

ENVIRONMENTAL TECTONICS CORP
Form 8-K
November 21, 2006

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

November 16, 2006

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 November 16, 2006, Environmental Tectonics Corporation (ETC) executed an Unsecured Promissory Note (the Note) in favor of H.F. Lenfest (Lenfest) in the aggregate principal amount of \$3,000,000. Pursuant to the terms of the Note, ETC can borrow up to \$3,000,000 in increments of \$1,000,000 prior to the Maturity Date. Pursuant to the terms and conditions of the Note, on November 17, 2006, ETC borrowed \$3,000,000.

All outstanding and unpaid interest on the Note is due and payable on the earlier of (i) October 6, 2007 or (ii) such date as ETC draws down funds sufficient to repay the amount due under the Note pursuant to the Preferred Stock Purchase Agreement, dated as of April 6, 2006, between ETC and Lenfest (the Maturity Date).

Borrowings made pursuant to the Note will bear interest at an annual rate of six (6%) percent with such interest beginning to accrue on the date of the funding of each loan and, to the extent not paid, compounding on the first day of each month.

The Note provides for customary events of default including, but not limited to, the nonpayment of any amount payable when due, certain bankruptcy, insolvency or receivership events and the imposition of certain judgments. Upon the occurrence of an event of default, Lenfest has the right to accelerate the Maturity Date of the Note and demand immediate payment of all amounts payable there under.

The foregoing description is qualified in its entirety by the terms set forth in the Note, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

10.1 Unsecured Promissory Note, dated as of November 16, 2006, executed by ETC in favor of Lenfest.

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

Date: November 21, 2006

By: /s/ Duane D. Deaner

Duane D. Deaner
Chief Financial Officer

Exhibit Index

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3
