

# AMENDED AND RESTATED BYLAWS

## Environmental Tectonics Corporation

(Adopted May 28, 2014; repealing all preceding Bylaws of the Corporation)

### ARTICLE 1. NAME AND LOCATION

- 1.01. The name of the corporation is the "Environmental Tectonics Corporation," a Pennsylvania corporation (the "Corporation").
- 1.02. The Corporation's headquarters is maintained in the Commonwealth of Pennsylvania or elsewhere as determined by the Board of Directors (the "Board").
- 1.03. The Board may establish Corporation offices in other locations in addition to the headquarters office.

### ARTICLE 2. MEETINGS OF SHAREHOLDERS

- 2.01. **Annual Meeting.** The Corporation holds an annual meeting of shareholders at a time and place determined by the Board. The annual meeting of shareholders is for the purpose of electing directors and the transaction of such other business as properly comes before the annual meeting.
- 2.02. **Special Shareholder Meetings.** The Board may also call special meetings of the shareholders.
- 2.03. **Conduct of the Meeting.** The Chief Executive Officer ("CEO") of the Corporation presides over the meeting of shareholders, or in the event of his absence or disability the President of the Corporation shall preside. Except as prescribed by the Board, the presiding officer determines the order of business, has authority to establish and administer rules of conduct of the meeting of the shareholders, and has authority to adjourn or postpone any meeting of shareholders.
- 2.04. **Items of Business.** Nominations of persons for election to the Board and the proposal of other business to be considered by shareholders at an annual meeting of the shareholders may be (a) made pursuant to the corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board, (b) otherwise properly brought before the meeting by or at the direction of the Board, or (c) made by any shareholder of the Corporation who was a shareholder of record at the time of giving of notice provided for in this Section 2.04 and at the time of the meeting of shareholders, who is entitled to vote at the meeting and who complies with the notice procedures set forth below in this Section 2.04 as to such nomination or business.

For special meetings of shareholders, only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board of Directors or (ii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any shareholder of the Corporation who is a shareholder of record at the time of giving of notice provided for in this Section 2.04, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth below in this Section 2.04.

Without qualification, for any nominations or other business to be properly brought before a shareholder meeting by a shareholder pursuant to the express provisions of the two preceding paragraphs in this Section 2.04, the shareholder must have (1) given timely notice thereof in writing to the Secretary of the Corporation, and (2) such other business must otherwise be a proper matter for shareholder action. To be timely, a shareholder's notice shall be received by the Secretary at the principal office of the Corporation, not later than the close of business on the forty-fifth (45th) day prior to such meeting or, if the earlier of the written notice (per Section 2.06 below) or the first public announcement of the date of such meeting is less than fifty-five (55) days prior to the date of such meeting, not later than the tenth (10th) day following the day on which the written notice or public announcement of the date of such meeting is first made by the Corporation. In no event shall the adjournment or postponement of a meeting commence a new time period for the giving of shareholder's notice as described above. For purposes of this Section 2.04, "public announcement" shall mean disclosure in a press release reported by the OTC News and Disclosure Service or the Dow Jones News Service, Associated Press, Business Wire, PR Newswire, or comparable national news service.

A shareholder's notice to the Secretary (a) regarding a nominee for director shall set forth as to each person whom the shareholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and residence address of the person, (ii) the number of shares of capital stock of the Corporation which are beneficially owned by the person and (iii) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Rule 14a under the Securities Exchange Act of 1934, as amended; (b) as to any other business that the shareholder proposes to bring before the meeting, the notice shall set forth a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and the beneficial owner, if

any, on whose behalf the proposal is made; and (c) as to the shareholder giving the notice, the notice shall set forth (i) the name and address, as they appear on the Corporation's books, of the shareholder and (ii) the class and number of shares of the Corporation's stock which are beneficially owned by the shareholder on the date of such shareholder notice. The Board may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as director of the Corporation.

Only persons nominated in accordance with the procedures set forth in this Section 2.04 shall be eligible to serve on the Board and only such business shall be conducted at a meeting of shareholders as shall have been properly brought before the meeting in accordance with the procedures set forth in this Section 2.04. Except as otherwise provided by law, the Articles or these Bylaws, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed in accordance with the procedures prescribed by this Section 2.04 and, if any proposed nomination or business is not in compliance with this Section 2.04, to declare at the meeting that the defective nomination or proposal shall be disregarded.

- 2.05. **Voting Rights.** Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, shareholders of record have the right to vote, in person or by proxy, for electing directors and for all matters presented for shareholder voting. Each shareholder has one vote for each share of common stock of registered ownership by the shareholder.
- 2.06. **Notice.** The Board gives written notice of each annual shareholders or special shareholder meeting at least 20 but not more than 60 days before the meeting. The notice must include a description of the business to be transacted.
- 2.07. **Quorum.** The presence, in person or by proxy, of the shareholders entitled to cast a majority of the votes which all shareholders are entitled to cast on a matter to be voted upon at a meeting of shareholders shall constitute a quorum, and the acts of such quorum, at a duly organized meeting of shareholders, shall constitute the acts of all the shareholders. Once a share is represented at a meeting, other than to object to holding the meeting or transacting business, it is deemed to be present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for the adjourned meeting. At such reconvened meeting, any business may be transacted that might have been transacted at the meeting as originally notified.

- 2.08. **Voting.** Directors shall be elected by plurality vote. Any other matter brought before a duly organized meeting for a vote of the shareholders shall be decided by a majority of the votes cast at such meeting by the shareholders present in person or by proxy and entitled to vote thereon, unless the matter is one for which a different vote is required by an express provision of the Pennsylvania Business Corporation Law of 1988, as amended ("BCL"), the Corporation's Articles of Incorporation ("Articles") or a Bylaw adopted by the shareholders, in any of which cases such express provision shall govern and control the decision on such matter.
- 2.09. **Adjournments.** Adjournments of any regular or special meeting of shareholders may be taken for such periods as the majority of all shares present and entitled to vote direct, except that any meeting at which directors are to be elected may only be adjourned from day to day or such longer periods not exceeding fifteen (15) days as determined by such majority, until the directors have been elected. When a shareholders' meeting is adjourned, it is not necessary to give any notice of the adjourned meeting or the business to be transacted other than by announcement at the meeting at which the adjournment took place.
- 2.10. **Action by Written Consent.** Unless otherwise provided in the Articles, any action required or permitted to be taken at any annual or special meeting of shareholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize such action at a meeting at which all shareholders entitled to vote thereon were present and voted and shall be filed with the permanent records of the Corporation. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those shareholders of record who have not consented in writing. Any action taken pursuant to such written consent or consents of the shareholders shall have the same force and effect as if taken by the shareholders at a meeting thereof.

### **ARTICLE 3. GOVERNANCE**

- 3.01. **Board of Directors and Board Authority.** The business and affairs of the Corporation shall be managed by or under the direction of the Board. The Board may exercise all powers of the Corporation and do all lawful acts and things and actions which are not by statute, the Articles or these Bylaws directed or required to be exercised or done by the shareholders.
- 3.02. **Number of Directors.** The Board consists of no less than five and no more than thirteen directors, as such number may be fixed from time to

time by the vote of a majority of the whole Board. At all times the Board has a minimum of three directors who qualify as independent. For purposes of these Bylaws (including Section 3.09), the term "independent" shall mean an "independent director" as defined by Rule 5605(a)(2) under the Rules of the Nasdaq Stock Market (as such definition may be amended from time to time) without reference to any more stringent definition in the Nasdaq Rules relating to members of any committee of the board of directors (e.g., Audit Committee or Compensation Committee).

(a) **Nomination of Directors** Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, the Board nominates to the shareholders candidates for election to the Board and publishes the recommended slate in the written notice of the annual meeting of shareholders. In addition, shareholders may nominate candidates for election as director by submitting nominations in writing to the Secretary of the Corporation as permitted by and in accordance with the procedures set forth in Section 2.04 of these Bylaws.

3.03. **Election of the Directors.** Shareholders elect directors at the annual meeting of shareholders to serve until the next annual meeting of shareholders, subject to Section 3.05 below.

3.04. **Chair of the Board.** The directors nominate and elect a Chairperson of the Board at its annual meeting. The Chair presides at all meetings of the Board. The Board appoints all standing committees. The directors may nominate and elect a vice chair if deemed necessary.

3.05. **Terms.** Each director serves until his successor is elected even though the term of office has otherwise expired, except in the event of the earlier death, resignation or removal of the director.

3.06. Meetings of the Board

(a) **Annual Meeting of the Board.** An annual meeting of the Board is held immediately after the annual meeting of shareholders for the purpose of electing a Chair, appointing officers and to transact any other business deemed appropriate for board action or information.

(b) **Regular Meetings.** The Board holds regular meetings at times and places determined by the Board.

(c) **Special Meetings.** Special meetings of the Board may be called by the CEO or the Chair. Upon written request to the Secretary of the Corporation by a majority of the directors, the Chair shall convene a special meeting of the Board. Each director shall be given written notice at least 48 hours in advance of any special meeting specifying

the time and place of the meeting, but need not specify the purpose of the meeting or the business to be transacted.

- (d) **Telecommunications Meetings.** The Board or its committees may act at a meeting using a conference telephone or other communications equipment, which permits all directors participating in the meeting to speak and hear all participants in the meeting.
- (e) **Notice.** Directors receive notice of any regular meeting at least 10 days before the meeting. A director may waive notice of any regular or special meeting in writing, and a director who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.
- (f) **Quorum.** A majority of the directors in office constitutes a quorum for transacting business.
- (g) **Vacancy and Mid-Term Appointments.** If a vacancy occurs on the Board because of death, resignation, an increase in the number of directors or otherwise, then the vacancy is filled by a vote of the majority of the directors remaining in office, even though less than a quorum is present and such director then serves for the unexpired term.
- (h) **Removal of Director.** The Board may, by a two-thirds vote of the other members of the Board at a meeting where a quorum is present, remove or sanction any director who fails to fulfill the duties of director.

### 3.07. Voting and Actions of the Board

- (a) **Actions of the Board.** The vote of a majority of directors present and voting at a meeting where a quorum is present constitutes the action of the Board, unless otherwise provided in these Bylaws.
- (b) **Action Without Meeting.** Unless otherwise restricted by the Articles or these Bylaws, any action required or permitted to be approved at any meeting of the Board, or of any committee thereof, may be approved without a meeting if a consent or consents to the action in record form are signed, before, on or after the effective date of the action, by all members of the Board or committee, as the case may be, on the date the first consent is signed. The consent or consents must be filed with the minutes of the proceedings of the Board.
- (c) **Proxy Voting.** Directors may not vote by proxy.

- 3.08. **Compensation.** Upon recommendations of the Compensation Committee, directors may be compensated with a reasonable fee upon adoption of Board resolutions. Such fees are not construed as salary. Directors may be reimbursed for reasonable expenses according to policies adopted by the Board.
- 3.09. **Committees of the Board.** There are three standing committees of the Board. Members of standing committees are nominated and appointed by the Board. Each committee appoints its chair.
- (a) **Audit Committee.** The Audit Committee, which shall include at least three independent directors and as to which independent directors constitute a majority, assists the Board in fulfilling its oversight and fiduciary responsibilities over those financial matters set forth in the charter of the committee. The duties and conduct of the committee are governed by a charter adopted by resolution of the Board.
- (b) **Nominating and Governance Committee.** The Nominating and Governance Committee, which shall include at least three independent directors and as to which independent directors constitute a majority, assists the Board in the selection of board members and in the adoption and application of corporate governance principles. The duties and conduct of the committee are governed by a charter adopted by resolution of the Board.
- (c) **Compensation Committee.** The Compensation Committee, which shall include at least three independent directors and as to which independent directors constitute a majority, establishes, reviews, and recommends to the Board the general compensation policies and philosophy of the Corporation. The Compensation Committee annually reviews and reports to the Board its evaluation of the CEO's management performance and recommends to the Board appropriate compensation in the form of financial remuneration, benefits, and incentive bonuses. The Compensation Committee also reviews and considers annually the CEO's recommendations on the Senior Officer compensation plan, and determines, approves and recommends to the Board the compensation plan of Senior Officers. The Senior Officers are the President, the Chief Financial Officer, the Secretary, the Chief Operations Officer, the Vice President – Contracts / Purchasing, the Vice President & General Counsel and the Chief Compliance Officer. The duties and conduct of the committee are governed by a charter adopted by resolution of the Board.
- 3.10. **Other Committees.** From time to time, the Board may appoint other committees of the Board to carry out specific tasks or responsibilities as deemed appropriate and necessary by the Board. The Board appoints the chair of all other committees.

#### **ARTICLE 4. OFFICERS AND MANAGEMENT**

4.01. **President and Chief Executive Officer.** The Board appoints a Chief Executive Officer (hereinbefore defined as the "CEO") of the Corporation, and a President.

- (a) The CEO has general charge, supervision and executive management responsibility for the business and affairs of the Corporation and has the powers and duties assigned by the Board. Further, unless otherwise directed by the Board, the CEO is authorized to execute in the name of the Corporation contracts and other documents and instruments requiring the signature of the Corporation, and to affix the corporate seal thereto as necessary.
- (b) The CEO may be a director.
- (c) The President has general charge and supervision of the operations and administration of the Corporation, and shall have such other powers and duties assigned to him or her by the Board of Directors or the CEO. The President shall also perform the duties and exercise the powers of the CEO in the absence or disability of the CEO. Further, unless otherwise directed by the Board, the President is authorized to execute in the name of the Corporation contracts and other documents and instruments requiring the signature of the Corporation, and to affix the corporate seal thereto as necessary.
- (d) An individual may be appointed as both the CEO and President.

4.02. **Other Officers of the Corporation.** In addition to the CEO and President, the other officers of the Corporation are the Chief Financial Officer ("CFO"), and Secretary of the Corporation ("Secretary"). The CFO and Secretary shall be appointed by the Board, upon recommendation by and in consultation with the Chief Executive Officer.

- (a) **Chief Financial Officer.** The CFO, in the capacity of treasurer, acts under the direction of the President.
  - (i) The CFO has custody of the Corporation funds and keeps full and accurate accounts of receipts and disbursements in Corporation record books. The CFO deposits all monies in the name and to credit of the Corporation as ordered by the President taking appropriate vouchers for such disbursements, and on request renders to the President, the CEO and the Board a detailed accounting of the financial condition of the Corporation.
  - (ii) The CFO performs such other duties as are prescribed by the President, the CEO or the Board.
- (b) **Secretary of the Corporation.** The Secretary acts under the direction of the President.



- (i) The Secretary is responsible for maintaining all records of the proceedings of the Board, its committees, and shareholders in record books maintained for that purpose.
  - (ii) The Secretary publishes all required notices to the shareholders and Board, and is responsible to notify the Board of action by shareholder consent under Section 2.10 of these Bylaws as promptly as practicable.
  - (iii) The Secretary keeps in safe custody the corporate seal of the corporation, and when directed by the President, the CEO or Board affixes such seal to instruments requiring it.
  - (iv) The Secretary performs such other duties as are prescribed by the President, the CEO or the Board.
- (c) **Other Officers.** From time to time, the CEO, in consultation with the Board, may authorize and appoint other officers such as vice presidents as determined by need and Corporation organization.
- 4.03. **General Powers.** The officers of the Corporation are authorized to do and perform all corporate acts appropriate to carry on the business of the Corporation, subject always to the directions of the Board.
- 4.04. **Indemnification.** The indemnification and related provisions set forth in Exhibit A attached hereto are incorporated into these Bylaws by reference.
- 4.05. **Limitation of Directors' Liability.** No Director of the Corporation shall be personally liable for monetary damages for any action taken or any failure to take action unless:
- (a) The director has breached or failed to perform the duties of the office of director under Subchapter B of Chapter 17 of the BCL (relating to the standard of care and justifiable reliance of directors); and (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness; provided, however, the provisions of this Section 4.05 shall not apply to the responsibility or liability of a director pursuant to any criminal statute, or the liability of a director for the payment of taxes pursuant to local, state or federal law.
- 4.06. **Director Insurance.** The Corporation may maintain insurance, at its expense, to protect itself and any director or officer of the Corporation or related parties.
- 4.07. **Surety Bonds.** Any director, officer, or employee who handles or has access to the funds or securities of this Corporation may be required to

be bonded at the expense of the Corporation, with the amount and other terms of the bonding consistent with Board policy.

## **ARTICLE 5. SHARE CERTIFICATES**

The Board establishes policies and procedures for the issuance, endorsement, replacement, and transfer of share certificates.

## **ARTICLE 6. GENERAL MATTERS**

- 6.01. **Fiscal Year.** The Board determines the fiscal year of the Corporation.
- 6.02. **Corporate Seal.** A corporate seal meeting the requirements of applicable law is in the custody of the Secretary. Any person authorized by these Bylaws or the Board may affix the seal to documents and instruments requiring the seal.
- 6.03. **Fixing Record Date:** The Board fixes a date no less than 30 days prior to the date of any meeting of the shareholders, as a record date, which record date determines which shareholders are entitled to notice of, and to vote at, any such meeting. The Board may also fix a date, not more than 75 days, prior to the date fixed for payment of any dividend or distribution, allotment of rights, any change or conversion or exchange of shares to be made or to go into effect, as a record date for the determination of the shareholders entitled to receive payment of any such dividend or distribution or to receive any such allotment of rights or to exercise the rights in respect to any such change, conversion or exchange of shares. In such case only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to receive payment of such dividend or distributions, to receive such allotment of rights or to exercise any such rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any record date so fixed.
- 6.04. **Parliamentary Procedure.** *Robert's Rules of Order* governs the conduct of business of all shareholder and Board meetings unless the Board or these Bylaws establish policies to the contrary.

## **ARTICLE 7. ADOPTION, AMENDMENT AND REPEAL OF BYLAWS**

- 7.01. **Adoption.** These Bylaws have been adopted as the Bylaws of the Corporation on May 28, 2014 and shall be effective 11 days after shareholder approval.
- 7.02. **Adoption of Rules and Regulations; References.** The Board may adopt rules, regulations, and policies to implement the bylaws consistent with these Bylaws and with the law.

7.03. **Amending Bylaws.** These Bylaws may be amended or repealed, in whole or in part, by (i) a vote of sixty percent of the Corporation's issued and outstanding shares of voting capital stock at any annual or special meeting of the shareholders duly convened after notice to the shareholders of that purpose (or an action by written consent pursuant to Section 2.10 hereof) or (ii) a vote of a majority of the members of the Board at any regular or special meeting of the Board.

## Exhibit A

### Indemnification Provisions

#### 4.04 Indemnification.

- (a) **Mandatory Indemnification of Directors and Officers.** The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law (including but not limited to the indemnification provided by Chapter 17, Subchapter D, of the BCL), each director or officer (including each former director or officer) of the Corporation who was or is made a party to or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that such person is or was an authorized representative of the Corporation, against all expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action or proceeding.
- (b) **Mandatory Advancement of Expenses to Directors and Officers.** The Corporation shall pay all expenses (including attorneys' fees and disbursements) incurred by a director or officer (including a former director or officer) referred to in Section 4.04(a) hereof in defending any action or proceeding described in Section 4.04 hereof in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such person to repay all amounts advanced if it is ultimately determined that he or she is not entitled to be indemnified by the Corporation as provided in this Section 4.04. The Corporation shall also indemnify any such director or officer against expenses, including attorneys' fees, actually and reasonably incurred by such person in successfully enforcing any right to indemnification under this Article, under this Section 4.04.
- (c) **Permissive Indemnification and Advancement of Expenses.** Subject to the other provisions of this Section 4.04, the Corporation may, as determined by the Board from time to time, indemnify other persons (e.g., employees and agents) to the fullest extent now or hereafter permitted by the BCL or other applicable law. The Corporation may, as determined by the Board from time to time, pay expenses incurred by any such person by reason of his or her participation in an action or proceeding referred to in this Section 4.04(c) in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation.
- (d) **Scope of Indemnification.** Subject to the requirements of the BCL, the Corporation shall not be obligated to indemnify any person under this Section 4.04 in any case where:

- (i) in connection with any action or proceeding payment has actually been made to or on behalf of such person under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;
  - (ii) in connection with any action or proceeding initiated by such person against the Corporation or its directors, officers, employees, agents or other indemnitees, unless (a) the Board authorized the action or proceeding (or any relevant part thereof) prior to its initiation, (b) the Corporation provides the indemnification, in its sole discretion, pursuant to the powers vested in the Corporation under applicable law, (c) indemnification is otherwise required to be made to such person under the last sentence of Section 4.04(b) hereof or by applicable law; or
  - (iii) the alleged act or failure to act giving rise to the claim for indemnification is prohibited by applicable law (including but not limited to Chapter 17, Subchapter D, of the BCL or any successor statute as in effect at the time of such alleged action or failure to take action).
- (e) **Miscellaneous.** The rights of indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or advancement of expenses may be entitled under any agreement, vote of shareholders or disinterested directors, statute or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs and personal representatives of such person. Indemnification and advancement of expenses under this Section 4.04 shall be provided whether or not the indemnified liability arises or arose from any threatened, pending, or completed action by or in the right of the Corporation. Any repeal or modification of this Section 4.04 shall not adversely affect any right or protection existing at the time of such repeal or modification to which any person may be entitled under this Section 4.04.
- (f) **Definition of Authorized Representative.** For the purposes of this Section 4.04, the term "authorized representative" shall mean a director, officer, employee, or agent of the Corporation or of any subsidiary of the Corporation, or a trustee, custodian, administrator, committeeman, or fiduciary of any employee benefit plan established and maintained by the Corporation or by any subsidiary of the Corporation, or a person serving another corporation, partnership, joint venture, trust, or other enterprise in any of the foregoing capacities at the request of the Corporation.