have disclosed nonpublic information regarding ETC or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company's securities.
3. ***Possible Disciplinary Actions.*** ETC officers and employees who violate this Policy shall also be subject to disciplinary action by the Company, which may include termination of employment.

## INQUIRIES

If you have questions about this Policy, contact ETC's General Counsel, James D. Cashel.

If you have information about potential violations of this Policy, contact ETC's General Counsel, or the Chairman of the Audit Committee of the ETC Board of Directors at the address and telephone number set forth below.

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