
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 2, 2008

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:

- 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))
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Item 1.01. Entry into a Material Definitive Agreement.

On October 2, 2008, Environmental Tectonics Corporation (“ETC”) entered into the First Amendment to Loan Documents (“First Amendment”) with PNC Bank, National Association (“PNC”) pursuant to which ETC and PNC agreed to modify certain loan documents in order to restate the “Tangible Net Worth” covenant set forth in loan documents. Additionally, PNC has renewed the Company’s line of credit, extending the maturity date set forth in the loan documents from June 30, 2009 to June 30, 2010. The First Amendment is effective August 26, 2008. On July 31, 2007, ETC completed a refinancing of its indebtedness with PNC by entering into a credit agreement (the “PNC Credit Agreement”) in the maximum aggregate principal amount of \$15,000,000. The funds available under the PNC Credit Agreement are used for working capital or general business purposes and for issuances of letters of credit. A complete description of the Credit Agreement is set forth in a Form 8-K filed by ETC on July 31, 2007. A copy of the First Amendment is attached to this Form 8-K as Exhibit 10.1 and incorporated by reference.

H. F. Lenfest (“Lenfest”) consented to the First Amendment in his capacity as a guarantor of ETC’s obligations under PNC Credit Agreement. Lenfest is a member of the Board of Directors and a significant shareholder of ETC.

A copy of the press release announcing the completion of the First Amendment is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are filed herewith:

- 10.1 First Amendment to Loan Documents, effective August 26, 2008 by and between ETC and PNC Bank
 - 99.1 Press Release dated October 6, 2008
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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: October 7, 2008

By /s/ Duane D. Deaner
Duane D. Deaner
Chief Financial Officer

EXHIBIT INDEX

10.1 First Amendment to Loan Documents, effective August 26, 2008 by and between ETC and PNC Bank

99.1 Press Release dated October 6, 2008

First Amendment to Loan Documents

THIS FIRST AMENDMENT TO LOAN DOCUMENTS (this “**Amendment**”) is made as of August 26, 2008, by and between **ENVIRONMENTAL TECTONICS CORPORATION** (the “**Borrower**”), and **PNC BANK, NATIONAL ASSOCIATION** (the “**Bank**”).

BACKGROUND

A. The Borrower has executed and delivered to the Bank (or a predecessor which is now known by the Bank’s name as set forth above), one or more promissory notes, letter agreements, loan agreements, security agreements, mortgages, pledge agreements, collateral assignments, and other agreements, instruments, certificates and documents, some or all of which are more fully described on attached Exhibit A, which is made a part of this Amendment (collectively as amended from time to time, the “**Loan Documents**”) which evidence or secure some or all of the Borrower’s obligations to the Bank for one or more loans or other extensions of credit (the “**Obligations**”).

B. The Borrower and the Bank desire to amend the Loan Documents as provided for in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain of the Loan Documents are amended as set forth in Exhibit A. Any and all references to any Loan Document in any other Loan Document shall be deemed to refer to such Loan Document as amended by this Amendment. This Amendment is deemed incorporated into each of the Loan Documents. Any initially capitalized terms used in this Amendment without definition shall have the meanings assigned to those terms in the Loan Documents. To the extent that any term or provision of this Amendment is or may be inconsistent with any term or provision in any Loan Document, the terms and provisions of this Amendment shall control.

2. The Borrower hereby certifies that: (a) all of its representations and warranties in the Loan Documents, as amended by this Amendment, are, except as may otherwise be stated in this Amendment: (i) true and correct as of the date of this Amendment, (ii) ratified and confirmed without condition as if made anew, and (iii) incorporated into this Amendment by reference, (b) no Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, exists under any Loan Document which will not be cured by the execution and effectiveness of this Amendment, (c) no consent, approval, order or authorization of, or registration or filing with, any third party is required in connection with the execution, delivery and carrying out of this Amendment or, if required, has been obtained, and (d) this Amendment has been duly authorized, executed and delivered so that it constitutes the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms. The Borrower confirms that the Obligations remain outstanding without defense, set off, counterclaim, discount or charge of any kind as of the date of this Amendment.

3. The Borrower hereby confirms that any collateral for the Obligations, including liens, security interests, mortgages, and pledges granted by the Borrower or third parties (if applicable), shall continue unimpaired and in full force and effect, and shall cover and secure all of the Borrower’s existing and future Obligations to the Bank, as modified by this Amendment.

4. As a condition precedent to the effectiveness of this Amendment, the Borrower shall comply with the terms and conditions (if any) specified in Exhibit A.

5. To induce the Bank to enter into this Amendment, the Borrower waives and releases and forever discharges the Bank and its officers, directors, attorneys, agents, and employees from any liability, damage, claim, loss or expense of any kind that it may have against the Bank or any of them arising out of or relating to the Obligations. The Borrower further agrees to indemnify and hold the Bank and its officers, directors, attorneys, agents and employees harmless from any loss, damage, judgment, liability or expense (including attorneys' fees) suffered by or rendered against the Bank or any of them on account of any claims arising out of or relating to the Obligations. The Borrower further states that it has carefully read the foregoing release and indemnity, knows the contents thereof and grants the same as its own free act and deed.

6. This Amendment may be signed in any number of counterpart copies and by the parties to this Amendment on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Amendment by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

7. This Amendment will be binding upon and inure to the benefit of the Borrower and the Bank and their respective heirs, executors, administrators, successors and assigns.

8. This Amendment has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank's office indicated in the Loan Documents is located. This Amendment will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the State where the Bank's office indicated in the Loan Documents is located, excluding its conflict of laws rules.

9. Except as amended hereby, the terms and provisions of the Loan Documents remain unchanged, are and shall remain in full force and effect unless and until modified or amended in writing in accordance with their terms, and are hereby ratified and confirmed. Except as expressly provided herein, this Amendment shall not constitute an amendment, waiver, consent or release with respect to any provision of any Loan Document, a waiver of any default or Event of Default under any Loan Document, or a waiver or release of any of the Bank's rights and remedies (all of which are hereby reserved). **The Borrower expressly ratifies and confirms the confession of judgment (if applicable) and waiver of jury trial provisions contained in the Loan Documents.**

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

WITNESS the due execution of this Amendment as a document under seal as of the date first written above.

WITNESS / ATTEST:

**ENVIRONMENTAL TECTONICS
CORPORATION**

_____/s/_____

By: _____/s/_____

(SEAL)

Print Name: _____

Print Name: _____

Title: _____

Title: _____
(Include title only if an officer of entity signing to the right)

PNC BANK, NATIONAL ASSOCIATION

By: _____/s/_____

(SEAL)

Print Name: _____

Title: _____

**EXHIBIT A TO
FIRST AMENDMENT TO LOAN DOCUMENTS
DATED AS OF AUGUST 26, 2008
ENVIRONMENTAL TECTONICS CORPORATION**

- A. The "Loan Documents" that are the subject of this Amendment include the following (as any of the foregoing have previously been amended, modified or otherwise supplemented):
1. Amended and Restated Letter Agreement dated July 31, 2007, between the Borrower and the Bank (the "**Letter Agreement**")
 2. Committed Line of Credit Note dated July 31, 2007 in the original principal amount of \$15,000,000.00 between the Borrower and the Bank
 3. Restated Guaranty Agreement dated as of July 31, 2007, executed by H.F. Lenfest in favor of the Bank, as amended by an Amendment to Guaranty Agreement dated as of August 6, 2007
 4. Amended and Restated Reimbursement Agreement for Letters of Credit dated as of July 31, 2007 between the Borrower in favor of the Bank
 5. Amended and Restated Subordination and Intercreditor Agreement dated as of July 31, 2007 by and among the Bank, the Borrower and H.F Lenfest
 6. All other documents, instruments, agreements, and certificates executed and delivered in connection with the Loan Documents listed in this Section A.
- B. The Loan Documents are amended as follows:
1. The Letter Agreement is hereby amended by amending and restating Section B. (1) of the Financial Covenants contained in Exhibit A to the Letter Agreement to read in full as follows:

“(1) The Borrower will maintain as of the end of each fiscal quarter a minimum Consolidated Tangible Net Worth of (a) \$5,000,000 for the fiscal quarter ending August 29, 2008, (b) \$4,000,000.00 for the fiscal quarter ending November 28, 2008 and (c) \$3,500,000 for the fiscal quarter ending February 27, 2009 and thereafter.”
- C. Conditions to Effectiveness of Amendment: The Bank's willingness to agree to the amendments set forth in this Amendment are subject to the prior satisfaction of the following conditions:
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1. Execution by all parties and delivery to the Bank of this Amendment, including the attached Consents.

CONSENT OF GUARANTOR

The undersigned guarantors (the "**Guarantor**") consents to the provisions of the foregoing First Amendment to Loan Documents (the "**Amendment**") and all prior amendments (if any) and confirms and agrees that: (a) the Guarantor's obligations under its Restated Guaranty and Suretyship Agreement dated as of July 31, 2007, as amended by Amendment to Guaranty Agreement dated as of August 6, 2007 (the "**Guaranty**"), relating to the Obligations mentioned in the Amendment, shall be unimpaired by the Amendment; (b) the Guarantor has no defenses, set offs, counterclaims, discounts or charges of any kind against the Bank, its officers, directors, employees, agents or attorneys with respect to the Guaranty; and (c) all of the terms, conditions and covenants in the Guaranty remain unaltered and in full force and effect and are hereby ratified and confirmed and apply to the Obligations, as modified by the Amendment. The Guarantor certifies that all representations and warranties made in the Guaranty are true and correct.

The Guarantor hereby confirms that any collateral for the Obligations, including liens, security interests, mortgages, and pledges granted by the Guarantor or third parties (if applicable), shall continue unimpaired and in full force and effect, shall cover and secure all of the Guarantor's existing and future Obligations to the Bank, as modified by this Amendment.

By signing below, each Guarantor who is an individual provides written authorization to the Bank or its designee (and any assignee or potential assignee hereof) to obtain the guarantor's personal credit profile from one or more national credit bureaus. Such authorization shall extend to obtaining a credit profile for the purposes of update, renewal or extension of such credit or additional credit and for reviewing or collecting the resulting account. A photocopy or facsimile copy of this authorization shall be valid as the original. By signature below, each such Guarantor affirms his/her identity as the respective individual(s) identified in the Guaranty.

The Guarantor ratifies and confirms the indemnification, confession of judgment (if applicable) and waiver of jury trial provisions contained in the Guaranty.

WITNESS the due execution of this Consent as a document under seal as of the date of this Amendment, intending to be legally bound hereby.

WITNESS:

H. F. Lenfest, individually (SEAL)

Print Name: _____

CONSENT OF SUBORDINATED LENDER

The undersigned (the **“Subordinated Lender”**) consents to the terms and provisions of the foregoing First Amendment to Loan Documents (the **“Amendment”**) and all prior amendments (if any) and confirms and agrees that: (a) its obligations under its Amended and Restated Subordination and Intercreditor Agreement executed in favor of the Bank, dated as of July 31, 2007 (the **“Subordination Agreement”**) relating to the Obligations mentioned in the Amendment, shall be unimpaired by the Amendment; (b) it has no defenses, set offs, counterclaims, discounts or charges of any kind against the Bank, its officers, directors, employees, agents or attorneys with respect to its Subordination Agreement; and (c) all of the terms and conditions of its Subordination Agreement remain unaltered and in full force and effect and are hereby ratified and confirmed and apply to the Obligations, as modified by the Amendment.

The Subordinated Creditor ratifies and confirms the indemnification and waiver of jury trial provisions contained in the Subordination Agreement.

WITNESS the due execution of this Consent as a document under seal, as of the date of the Amendment, intending to be legally bound.

WITNESS:

_____ H. F. Lenfest, Individually (SEAL)

Print Name: _____

Environmental Tectonics Corporation Announces it has Amended its Bank Agreement; Bank Agreement Renewed

Southampton, PA, October 6, 2008. Environmental Tectonics Corporation (ETC:AMEX) (“ETC” or the “Company”) today announced that effective August 26, 2008, it had entered into the First Amendment to Loan Documents (“First Amendment”) with PNC Bank, National Association (“PNC”) pursuant to which ETC and PNC agreed to modify certain loan documents in order to restate the “Tangible Net Worth” covenant set forth in loan documents. Additionally, PNC has renewed the Company’s line of credit, extending the maturity date set forth in the loan documents from June 30, 2009 to June 30, 2010. On July 31, 2007, ETC had completed a refinancing of its indebtedness with PNC by entering into a credit agreement (the “PNC Credit Agreement”) in the maximum aggregate principal amount of \$15,000,000. The funds available under the PNC Credit Agreement are used for working capital or general business purposes and for issuances of letters of credit. A complete description of the PNC Credit Agreement is set forth in a Form 8-K filed by ETC on July 31, 2007.

H. F. Lenfest (“Lenfest”) consented to the First Amendment in his capacity as a guarantor of ETC’s obligations under PNC Credit Agreement. Lenfest is a member of the Board of Directors and a significant shareholder of ETC.

ETC designs, develops, installs and maintains aircrew training systems (aeromedical, tactical combat and general), disaster management training systems and services, entertainment products, sterilizers (steam and gas), environmental testing products, hyperbaric chambers and related products for domestic and international customers.

This press release includes 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, as amended. These forward-looking statements are based on ETC’s current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about ETC’s and its subsidiaries that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

These forward-looking statements include statements with respect to the Company’s vision, mission, strategies, goals, beliefs, plans, objectives, expectations, anticipations, estimates, intentions, financial condition, results of operations, future performance and business of the company, including but not limited to, (i) the potential delisting of the Company’s common stock from the American Stock Exchange as a result of the Company’s failure to comply with the AMEX listing standards, (ii) projections of revenues, costs of materials, income or loss, earnings or loss per share, capital expenditures, growth prospects, dividends, capital structure, other financial items and the effects of currency fluctuations, (iii) statements of our plans and objectives of the Company or its management or Board of Directors, including the introduction of new products, or estimates or predictions of actions of customers, suppliers, competitors or regulatory authorities, (iv) statements of future economic performance, (v) statements of assumptions and other statements about the Company or its business, (vi) statements made about the possible outcomes of litigation involving the Company, including our outstanding litigation with Disney; (vii) statements regarding the Company’s ability to obtain financing to support its operations and other expenses, and (viii) statements preceded by, followed by or that include the words, “may,” “could,” “should,” “looking forward,” “would,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” or the negative of such terms or similar expressions. These forward-looking statements involve risks and uncertainties which are subject to change based on various important factors. Some of these risks and uncertainties, in whole or in part, are beyond the Company’s control. Factors that might cause or contribute to such a material difference include, but are not limited to, those discussed in the Company’s Annual Report on Form 10-K for the fiscal year ended February 29, 2008, in the section entitled “Risks Particular to Our Business.” Shareholders are urged to review these risks carefully prior to making an investment in the Company’s common stock.

The Company cautions that the foregoing list of important factors is not exclusive. Except as required by federal securities law, the Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company.

Contact: Duane D. Deaner, CFO Tel: 215-355-9100 (ext. 1203) Fax: 215-357-4000

ETC — Internet Home Page: <http://www.etcusa.com>