

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
October 24, 2005

Environmental Tectonics Corporation
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation of organization)

1-10655
(Commission File Number)

23-1714256
(IRS Employer Identification Number)

County Line Industrial Park
Southampton, Pennsylvania
(Address of principal executive offices)

18966
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On October 24, 2005, Environmental Tectonics Corporation (the "Company") entered into a Service Contract (the "Service Contract") with Sonny Callahan and Associates LLC (the "Consultant") whereby the Consultant agreed to act as an advisor and strategist, assisting the Company in seeking federal support for certain of its aircrew training systems. In exchange for its services under the Service Contract, the Consultant shall receive monthly payments of the common stock of the Company (the "Equity Payment") in addition to cash consideration. The Equity Payment consists of shares of common stock of the Company valued, in the aggregate, at \$9,000 as calculated each month by averaging the value of the Company's common stock on the American Stock Exchange for the last five trading

days of the preceding month. In January 2006, the Company's Board of Directors ratified the Service Contract and reserved 100,000 shares of the Company's common stock for issuance to the Consultant under the Service Contract. The Service Contract is effective for the period beginning on August 1, 2005 and ending on July 31, 2007.

The Company intends to register with the Securities and Exchange Commission the shares of the Company's common stock issuable pursuant to the Service Contract by filing a Registration Statement on Form S-8 with the Securities and Exchange Commission.

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ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

10.1 Service Contract, dated October 24, 2005, by and between Sonny Callahan & Associates LLC and the Company.

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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: January 26, 2006

By /s/ Duane D. Deaner

Duane D. Deaner
Chief Financial Officer

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Exhibit Index

10.1 Service Contract, dated October 24, 2005, by and between Sonny Callahan & Associates LLC and the Company.

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SERVICE CONTRACT

BY AND BETWEEN

SONNY CALLAHAN & ASSOCIATES LLC

AND

ENVIRONMENTAL TECTONICS CORPORATION (ETC)

1. KNOW ALL PERSONS BY THESE PRESENTS THAT Sonny Callahan and Associates, LLC, a corporation duly organized under the laws of the State of Alabama, and doing business as Sonny Callahan & Associates LLC, (hereinafter "SC&A") with its principal place of business at 602-B Azalea Road, Mobile, Alabama 36609 does contract with Environmental Tectonics Corporation ("ETC"), hereinafter referred to as (the "Client"), whose principal address is 125 James Way, Southampton, PA 18966-3877 to provide government relations services for the period commencing August 1, 2005 and ending July 31, 2007, to advise and assist the Client in seeking federal support, appropriations and advice concerning the following issues:

In its government relations capacity, SC&A shall make its best effort to advise and assist the client in connection with its objectives to garner continued and stronger congressional, military and other administrative support for the client's Advanced Tactical Flight Simulator based centrifuge and Upset Recovery Training projects.

2. The consideration for these government relations services shall be the payment of Five Thousand Dollars (\$5,000) plus shares of registered common stock in Environmental Tectonics Corporation (ETC) valued at nine thousand dollars (\$9,000) per month for the period beginning August 1, 2005 and ending July 31, 2007, plus out-of-pocket expenses. The stock portion of such payment shall be recalculated each month and shall be established by averaging the share values of the publicly traded shares on the listed exchange for the last five (5) trading days of the preceding month. There shall be no restrictions placed on the common stock shares transferred as part of this Service Contract. A statement of out-of-pocket expenses shall be made to the client SC&A at the end of each month for expenses incurred during the preceding month. Such out-of-pocket expenses for travel related expenses, as approved by Client, and other direct charges, including business meals, conference calls, transportation, faxes, telephone calls, copies and postage will be billed at cost.

3. The SC&A role is limited to that of advisor, strategist and facilitator (where appropriate), and SC&A is not responsible for developing technical data, reports, documents, studies and analyses, and other substantive materials, or for public relations or media activities, all of which are entirely the responsibility of the Client.

4. Payment to SC&A by the client shall be made in advance monthly payments beginning August 1, 2005 and ending July 31, 2007; payable within thirty days of the first day of each month commencing on August 1, 2005. The stock portion of said payment shall be established as set out in Paragraph 2 herein.

5. Federal appropriate funds may not be used to pay for any services provided or expenses incurred under this Service Contract.

6. All fees to SC&A for services and expenses will be due and payable on the dates specified herein. All balances not paid on the due dates specified herein will bear interest at the rate of one percent (1%) per month until paid.

Client agrees to be solely responsible for any costs of collection, including attorney fees incurred by SC&A resulting from late/nonpayment of fees and/or expenses.

7. Neither party shall assign any of its rights or delegate any of its duties or obligations under this Service Contract without the express written consent of the other party.

8. Any dispute arising under this Service Contract shall be resolved by arbitration before any recognized arbitration forum. The parties agree to follow the rules and guidelines established with the American Arbitration Association with the hearing to be conducted in Washington, DC. Each party acknowledges this Service Contract affects interstate commerce and hereby waves any and all rights to a Court hearing or jury determination of any dispute.

9. This Service Contract may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute and be taken as one of the same instrument.

10. This Service Contract contains the entire understanding between the parties. It may be changed only by written agreement signed by both parties.

In witness where, the authorized representative of Sonny Callahan & Associates LLC, and Environmental Tectonics Corporation, (ETC), do hereby execute this Service Contract.

Date

Sonny Callahan & Associates LLC (SCA)

By: /s/ H. L. Sonny Callahan

Printed: H.L. "Sonny" Callahan
Title: President