

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Earliest Event Reported

February 14, 2005

Environmental Tectonics Corporation

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation of organization)

1-10655

23-1714256

(Commission File Number)

(IRS Employer Identification Number)

County Line Industrial Park
Southampton, Pennsylvania

18966

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (215) 355-9100

ITEM 3.02 UNREGISTERED SALE OF EQUITY SECURITIES.

On February 14, 2005, H. F. Lenfest ("Lenfest"), a Director of Environmental Tectonics Corporation ("ETC"), exercised warrants to purchase an aggregate of 1,003,048 shares of ETC common stock at an exercise price per share of \$3.88, resulting in ETC's receipt of \$3,891,826. ETC granted Lenfest warrants (the "Lenfest Financing Warrants") to purchase 803,048 shares of ETC common stock in connection with a financing transaction (the "Lenfest Financing") pursuant to which Lenfest loaned \$10,000,000 to ETC in February 2003. As part of the Lenfest Financing, ETC refinanced its existing bank financing with PNC Bank, National Association. In August 2004, ETC granted Lenfest warrants (the "Lenfest Guaranty Warrants") to purchase an additional 200,000 shares of ETC common stock in connection with Lenfest's agreement to guarantee certain obligations of ETC to PNC Bank. The Lenfest Financing Warrants and the Lenfest Guaranty Warrants provided for an exercise price equal to the lesser of \$4.00 per share or

two-thirds of the average of the high and low trading price for ETC common stock for the 25 day trading period immediately preceding the date of exercise of the Lenfest Financing Warrants and the Lenfest Guaranty Warrants, which was equal to \$3.88 per share.

Concurrent with the exercise of the Lenfest Financing Warrants and the Lenfest Guaranty Warrants, Lenfest purchased (the "Lenfest Purchase") an additional 373,831 shares of ETC common stock for an aggregate purchase price of \$1,999,995.85, or \$5.35 per share, the closing price on February 11, 2005, the trading day immediately prior to the purchase of the shares.

In connection with the Lenfest Purchase and the exercise of the Lenfest Financing Warrants and the Lenfest Guaranty Warrants, ETC received an aggregate of \$5.9 million, all of which will be used for general working capital purposes.

As Lenfest is a related party as defined by Regulation S-K, ETC's Audit Committee, comprised of Howard Kelley, Dr. Pete Stephens and Dr. George Anderson, each of whom is an independent director as defined by the rules of the American Stock Exchange and applicable securities laws, approved the terms and conditions of the Lenfest Purchase.

ETC granted the Lenfest Financing Warrants and the Lenfest Guaranty Warrants and issued shares of ETC common stock in connection with the Lenfest Purchase pursuant to Section 4(2) of the Securities Act of 1933 and Regulation D promulgated thereunder.

Following the issuance of shares of ETC common stock pursuant to the exercise of Lenfest Financing Warrants, the Lenfest Guaranty Warrants and the Lenfest Purchase, Lenfest beneficially owns an aggregate of 3,195,060 shares, or 29.5% of ETC's common stock.

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ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

10.1 Subscription Agreement, dated February 14, 2005, between ETC and H. F. Lenfest.

99.1 Press Release, dated February 16, 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENVIRONMENTAL TECTONICS CORPORATION
Registrant

Date: February 17, 2005

By /s/ Duane D. Deaner

Duane D. Deaner
Chief Financial Officer

SUBSCRIPTION AGREEMENT

This Subscription Agreement pertains to the offering by Environmental Tectonics Corporation (the "COMPANY") of 373,831 shares of the Company's common stock, par value \$.05 per share (the "SHARES"), at a purchase price of \$5.35 per share for an aggregate offering of \$1,999,995.85. The Company is making this offering solely to an accredited investor (as defined under Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "SECURITIES ACT")).

The undersigned, intending to be legally bound, hereby offers to purchase from the Company 373,831 Shares for an aggregate purchase price of \$1,999,995.85.

The Company will be deemed to have accepted this offer upon execution by it of the Receipt and Acceptance attached to this Subscription Agreement. This subscription is submitted to the Company subject to its acceptance and in accordance with, and subject to the terms and conditions described in, this Subscription Agreement.

1. Verification of Investor Suitability under Regulation D. The undersigned understands that in order to subscribe for the Shares in this Offering, the undersigned must be an "accredited investor" as defined in Section 501 of Regulation D under the Securities Act.

2. Amount and Method of Payment. The purchase price for the Shares is \$1,999,995.85 and shall be paid by tender of a check made payable to the Company or wire transfer of immediately available funds to the account set forth on the last page hereof in the amount of \$1,999,995.85 (the "PURCHASE PRICE").

3. Acceptance of Subscription.

(a) The undersigned understands and agrees that the Company, in its sole discretion, reserves the right to accept or reject this or any other subscription for Shares in whole or in part at any time prior to the Closing (as defined below).

(b) In the event that this subscription is rejected in whole or in part, the Company shall promptly return all or the applicable portion of the Purchase Price to the undersigned, as the case may be, and this Subscription Agreement shall thereafter have no force or effect except with respect to the portion, if any, of this subscription that is accepted by the Company.

4. (a) Restrictions on Resale or Transfer. The Shares have not been registered under the Securities Act or any state securities laws, and may not be sold or transferred unless (i) such sale or transfer is subsequently registered thereunder; (ii) the undersigned shall have delivered to the Company an opinion of counsel (which opinion and counsel shall be reasonably acceptable to the Company) to the effect that the securities to be sold or transferred may be sold or transferred pursuant to an exemption from such registration; or (iii) the securities are sold pursuant to Rule 144 promulgated under the Securities Act (or a successor rule).

(b) The certificate(s) representing the Shares shall bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of the certificates for such securities):

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "SECURITIES ACT"), or applicable state securities laws, and may not be offered for sale, sold, transferred or assigned in the absence of an effective registration statement for the securities under the

Securities Act, or an opinion of counsel, in form, substance and scope reasonably acceptable to the Company, that registration is not required under the Securities Act or unless sold pursuant to Rule 144 under the Securities Act."

5. Delivery of the Stock Certificate, Listing of Shares on American Stock Exchange. The Company will execute and deliver certificate(s) representing the Shares to the subscriber within five (5) business days after acceptance of the subscription and receipt of the Purchase Price. The Company shall secure the listing of the Shares in accordance with the Listing Standards, Policies and Requirements of the American Stock Exchange within thirty (30) business days after acceptance of the subscription and receipt of the Purchase Price.

6. Representations and Warranties. The undersigned hereby acknowledges, represents and warrants to, and agrees with, the Company as follows:

(a) The undersigned understands that the offering and sale of the Shares by the Company to the undersigned is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) of the Securities Act and the provisions of Rule 506 of Regulation D promulgated thereunder and, in accordance therewith and in furtherance thereof, the undersigned represents and warrants to and agrees with the Company as follows:

(i) The undersigned has carefully reviewed this Subscription Agreement and the Disclosure Materials set forth at EXHIBIT "A" hereto, and understands the information contained in each such document;

(ii) All documents, records and books pertaining to the Company and/or this investment that the undersigned has requested have been made available for inspection by him and/or his attorney, accountant and other advisor(s);

(iii) The undersigned and/or his advisor(s) have had a reasonable opportunity to ask questions of and receive information and answers from a person or persons acting on behalf of the Company concerning the offering of the Shares and all such questions have been answered and all such information has been provided to the full satisfaction of the undersigned;

(iv) The undersigned acknowledges that all current and periodic reports which the Company has filed with the Securities and Exchange Commission as of the date of this Subscription Agreement are available for review through the EDGAR filing system which is accessible at the Securities and Exchange Commission's website at www.sec.gov. All current and periodic reports filed with the Securities and Exchange Commission since January 1, 2004 are included in the Disclosure Materials at EXHIBIT "A" hereto;

(v) Neither the undersigned nor the undersigned's investment advisors, if any, have been furnished any offering literature other than the Disclosure Materials attached as EXHIBIT "A" hereto and the undersigned and the undersigned's advisors, if any, have relied only on the information contained in such Disclosure Materials and the information, as described in subparagraphs (ii) and (iii) above, furnished or made available to them by the Company;

(vi) No oral or written representations have been made and no oral or written information has been furnished to the undersigned or his advisor(s) in connection herewith that were in any way inconsistent with the information set forth in this Subscription Agreement;

(vii) The undersigned is not subscribing for the Shares as a result of or subsequent to any advertisement, article, notice or

other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting;

(viii) The undersigned acknowledges that he has conducted his own independent evaluation of the Company and has analyzed the risks associated with an investment in the Shares and has based his decision to invest in the Shares on the results of this evaluation and analysis;

(ix) The undersigned's overall commitment to investments that are not readily marketable is not disproportionate to the undersigned's net worth and the undersigned's investment in the Company will not cause such overall commitment to become disproportionate to the undersigned's net worth;

(x) If the undersigned is a natural person, the undersigned has reached the age of majority in the jurisdiction in which the undersigned resides, has adequate net worth and means of providing for the undersigned's current financial needs and personal contingencies, is able to bear the substantial economic risks of an investment in the Shares for an indefinite period of time, has no need for liquidity in such investment and, at the present time, could afford a complete loss of such investment;

(xi) The address set forth below is the undersigned's true and correct residence (or, if not an individual, domiciliary) address;

(xii) The undersigned (A) has such knowledge of, and experience in, business and financial matters so as to enable him to utilize the information made available to him in connection with the offering of the Shares in order to evaluate the merits and risks of an investment in the Shares and to make an informed investment decision with respect thereto, (B) the undersigned has carefully evaluated the risks of investing and (C) has the capacity, either alone, or with a professional advisor, to protect his own interests in connection with a purchase of the Shares;

(xiii) The undersigned is not relying on the Company with respect to the economic considerations of the undersigned relating to this investment. In regard to such considerations, the investor has relied on the advice of, or has consulted with, only his own advisor(s). The undersigned recognizes that the information furnished by the Company does not constitute investment, accounting, legal or tax advice. The undersigned is relying on professional advisors for such advice;

(xiv) The undersigned is acquiring the Shares solely for his own account as principal, for investment purposes only and not with a view to the resale or distribution thereof, in whole or in part, and no other person has a direct or indirect beneficial interest in such Shares; and

(xv) The undersigned understands that the certificate(s) evidencing ownership of the Shares will bear a restrictive legend and have not been registered under the Securities Act or any state securities laws, and may not be sold or transferred unless (i) such sale or transfer is subsequently registered thereunder; (ii) the undersigned shall have delivered to the Company an opinion of counsel (which opinion and counsel shall be reasonably acceptable to the Company) to the effect that the Shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration; or (iii) the Shares are sold pursuant to Rule 144 promulgated under the Securities Act (or a successor rule).

(b) The undersigned recognizes that an investment in the Shares involves a number of significant risks including, but not limited to, those

risks described in the Disclosure Materials included at EXHIBIT "A" hereto.

(c) The undersigned understands that no federal or state agency has passed upon the Shares or made any finding or determination as to the fairness of this investment in the Shares.

(d) All information that the undersigned has heretofore furnished and furnishes herewith to the Company are true, correct and complete as of the date of execution of this Subscription Agreement and if there should be any material change in such information prior to the closing of the sale of the Shares (the "CLOSING"), the undersigned will immediately furnish such revised or corrected information to the Company.

(e) The foregoing representations, warranties and agreements, together with all other representations and warranties made or given by the undersigned to the Company in any other written statement or document delivered in connection with the transactions contemplated hereby, shall be true and correct in all respects on and as of the date of the Closing as if made on and as of such date and shall survive such date. If more than one person is signing this Subscription Agreement, each representation, warranty and undertaking herein shall be the joint and several representation, warranty and undertaking of each such person.

7. Indemnification. The undersigned agrees to indemnify and hold harmless the Company and the officers and directors thereof and each other person, if any, who controls the Company, within the meaning of Section 15 of the Securities Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representations or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in any other document furnished by the undersigned to the Company in connection with this transaction.

8. Additional Information. The undersigned hereby acknowledges and agrees that the Company may make or cause to be made such further inquiry and obtain such additional information as it may deem appropriate with regard to the suitability of the undersigned as an investor in the Shares.

9. Binding Effect. The undersigned hereby acknowledges and agrees that, except as provided under applicable state securities laws, the subscription hereunder is irrevocable, that the undersigned is not entitled to cancel, terminate or revoke this Subscription Agreement or any agreements of the undersigned hereunder and that this Subscription Agreement and such other agreements shall survive the death or disability of the undersigned and shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns. If the undersigned is more than one person, the obligations of the undersigned hereunder shall be joint and several and the agreements, representations, warranties and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and his/her/its heirs, executors, administrators, successors, legal representatives and assigns.

10. Modification. Neither this Subscription Agreement nor any provisions hereof shall be waived, modified, discharged or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge or termination is sought.

11. Notices. Any notice, demand or other communication that any party hereto may be required, or may elect, to give to any other party hereunder shall be sufficiently given if (a) deposited, postage prepaid, in a United States mail box, stamped, registered or certified mail, return receipt requested, addressed to such address as may be listed on the books of the Company, or (b) delivered personally at such address.

12. Counterparts. This Subscription Agreement may be executed through the use of separate signature pages or in any number of counterparts, and each of such counterparts shall, for all purposes, constitute one agreement binding on all parties, notwithstanding that all parties are not signatories to the same counterpart. This Subscription Agreement may be executed and delivered via electronic facsimile transmission with the same force and effect as if it were executed and delivered by the parties simultaneously in the presence of one another.

13. Entire Agreement. This Subscription Agreement contains the entire agreement of the parties with respect to the subject matter hereof and there are no representations, covenants or other agreements except as stated or referred to herein.

14. Severability. Each provision of this Subscription Agreement is intended to be severable from every other provision, and the invalidity or illegality of any provision shall not affect the validity or legality of the remaining provisions.

15. Assignability. This Subscription Agreement is not transferable or assignable by the undersigned.

16. Applicable Law. This Subscription Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania as applied to residents of that jurisdiction executing contracts wholly to be performed therein.

17. Choice of Jurisdiction. The undersigned agrees that any action or proceeding directly or indirectly relating to or arising out of this Subscription Agreement, any breach hereof, or any transaction covered hereby shall be resolved, whether by arbitration or otherwise, within the Commonwealth of Pennsylvania. Accordingly, the parties consent and submit to the jurisdiction of the state courts located within Philadelphia County, Commonwealth of Pennsylvania or the United States federal courts located in the Eastern District of Pennsylvania. The parties further agree that any such relief whatsoever in connection with this Subscription Agreement shall be commenced by such party exclusively in the state courts located within Philadelphia County, Commonwealth of Pennsylvania or the United States federal courts located in the Eastern District of Pennsylvania, or if possible before an arbitral body, located within Philadelphia, Pennsylvania.

18. Reimbursement. If any action or other proceeding is brought for the enforcement of this Subscription Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Subscription Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorney's fees and other costs incurred in such action or proceeding in addition to any other relief to which they may be entitled.

19. Further Assurances. Each of the parties shall execute said documents and other instruments and take such further actions as maybe reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby.

20. State Securities Laws. Subscribers should also be aware of the following additional considerations:

FOR RESIDENTS OF ALL STATES:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR THE SECURITIES LAWS OF ANY STATES AND THE SECURITIES ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE

AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT ACCORDING TO SUCH RESTRICTIONS. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE DISCLOSURE MATERIALS PRODUCED TO THE SUBSCRIBERS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

Subscription Information (to be completed by individual subscriber):

Shares Purchased 373,831

Purchase Price of Shares (\$5.35 per share) \$1,999,995.85

Name(s) in which the Shares is to be registered:

Home Address

Mailing Address

Form of joint ownership (if applicable). (If one of these items is checked, subscriber and co-subscriber must both sign all documents.):

Tenants-in-Common

Joint Tenants

IN WITNESS WHEREOF, the undersigned has caused this Subscription Agreement to be duly executed on the 14th day of February, 2005.

H. F. Lenfest

Please Print Name of Subscriber

/s/ H. F. Lenfest

Signature of Subscriber

Social Security Number

Please Print Name of Co-Subscriber

Signature of Co-Subscriber

Social Security Number

THIS PORTION NOT TO BE COMPLETED BY SUBSCRIBER

RECEIPT AND ACCEPTANCE

CASH OR CHECK AND SUBSCRIPTION AGREEMENT RECEIVED ON _____ , 2005.

By:

SUBSCRIPTION ACCEPTED ON FEBRUARY 15, 2005.

ENVIRONMENTAL TECTONICS CORPORATION

By: /s/ Duane D. Deaner

Duane D. Deaner
Chief Financial Officer

WIRE TRANSFER INSTRUCTIONS

If Subscriber wishes to wire transfer the purchase price of his Shares, he shall wire transfer immediately available funds in the amount of the Purchase Price subscribed for hereunder, as follows:

BANK:

ACCOUNT NAME:

ACCOUNT NO.:

BANK ROUTING NO.:

EXHIBIT A

DISCLOSURE MATERIALS

PERIODIC REPORTS FILED WITH
THE SECURITIES AND EXCHANGE COMMISSION

We have filed with the Securities and Exchange Commission (the "SEC") all current and periodic reports necessary to comply with the information and periodic reporting requirements of the Securities Exchange Act of 1934, as amended. You may read and copy these reports at the SEC's public reference rooms located at 450 Fifth Street, N.W., Washington D.C. 20549. Copies of these reports can be obtained from the SEC at prescribed rates. Please call the SEC at 1-800-SEC-0330 for information about the public reference rooms. Our reports are also available to the public from the SEC's Web site at <http://www.sec.gov>. For your convenience, we have attached copies of the following reports:

1. our Quarterly Report on Form 10-Q for the quarterly period ended November 28, 2003;
2. our Annual Report on Form 10-K for the fiscal year ended February 27, 2004;
3. our Quarterly Report on Form 10-Q for the quarterly period ended May 28, 2004;
4. our Quarterly Report on Form 10-Q for the quarterly period ended

August 27, 2004; and

5. our Quarterly Report on Form 10-Q for the quarterly period ended November 26, 2004.

ENVIRONMENTAL TECTONICS CORPORATION ANNOUNCES EXERCISE OF
WARRANTS AND ADDITIONAL EQUITY INVESTMENT

Southampton, PA-February 16, 2005- Environmental Tectonics Corporation (AMEX-ETC) ("ETC" or the "Company") today announced that H. F. "Gerry" Lenfest had exercised all of his outstanding warrants in exchange for 1,003,048 shares of the Company's common stock. In connection with the exercise of the warrants, ETC received \$3.9 million. Additionally, Mr. Lenfest agreed to purchase 373,831 additional shares of restricted common stock for an aggregate purchase price of \$2.0 million.

Mr. Lenfest has been an investor and supporter of the Company since February 2003, when he participated in the Company's refinancing with PNC Bank.

William F. Mitchell, ETC's President and CEO, stated "I am very pleased that Mr. Lenfest has agreed to exercise his warrants and to make an additional investment in ETC. Obviously ETC's receipt of approximately \$6 million will strengthen our cash position. More importantly, these actions indicate the faith and support that Mr. Lenfest continues to show in ETC's future. I commend Mr. Lenfest for his efforts and want to personally thank him for his continuing involvement as an active Board member."

ETC designs, develops, installs and maintains aircrew training systems, public entertainment systems, process simulation systems (sterilization and environmental), clinical hyperbaric systems, environmental testing and simulation systems, and related products for domestic and international customers.

This press release may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended, and Section 21E of the Securities Exchange Act of 1934. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about the Company that may cause our actual results, levels of activity, performance or achievements to be materially different from any other future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "could", "would", "expect", "plan", "anticipate", "believe", "estimate", "continue", or the negative of such terms or similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, contract cancellations, failure to obtain new contracts, political unrest in customer countries, unfavorable results in litigation, general economic conditions, and those issues identified from time to time in our Securities and Exchange Commission filings and other public documents, including, without limitation, our Annual Report on Form 10-K for the fiscal year ended February 27, 2004.

Contact: Duane D. Deaner, CFO TEL: 215-355-9100(ext. 1203) FAX: 215-357-4000
ETC - INTERNET HOME PAGE: <http://www.etcusa.com>
