

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2002

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File No. 1-11596

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction
Number
of incorporation or organization)*

58-1954497

(IRS Employer Identification

1940 N.W. 67th Place, Gainesville, FL

(Address of principal executive offices)

32653

(Zip Code)

(352) 373-4200

(Registrant's telephone number)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the close of the latest practical date.

Class
Common Stock, \$.001 Par Value
Outstanding at August 9, 2002

Outstanding at August 9, 2002
34,276,276

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

INDEX

PART I	FINANCIAL INFORMATION	<u>Page No.</u>
Item 1	Financial Statements	
	Consolidated Balance Sheets - June 30, 2002 and December 31, 2001	2
	Consolidated Statements of Operations - Three and Six Months Ended June 30, 2002 and 2001	4
	Consolidated Statements of Cash Flows - Six Months Ended June 30, 2002 and 2001	5
	Consolidated Statements of Stockholders' Equity - Six Months Ended June 30, 2002	6
	Notes to Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	29
PART II	OTHER INFORMATION	
Item 1.	Legal Proceedings	30

Item 4.	Submission of Matters to a Vote of Security Holders	30
Item 6.	Exhibits and Reports on Form 8-K	31

**PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED FINANCIAL STATEMENTS**

PART I, ITEM 1

The consolidated financial statements included herein have been prepared by the Company (which may be referred to as we, us or our), without an audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes the disclosures which are made are adequate to make the information presented not misleading. Further, the consolidated financial statements reflect, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position and results of operations as of and for the periods indicated.

It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001.

The results of operations for the six months ended June 30, 2002, are not necessarily indicative of results to be expected for the fiscal year ending December 31, 2002.

**PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS**

(Amounts in Thousands, Except for Share Amounts)	June 30, 2002 (Unaudited)	December 31, 2001
ASSETS		
Current assets:		
Cash	\$ 90	\$ 860
Restricted cash	20	20
Accounts receivable, net of allowance for doubtful accounts of \$660 and \$725	17,861	17,191
Inventories	760	756
Prepaid expenses	2,740	1,651
Other receivables	60	142
	<u>21,531</u>	<u>20,620</u>
Property and equipment:		
Buildings and land	15,384	15,210
Equipment	28,324	26,915
Vehicles	2,192	2,120
Leasehold improvements	10,348	10,029
Office furniture and equipment	1,612	1,657
Construction-in-progress	5,202	4,382
	<u>63,062</u>	<u>60,313</u>
Less accumulated depreciation and amortization	<u>(13,737)</u>	<u>(11,940)</u>
Net property and equipment	49,325	48,373
Intangibles and other assets:		
Permits, net	11,956	20,639
Goodwill, net	15,281	6,509
Other assets	2,671	2,996
	<u>29,908</u>	<u>30,144</u>
Total assets	<u>\$ 100,764</u>	<u>\$ 99,137</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEETS, CONTINUED

(Amounts in Thousands, Except for Share Amounts)	June 30, 2002 (Unaudited)	December 31, 2001
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,017	\$ 7,167
Current environmental accrual	782	1,202
Accrued expenses	8,011	8,431
Current portion of long-term debt	3,189	2,989
	<u>21,999</u>	<u>19,789</u>
Total current liabilities	21,999	19,789
Environmental accruals	2,241	2,332
Accrued closure costs	4,925	4,919
Other long-term liabilities	1,027	814
Long-term debt, less current portion	26,216	28,157
	<u>34,409</u>	<u>36,222</u>
Total long-term liabilities	34,409	36,222
Total liabilities	56,408	56,011
Commitments and Contingencies (see Note 5)	--	--
Preferred Stock of subsidiary, \$1.00 par value; 1,467,396 shares authorized, 1,284,730 shares issued and outstanding, liquidation value \$1.00 per share	1,285	1,285
Stockholders' equity:		
Preferred Stock, \$.001 par value; 2,000,000 shares authorized, 2,500 shares issued and outstanding	--	--
Common Stock, \$.001 par value; 75,000,000 shares authorized, 35,221,359 and 35,008,005 shares issued, including 988,000 shares held as treasury stock, respectively	35	35
Additional paid-in capital	66,546	66,042
Accumulated deficit	(21,481)	(22,216)
Interest rate swap	(167)	(158)
	<u>44,933</u>	<u>43,703</u>
Less Common Stock in treasury at cost; 988,000 shares issued and outstanding	(1,862)	(1,862)
Total stockholders' equity	<u>43,071</u>	<u>41,841</u>

Total liabilities and stockholders' equity \$ 100,764 \$ 99,137

The accompanying notes are an integral part of these consolidated financial statements.

- -3-

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
(Amounts in Thousands, Except for Per Share Amounts)				
			\$	\$
Net revenues	\$ 22,485	\$ 17,840	38,936	36,552
Cost of goods sold	13,565	12,734	25,926	26,257
Gross profit	8,920	5,106	13,010	10,295
Selling, general and administrative expenses	4,042	3,435	8,120	6,905
Depreciation and amortization	1,049	1,015	2,076	2,032
Income from operations	3,829	656	2,814	1,358
Other income (expense):				
Interest income	4	8	9	16
Interest expense	(722)	(819)	(1,427)	(1,535)
Interest expense-Warrants	--	7	--	(234)
Interest expense-financing fees	(260)	(565)	(517)	(823)
Other	(54)	(1)	(81)	(18)
Net income (loss)	2,797	(714)	798	(1,236)
Preferred Stock dividends	(32)	(32)	(63)	(82)
Net income (loss) applicable to Common Stock	\$ 2,765	\$ (746)	\$ 735	\$ (1,318)
Net income (loss) per common share:				
Basic	\$.08	\$ (.03)	\$.02	\$ (.06)
Diluted	\$.06	\$ (.03)	\$.02	\$ (.06)
Number of shares and potential common shares used in computing net income (loss) per common share:				
Basic	34,210	22,910	34,134	22,711

Diluted

43,556

22,910

43,216

22,711

The accompanying notes are an integral part of these consolidated financial statements.

- -4-

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Amounts in Thousands)	Six Months Ended June 30,	
	2002	2001
Cash flows from operating activities:		
Net income (loss)	\$ 798	\$ (1,236)
Adjustments to reconcile net income (loss) to cash provided by (used in) operations:		
Depreciation and amortization	2,076	2,032
Provision for bad debt and other reserves	91	66
Loss on sale of plant, property and equipment	3	34
Issuance of Warrants for financing	--	234
Changes in assets and liabilities, net of effects from business acquisitions:		
Accounts receivable	(761)	470
Prepaid expenses, inventories and other assets	(364)	(271)
Accounts payable and accrued expenses	1,904	207
Net cash provided by operations	3,747	1,536
Cash flows from investing activities:		
Purchases of property and equipment, net	(2,616)	(1,021)
Proceeds from sale of plant, property and equipment	--	139
Net cash used for acquisition consideration	--	(10,083)
Change in restricted cash, net	(3)	(11)
Net cash used in investing activities	(2,619)	(10,976)
Cash flows from financing activities:		
Net repayments of revolving loan and term note facility	(1,292)	(62)
Principal repayments of long-term debt	(1,024)	(1,330)
Proceeds from issuance of long-term debt	--	6,469
Proceeds from issuance of stock	418	4,819
Net cash (used in) provided by financing activities	(1,898)	9,896
(Decrease) increase in cash	(770)	456
Cash at beginning of period	860	498
Cash at end of period	\$ 90	\$ 954

Supplemental disclosure:

Interest paid	\$	1,232	\$	1,088
Non-cash investing and financing activities:				
Issuance of Common Stock for services		23		11
Issuance of Common Stock for payment of dividends		63		155
Issuance of Common Stock for acquisition		--		2,916
Issuance of Preferred Stock of subsidiary for acquisition		--		1,285
Issuance of Warrants for services and financing, net		--		1,539
Loss on interest rate swap		(9)		(88)
Long-term debt incurred for purchase of property and equipment		414		--

The accompanying notes are an integral part of these consolidated financial statements

- 5 -

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, for the six months ended June 30, 2002)

(Amounts in thousands, except for share amounts)	<u>Preferred Stock</u>		<u>Common Stock</u>		Additional	Accumulated	Interest	Common Stock	Total
	Shares	Amount	Shares	Amount	Paid-In Capital	Deficit	Rate Swap	Held In Treasury	Stockholders Equity
Balance at December 31, 2001	2,500	\$ --	35,008,005	\$35	\$66,042	\$(22,216)	\$(158)	\$(1,862)	\$41,841
Comprehensive income:									
Net income	--	--	--	--	--	735	--	--	735
Other comprehensive income:									
Loss on interest rate swap	--	--	--	--	--	--	(9)	--	(9)
Comprehensive income	--	--	--	--	--	--	--	--	726
Issuance of Common Stock for Preferred Stock dividend	--	--	24,217	--	63	--	--	--	63
Issuance of stock for cash and services	--	--	189,137	--	441	--	--	--	441
Balance at June 30, 2002	2,500	\$ --	35,221,359	\$35	\$66,546	\$(21,481)	\$(167)	\$(1,862)	\$43,071

The accompanying notes are an integral part of these consolidated financial statements.

- 6 -

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2002
(Unaudited)

Reference is made herein to the notes to consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2001.

1. Summary of Significant Accounting Policies

Our accounting policies are as set forth in the notes to consolidated financial statements referred to above.

There is no provision for income taxes for the three and six months ended June 30, 2002, as the taxes are offset by prior year net operating loss carryforwards.

2. Recently Adopted Accounting Standards

The Company adopted the Financial Accounting Standards Board FASB Statements No. 141, *Business Combinations* ("SFAS 141"), and No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"), effective January 1, 2002. SFAS 141 requires the use of the purchase method of accounting and prohibits the use of the pooling-of-interests method of accounting for business combinations initiated after June 30, 2001. SFAS 141 also requires that the Company recognize acquired intangible assets apart from goodwill if the acquired intangible assets meet certain criteria, SFAS 141 applies to all business combinations initiated after June 30, 2001, and for purchase business combinations completed on or after July 1, 2001. It also requires, upon adoption of SFAS 142, that the Company reclassify the carrying amounts of intangible assets and goodwill based on the criteria in SFAS 141.

SFAS 142 requires, among other things, that companies no longer amortize goodwill, but instead test goodwill for impairment at least annually. In addition, SFAS 142 requires that the Company identify reporting units for the purposes of assessing potential future impairments of goodwill, reassess the useful lives of other existing recognized intangible assets, and cease amortization of intangible assets with an indefinite useful life. An intangible asset with an indefinite useful life should be tested for impairment in accordance with the guidance in SFAS 142. SFAS 142 requires the Company to complete a transitional goodwill impairment test six months from the date of adoption. The Company is also required to reassess the useful lives of other intangible assets within the first interim quarter after adoption of SFAS 142. The Company has completed the first step of its evaluation of intangible assets for impairment, and has determined that no impairment existed as of January 1, 2002. The Company has discontinued amortizing its indefinite-life intangible assets (goodwill and permits). Prior to January 1, 2002, goodwill and permits were amortized on a straight-line basis over ten to forty years. Amortization expense for goodwill and permits for the three and six months ended June 30, 2001, was \$292,000 and \$584,000, respectively.

Results for June 30, 2001, assuming the discontinuation of amortization would be as follows:

(Amounts in thousands, except per share amount)	Three Months Ended June 30, 2001		Six Months Ended June 30, 2001	
	Total	Per Share	Total	Per Share
Net loss, as reported	\$ (714)	\$ (.03)	\$ (1,236)	\$ (.06)
Amortization of goodwill and permits	292	.01	584	.03
Net loss, as adjusted	\$ (422)	\$ (.02)	\$ (652)	\$ (.03)

-7-

Pursuant to the Company's adoption of SFAS 141 and 142, the Company changed its method of recording acquired permits in connection with business combinations. For all acquisitions prior to July 2001, the Company allocated the excess purchase price between goodwill and permits, based upon the percentage of revenue generated through permitted activities. If all revenue/business base of an entity was derived from and subject to the permit, then the full intangible amount was recorded to permits. The permits, therefore were allocated this intangible value, and were generally amortized over a 20 year life.

For permits acquired beginning in July 2001 the Company will determine the actual cost to obtain such a permit and record it as an intangible permit with an indefinite life. The Company will expense as incurred any ongoing costs to maintain and renew its permits. These ongoing costs are significantly less than the initial costs to obtain a permit.

In conjunction with the final purchase price allocation as completed in June 2002, the Company reclassified a portion of the permits recorded upon the acquisition of M&EC on June 25, 2001. Permits were originally recorded at \$10,553,000 when the Company recorded the acquisition in June 2001. During June 2002, \$9,149,000 was reclassified from permits to goodwill, additional accrued liabilities were recognized in the amount of \$63,000 and \$1,403,000 recorded in permits which represents the actual costs in obtaining the permits.

3. Earnings Per Share

Basic EPS is based on the weighted average number of shares of Common Stock outstanding during the period. Diluted EPS includes the dilutive effect of potential common shares. Diluted loss per share for the three and six months ended June 30, 2001, does not include potential common shares as their effect would be anti-dilutive.

The following is a reconciliation of basic net income (loss) per share and diluted net income (loss) per share for the three and six months ended June 30, 2002 and 2001.

Three Months Ended June 30,		Six Months Ended June 30,	
2002	2001	2002	2001

Net income (loss) applicable to Common Stock - basic	\$ 2,765	\$ (746)	\$ 735	\$ (1,318)
Effect of dilutive securities - Preferred Stock dividends	32	--	63	--
	<hr/>	<hr/>	<hr/>	<hr/>
Net income (loss) applicable to Common Stock - diluted	\$ 2,797	\$ (746)	\$ 798	\$ (1,318)
	<hr/>	<hr/>	<hr/>	<hr/>
Basic net income (loss) per share	\$ 0.08	\$ (0.03)	\$ 0.02	\$ (0.06)
	<hr/>	<hr/>	<hr/>	<hr/>
Diluted net income (loss) per share	\$ 0.06	\$ (0.03)	\$ 0.02	\$ (0.06)
	<hr/>	<hr/>	<hr/>	<hr/>
Weighted average shares outstanding - basic	34,210	22,910	34,134	22,711
Potential shares exercisable under stock option plans	1,237	--	1,197	--
Potential shares upon exercise of Warrants	6,442	--	6,218	--
Potential shares upon conversion of Preferred Stock	1,667	--	1,667	--
	<hr/>	<hr/>	<hr/>	<hr/>
Weighted average shares outstanding - diluted	43,556	22,910	43,216	22,711
	<hr/>	<hr/>	<hr/>	<hr/>

Potential shares excluded from above weighted average share calculations due to their anti-dilutive effect

include:

Upon exercise of options	41,800	2,095,949	171,800	2,095,949
Upon exercise of Warrants	--	7,602,329	--	7,602,329
Upon conversion of Preferred Stock	--	1,666,667	--	1,666,667

-8-

4. Long-term Debt

Long-term debt consists of the following at June 30, 2002, and December 31, 2001:

(Amounts in Thousands)	June 30, 2002 (Unaudited)	December 31, 2001
Revolving loan facility dated December 22, 2000, borrowings based upon eligible accounts receivable, subject to monthly borrowing base calculation, variable interest paid monthly at prime rate plus 1% (5.75% at June 30, 2002), balance due in December 2005.	\$ 6,871	\$ 7,663
Term Loan Agreement dated December 22, 2000, payable in equal monthly installments of principal of \$83, balance due in December 2005, variable interest paid monthly at prime rate plus 1 1/2% (6.25% at June 30, 2002).	5,583	6,083
Three promissory notes dated May 27, 1999, payable in equal		

monthly installments of principal and interest of \$90 over 60 months, due June 2004, interest at 5.5% for first three years and 7% for remaining two years.	2,016	2,495
Promissory note dated August 31, 2000, payable in one lump sum in August 2005, interest paid annually at 7%.	3,500	3,500
Senior subordinated notes dated July 31, 2001, payable in one lump sum on July 31, 2006, interest payable quarterly at an annual interest rate of 13.5%, net of unamortized debt discount of \$1,325 and \$1,487.	4,300	4,138
Promissory note dated June 25, 2001, payable in semiannual installments on June 30 and December 31 through December 31, 2008, variable interest accrues at the applicable federal rate determined under the IRS Code Section (8.0% on June 30, 2002) and is payable in a lump sum on December 31, 2008.	3,614	3,634
Promissory note dated June 25, 2001, payable in semiannual installments on June 30 and December 31 through December 31, 2008, variable interest accrues at the applicable federal rate determined under the IRS Code Section (8.0% on June 30, 2002) and is payable in a lump sum on December 31, 2008.	898	903
Various capital lease and promissory note obligations, payable 2002 to 2007, interest at rates ranging from 3.9% to 17.9%.	2,623	2,730
	<u>29,405</u>	<u>31,146</u>
Less current portion of long-term debt	3,189	2,989
	<u>\$ 26,216</u>	<u>\$ 28,157</u>

-9-

On December 22, 2000, the company entered into a Revolving Credit, Term Loan and Security Agreement ("Agreement") with PNC Bank, National Association, a national banking association ("PNC") acting as agent ("Agent") for lenders, and as issuing bank. The Agreement provides for a term loan ("Term Loan") in the amount of \$7,000,000, which requires principal repayments based upon a seven-year amortization, payable over five years, with monthly installments of \$83,000 and the remaining unpaid principal balance due on December 22, 2005. Payments commenced on February 1, 2001. The Agreement also provided for a revolving line of credit ("Revolving Credit") with a maximum principal amount outstanding at any one time of \$15,000,000. The Revolving Credit advances are subject to limitations of an amount up to the sum of a) up to 85% of Commercial Receivables aged 90 days or less from invoice date, b) up to 85% of Commercial Broker Receivables aged up to 120 days from invoice date, c) up to 85% of acceptable Government Agency Receivables aged up to 150 days from invoice date, and d) up to 50% of acceptable unbilled amounts aged up to 60 days, less e) reserves Agent reasonably deems proper and necessary. The Revolving Credit advances shall be due and payable in full on

December 22, 2005. As of June 30, 2002, our excess availability under our Revolving Credit was \$5,066,000 based on our eligible receivables.

Pursuant to the Agreement the Term Loan bears interest at a floating rate equal to the prime rate plus 1 1/2%, and the Revolving Credit at a floating rate equal to the prime rate plus 1%. The Agreement also contains certain management and credit limit fees payable throughout the term. The loans are subject to a prepayment fee of 1 1/2 % in the first year, 1% in the second and third years and 3/4% after the third anniversary until termination date.

In December 2000, the Company entered into an interest rate swap agreement related to its Term Loan. This hedge, has effectively fixed the interest rate on the notional amount of \$3,500,000 of the floating rate \$7,000,000 PNC Term Loan. The Company will pay the counterparty interest at a fixed rate equal to the base rate of 6.25%, for a period from December 22, 2000, through December 22, 2005, in exchange for the counterparty paying the Company one month LIBOR rate for the same term (1.84% at June 30, 2002). The value of the interest rate swap at January 1, 2001, was de minimus. At June 30, 2002, the market value of the interest rate swap was in an unfavorable value position of \$167,000 and was recorded as a liability. During the six months ended June 30, 2002, the Company recorded a loss on the interest rate swap of \$9,000 which offset other comprehensive income on the Statement of Stockholders' Equity.

Effective as of June 2002, the Company and PNC entered into Amendment No. 1 to the Agreement, which, among other things, increased the letter of credit commitment from \$500,000 to \$4,500,000 and provided for a \$4.0 million standby letter of credit. The standby letter of credit was issued to secure certain surety bond obligations. Pursuant to the terms of Amendment No. 1, as partial collateral for the issuance of the standby letter of credit, a reserve of approximately \$66,000 will be recorded each month against the availability under the Revolving Credit beginning July 15, 2002, until such time as the standby letter of credit is fully reserved. As a condition precedent to this Amendment No. 1, the Company paid a \$50,000 amendment fee to PNC.

Pursuant to the terms of the Stock Purchase Agreements in connection with the acquisition of Perma-Fix of Orlando, Inc. ("PFO"), Perma-Fix of South Georgia, Inc. ("PFSG") and Perma-Fix of Michigan, Inc. ("PFMI"), a portion of the consideration was paid in the form of the Promissory Notes, in the aggregate amount of \$4,700,000 payable to the former owners of PFO, PFSG and PFMI. The Promissory Notes are paid in equal monthly installments of principal and interest of approximately \$90,000 over five years with the first installment due on July 1, 1999, and having an interest rate of 5.5% for the first three years and 7% for the remaining two years beginning June 1, 2002. The aggregate outstanding balance of the Promissory Notes total \$2,016,000 at June 30, 2002, of which \$973,000 is in the current portion. Payments of such Promissory Notes are guaranteed by PFMI under a non-recourse guaranty, which non-recourse guaranty is secured by certain real estate owned by PFMI. These Promissory Notes are subject to subordination agreements with the Company's senior and subordinated lenders.

On August 31, 2000, as part of the consideration for the purchase of Diversified Scientific Services, Inc. ("DSSI"), the Company issued to Waste Management Holdings a long-term unsecured promissory note (the

at a rate of 7% per annum and having a five-year term with interest to be paid annually and principal due at the end of the term of the Unsecured Promissory Note.

On July 31, 2001, the Company issued approximately \$5.6 million of its 13.50% Senior Subordinated Notes due July 31, 2006 (the "Notes"). The Notes were issued pursuant to the terms of a Note and Warrant Purchase Agreement, dated July 31, 2001 (the "Purchase Agreement"), between the Company, Associated Mezzanine Investors - PESI, L.P. ("AMI"), and Bridge East Capital, L.P. ("BEC"). The Notes are unsecured and are unconditionally guaranteed by the subsidiaries of the Company. The Company's payment obligations under the Notes are subordinate to the Company's payment obligations to its primary lender and to certain other debts of the Company up to an aggregate amount of \$25 million. The net proceeds from the sale of the Notes were used to repay a previous short-term loan.

Under the terms of the Purchase Agreement, the Company also issued to AMI and BEC Warrants to purchase up to 1,281,731 shares of the Company's Common Stock ("Warrant Shares") at an initial exercise price of \$1.50 per share (the "Warrants"), subject to adjustment under certain conditions. The Warrants, as issued, also contain a cashless exercise provision. The holders of at least 25% of the Warrants or the Warrant Shares may, at any time and from time to time during the term of the Warrants, request on two occasions registration with the Securities and Exchange Commission ("SEC") of the Warrant Shares. In addition, the holders of the Warrants are entitled, subject to certain conditions, to include the Warrant Shares in a registration statement covering other securities which the Company proposes to register. On August 5, 2002, the Company filed an amended S-3 Registration Statement with the SEC covering the Warrants. The Registration Statement has not been declared effective as of the date of this Form 10-Q.

In connection with the sale of the Notes, the Company, AMI, and BEC entered into an Option Agreement, dated July 31, 2001 (the "Option Agreement"). Pursuant to the Option Agreement, the Company granted each Purchaser an irrevocable option requiring the Company to purchase any of the Warrants or the Warrant Shares then held by the Purchaser (the "Put Option"). The Put Option may be exercised at any time commencing July 31, 2004, and ending July 31, 2008. In addition, each Purchaser granted to the Company an irrevocable option to purchase all the Warrants or the Warrant Shares then held by the Purchaser (the "Call Option"). The Call Option may be exercised at any time commencing July 31, 2005, and ending July 31, 2008. The purchase price under the Put Option and the Call Option is based on the quotient obtained by dividing (a) the sum of six times the Company's consolidated EBITDA for the period of the 12 most recent consecutive months minus Net Debt plus the Warrant Proceeds by (b) the Company's Diluted Shares (as the terms EBITDA, Net Debt, Warrant Proceeds, and Diluted Shares are defined in the Option Agreement). Pursuant to the guidance under EITF 00-19 on accounting for and financial presentation of securities that could potentially be settled in a Company's own stock, the put warrants would be classified outside of equity based on the ability of the holder to require cash settlement. Also, EITF Topic D-98 discusses the accounting for a security that will become redeemable at a future determinable date and its redemption is variable. This is the case with the Warrants as the date is fixed, but the put or call price varies. The EITF gives two possible methodologies for valuing the securities. The Company has selected to account for the changes in redemption value immediately as they occur and the Company will adjust the carrying value of the security to equal the redemption value at the end of each reporting period. On June 30, 2002, the purchase price under the Put Option was in a negative position and as such no liability was recorded for the redemption of the Put Option.

In conjunction with the Company's acquisition of East Tennessee Materials and Energy Corporation ("M&EC"), M&EC entered into an installment agreement with the Internal Revenue Service ("IRS") for a principal amount of \$923,000 dated June 7, 2001, for certain withholding taxes owed by M&EC. The installment agreement is payable over eight years on a semiannual

basis on June 30 and December 31. Interest is accrued at the applicable law rate ("Applicable Rate") pursuant to the provisions of section 6621 of the Internal Revenue Code of 1986 as amended. Such rate is adjusted on a quarterly basis and payable in

-11-

a lump sum at the end of the installment period. On June 30, 2002, the rate was 8%. On June 30, 2002, the outstanding balance was \$979,000 including accrued interest of approximately \$81,000.

M&EC also issued a promissory note for a principal amount of \$3.7 million to Performance Development Corporation (PDC), dated June 7, 2001, for monies advanced to M&EC for certain services performed by PDC. The promissory note is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the Applicable Rate (8.00% on June 30, 2002) and payable in a lump sum at the end of the loan period. On June 30, 2002, the outstanding balance was \$3,962,000 including accrued interest of approximately \$348,000. PDC has directed M&EC to make all payments under the promissory note directly to the IRS to be applied to PDC's obligations under its installment agreement with the IRS.

5. Commitments and Contingencies

Hazardous Waste

In connection with our waste management services, we handle both hazardous and non-hazardous waste which we transport to our own or other facilities for destruction or disposal. As a result of disposing of hazardous substances, in the event any cleanup is required, we could be a potentially responsible party ("PRP") for the costs of the cleanup notwithstanding any absence of fault on our part.

Legal

In the normal course of conducting our business, we are involved in various litigation. There has been no material change in legal proceedings from those disclosed previously in the Company's Form 10-K for year ended December 31, 2001, except as stated below. We are not a party to any litigation or governmental proceeding which our management believes could result in any judgements or fines against us that would have a material adverse affect on the Company's financial position, liquidity or results of operations.

During the second quarter of 2002 the Company's subsidiary, PFMI, and other PRPs entered into an agreement in principal to settle the lawsuit filed by the federal government in connection with the Four County Landfill site pending in the United States District Court for the Northern District of Indiana, South Bend Division. PFMI would pay approximately \$153,000 of the total settlement. The settlement is subject to PFMI being allowed twelve months to pay its portion of the settlement and the parties entering into a definitive settlement agreement.

Permits

We are subject to various regulatory requirements, including the procurement of requisite licenses and permits at our facilities. These licenses and permits are subject to periodic renewal without which our operations would be adversely affected. We anticipate that, once a license or permit is issued with respect to a facility, the license or permit will be renewed at the end of its term if the facility's operations are in compliance with the applicable regulatory requirements.

Accrued Closure Costs and Environmental Liabilities

We maintain closure cost financial guarantees to insure the proper decommissioning of our RCRA facilities upon cessation of operations. Additionally, in the course of owning and operating on-site treatment, storage and disposal facilities, we are subject to corrective action proceedings to restore soil and/or groundwater to its original state. These activities are governed by federal, state and local regulations and we maintain the appropriate accruals for restoration. We have recorded accrued liabilities for estimated closure costs and identified environmental remediation costs.

Insurance

We believe we maintain insurance coverage adequate for our needs and which is similar to, or greater than, the coverage maintained by other companies of our size in the industry. There can be no assurances, however, that liabilities which may be incurred by us will be covered by our insurance or that the dollar amount of such liabilities which are covered will not exceed our policy limits. Under our insurance contracts, we usually accept self-insured retentions which we believe appropriate for our specific business risks. We are required by EPA regulations to carry environmental impairment liability insurance providing coverage for damages on a claims-made basis in amounts of at least \$1 million per occurrence and \$2 million per year in the aggregate. To meet the requirements of customers, we have exceeded these coverage amounts.

-12-

6. Operating Segments

Pursuant to FAS 131, we define an operating segment as:

- * A business activity from which we may earn revenue and incur expenses;
- * Whose operating results are regularly reviewed by the President of the segment to make decisions about resources to be allocated within the segment and assess its performance; and
- * For which discrete financial information is available.

We have eleven operating segments which are defined as each separate facility or location that we operate. These segments however, exclude the Corporate headquarters which does not generate revenue.

Pursuant to FAS 131 we have aggregated two or more operating segments into three reportable segments to ease in the presentation and understanding of our business. We used the following criteria to aggregate our segments:

- * The nature of our products and services;
- * The nature of the production processes;
- * The type or class of customer for our products and services;
- * The methods used to distribute our products or provide our services; and
- * The nature of the regulatory environment.

Our reportable segments are defined as follows:

The Industrial Waste Management Services segment provides on-and-off site treatment, storage, processing and disposal of hazardous and nonhazardous industrial waste, commercial waste and wastewater through our six TSD facilities; Perma-Fix Treatment Services, Inc., Perma-Fix of Dayton, Inc., Perma-Fix of Ft. Lauderdale, Inc., Perma-Fix of Orlando, Inc., Perma-Fix of South Georgia, Inc., and Perma-Fix of Michigan, Inc. We provide through Perma-Fix Government Services various waste management services to certain governmental agencies.

The Nuclear Waste Management Services segment provides treatment, storage, processing and disposal services, including research, development, on and off-site waste remediation of nuclear mixed and low-level radioactive waste through our three TSD facilities; Perma-Fix of Florida, Inc., Diversified Scientific Services, Inc., and East Tennessee Materials and Energy Corporation.

The Consulting Engineering Services segment provides environmental engineering and regulatory compliance services through Schreiber, Yonley & Associates, Inc. which includes oversight management of environmental restoration projects, air and soil sampling and compliance and training activities, as well as, engineering support as needed by our other segments.

The table below presents certain financial information by business segment for the three and six months ended June 30, 2002 and 2001.

Segment Reporting for the Quarter Ended June 30, 2002

	Industrial Waste Services	Nuclear Waste Services	Engineering	Segments Total	Corporate	Consolidated Total
Revenue from external	\$ 9,721	\$ 11,843	\$ 921	\$ 22,485	\$ --	\$ 22,485
Intercompany revenues	2,318	1,504	33	3,855	--	3,855
Interest income	4	--	--	4	--	4
Interest expense	166	555	1	722	--	722
Interest expense-financing fees	--	2	--	2	258	260
Depreciation and amortization	491	528	9	1,028	21	1,049
Segment profit (loss)	(601)	3,261	105	2,765	--	2,765
Segment assets ⁽¹⁾	40,822	53,534	2,233	96,589	4,175	100,764
Expenditures for segment assets	644	696	4	1,344	--	1,344

-13-

Segment Reporting for the Quarter Ended June 30, 2001

	Industrial Waste Services	Nuclear Waste Services	Engineering	Segments Total	Corporate	Consolidated Total
Revenue from external	\$ 10,040	\$ 6,968	\$ 832	\$ 17,840	\$ --	\$ 17,840
Intercompany revenues	1,094	883	48	2,025	--	2,025

Interest income	6	--	--	6	2	8
Interest expense	248	491	10	749	70	819
Interest expense-Warrants	--	--	--	--	(7)	(7)
Interest expense-financing fees	--	451	--	451	114	565
Depreciation and amortization	653	319	23	995	20	1,015
Segment profit (loss)	(216)	(592)	62	(746)	--	(746)
Segment assets ⁽¹⁾	41,660	45,742	2,419	89,821	5,323	95,144
Expenditures for segment assets	398	252	5	655	1	656

Segment Reporting for the Six Months Ended June 30, 2002

	Industrial Waste Services	Nuclear Waste Services	Engineering	Segments Total	Corporate	Consolidated Total
		\$				
Revenue from external	\$ 18,059	19,037	\$ 1,840	\$ 38,936	\$ --	\$ 38,936
Intercompany revenues	3,563	2,907	44	6,514	--	6,514
Interest income	8	--	--	8	1	9
Interest expense	332	1,095	4	1,431	(4)	1,427
Interest expense-financing fees	--	4	--	4	513	517
Depreciation and amortization	977	1,037	20	2,034	42	2,076
Segment profit (loss)	(1,918)	2,426	227	735	--	735
Segment assets ⁽¹⁾	40,822	53,534	2,233	96,589	4,175	100,764
Expenditures for segment assets	1,340	1,682	4	3,026	4	3,030

Segment Reporting for the Six Months Ended June 30, 2001

	Industrial Waste Services	Nuclear Waste Services	Engineering	Segments Total	Corporate	Consolidated Total
		\$				
Revenue from external	\$ 20,018	14,898	\$ 1,636	\$ 36,552	\$ --	\$ 36,552
Intercompany revenues	2,071	2,425	85	4,581	--	4,581
Interest income	12	--	--	12	4	16
Interest expense	514	820	24	1,358	177	1,535
Interest expense-Warrants	--	--	--	--	234	234
Interest expense-financing fees	6	601	--	607	216	823
Depreciation and amortization	1,333	614	45	1,992	40	2,032
Segment profit (loss)	(1,213)	35	101	(1,077)	(241) ⁽²⁾	(1,318)
Segment assets ⁽¹⁾	41,660	45,742	2,419	89,821	5,323	95,144
Expenditures for segment assets	589	422	9	1,020	1	1,021

⁽¹⁾ Segment assets have been adjusted for intercompany accounts to reflect actual assets for each segment.

⁽²⁾ Amount reflects interest expense-Warrants not allocated to the operating segments.

**PERMA-FIX ENVIRONMENTAL SERVICES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
PART I, ITEM 2**

Forward-looking Statements

Certain statements contained within this report may be deemed "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 (collectively, the "Private Securities Litigation Reform Act of 1995"). All statements in this report other than a statement of historical fact are forward-looking statements that are subject to known and unknown risks, uncertainties and other factors which could cause actual results and performance of the Company to differ materially from such statements. The words "believe," "expect," "anticipate," "intend," "will," and similar expressions identify forward-looking statements. Forward-looking statements contained herein relate to, among other things,

- * ability or inability to continue and improve operations and profitability;
- * anticipated improvement in the financial performance of the Company;
- * ability to comply with the Company's general working capital requirements;
- * ability to be able to continue to borrow under the Company's revolving line of credit;
- * ability to generate sufficient cash flow from operations to fund all costs of operations and remediation of certain formerly leased property in Dayton, Ohio, and the Company's facilities in Memphis, Tennessee; Valdosta, Georgia and Detroit Michigan;
- * ability to remediate certain contaminated sites for projected amounts;
- * ability to pay expenses to remediate the four sites from funds generated internally;
- * no impairment to intangible assets;
- * no intention to close any facilities;
- * ability to fund budgeted capital expenditures for 2002;
- * ability to complete negotiations under the Oak Ridge contracts and complete the negotiations favorably for the Company;
- * higher revenue under the Oak Ridge contracts;
- * increasing other sources of revenue at M&EC;
- * expectation that there will be an increase in revenues and operating profits during 2002; and
- * ability of the Company's mixed waste facilities to continue to expand and demonstrate their processing capabilities, increase sales and marketing efforts, and to receive greater volumes of waste.

While the Company believes the expectations reflected in such forward-looking statements are

reasonable, it can give no assurance such expectations will prove to have been correct. There are a variety of factors which could cause future outcomes to differ materially from those described in this report, including, but not limited to:

- * general economic conditions;
- * material reduction in revenues;
- * inability to collect in a timely manner a material amount of receivables;
- * increased competitive pressures;
- * the ability to maintain and obtain required permits and approvals to conduct operations;
- * the ability to develop new and existing technologies in the conduct of operations;
- * ability to retain or renew certain required permits;
- * discovery of additional contamination or expanded contamination at a certain Dayton, Ohio, property formerly leased by the Company or the Company's facilities at Memphis, Tennessee; Valdosta, Georgia and Detroit Michigan, which would result in a material increase in remediation expenditures;
- * determination that PFM is the source of chlorinated compounds at the Allen Well Field;

-15-

- * changes in federal, state and local laws and regulations, especially environmental laws and regulations, or in interpretation of such;
- * potential increases in equipment, maintenance, operating or labor costs;
- * management retention and development;
- * financial valuation of intangible assets is substantially less than expected;
- * the requirement to use internally generated funds for purposes not presently anticipated;
- * inability to continue to become profitable on an annualized basis;
- * the inability of the Company to maintain the listing of its Common Stock on the NASDAQ;
- * the determination that PFMI or PFO was responsible for a material amount of remediation at certain Superfund sites;
- * terminations of contracts with federal agencies or subcontracts involving federal agencies, or reduction in amount of waste delivered to the Company under these contracts or subcontracts; and
- * negative impact resulting from the adoption of accounting standard SFAS 142.

The Company undertakes no obligations to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

Critical Accounting Policies and Estimates

In preparing the consolidated financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as, the reported amounts of revenues and expenses during the

reporting period. The Company believes the following critical accounting policies affect the more significant estimates used in preparation of the consolidated financial statements:

Intangible Assets. Intangible assets relating to acquired businesses consist primarily of the cost of purchased businesses in excess of the estimated fair value of net assets acquired ("goodwill") and the recognized permit value of the business. The Company continually reevaluates the propriety of the carrying amount of permits and goodwill to determine whether current events and circumstances warrant adjustments to the carrying value. Effective January 1, 2002, the Company adopted SFAS 142 and has completed the first step of its financial valuation of intangible assets and determined that no impairment existed as of January 1, 2002. Effective January 1, 2002, the Company discontinued amortizing indefinite life intangible assets (goodwill and permits) as required by SFAS 142. Amortization expense for goodwill and permits for the three and six months ended June 30, 2001, was \$292,000 and \$584,000, respectively.

Accrued Closure Costs. The accrued closure costs are estimates based on guidelines developed by federal and/or state regulatory authorities under RCRA. Such costs are evaluated annually and adjusted for inflationary factors and for approved changes or expansions to the facilities. Increases due to inflationary factors for the years ended December 31, 2002, 2001, 2000 and 1999 have been approximately 2.2%, 2.1%, 1.5% and 1.1%, respectively, and based on the historical information, the Company does not expect future inflationary changes to differ materially from the last four years. Increases or decreases in accrued closure costs resulting from changes or expansions at the facilities are determined based on specific RCRA guidelines applied to the requested change. This calculation includes certain estimates, such as disposal pricing, which are based on current market conditions. Accrued closure costs represent a contingent environmental liability to clean up a facility in the event the Company ceases operations in an existing facility. However, the Company has no intention, at this time, to close any of its facilities.

Accrued Environmental Liabilities. The Company has four remediation projects currently in progress. The current and long-term accrual amounts for the projects are the Company's best estimates determined based on proposed or approved processes for clean-up. The circumstances that could affect the outcome range from new technologies, that are being developed every day that reduce the Company's overall costs, to increased contamination levels that could arise as the Company completes remediation which could increase the Company's costs, neither of which the Company anticipates at this time. In addition, significant changes in regulations could adversely or favorably affect the costs to remediate existing sites or potential future sites,

-16-

which cannot be reasonably quantified. For further discussion on the Company's environmental liabilities see Environmental Contingencies in this section.

Disposal Costs. The Company accrues for waste disposal based upon a physical count of the total waste at each facility at the end of each accounting period. Current market prices for transportation and disposal costs are applied to the end of period waste inventories to calculate the disposal accrual. Costs are calculated using current costs for disposal, but economic trends could materially affect the actual costs for disposal. As there are limited disposal sites available to the Company, a change in the number of available sites or an increase or decrease in demand for the existing disposal areas could significantly affect the actual disposal costs either positively

or negatively.

Self-Insurance. The Company has a self-insurance program for certain health benefits. The cost of such benefits is recognized as expense in the period in which the claim occurred and includes an estimate of claims incurred but not reported ("IBNR"), with such estimates based upon historical trends. Actual health insurance claims may differ materially from the estimates, as a result of the nature and extent of the actual IBNR claims paid. The Company maintains separate insurance to cover the excess liability over an established specific single claim amount and also an aggregate annual claim total.

Results of Operations

The table below should be used when reviewing management's discussion and analysis for the three and six months ended June 30, 2002 and 2001:

Consolidated (amounts in thousands)	Three Months Ended June 30,				Six Months Ended June 30,			
	2002	%	2001	%	%	2001	%	
	\$ 22,485	100.0	\$ 17,840	100.0	\$ 38,936	100.0	\$ 36,552	100.0
Cost of Goods Sold	13,565	60.3	12,734	71.4	25,926	66.6	26,257	71.8
Gross Profit	8,920	39.7	5,106	28.6	13,010	33.4	10,295	28.2
Selling, General and Administrative	4,042	18.0	3,435	19.2	8,120	20.9	6,905	18.9
Depreciation/Amortization	1,049	4.7	1,015	5.7	2,076	5.3	2,032	5.6
Income from Operations	\$ 3,829	17.0	\$ 656	3.7	\$ 2,814	7.2	\$ 1,358	3.7
Interest Expense	(722)	(3.2)	(819)	(4.6)	(1,427)	(3.7)	(1,535)	(4.2)
Interest Expense-Warrants	--	--	7	--	--	--	(234)	(0.6)
Interest Expense-Financing Fees	(260)	(1.2)	(565)	(3.2)	(517)	(1.3)	(823)	(2.3)
Preferred Stock Dividends	(32)	(0.1)	(32)	(0.2)	(63)	(0.2)	(82)	(0.2)

Summary -- Three and Six Months Ended June 30, 2002 and 2001

The Company provides services through three reportable operating segments. The Industrial Waste Management Services segment is engaged in on-and off-site treatment, storage, disposal and processing of a wide variety of by-products and industrial, hazardous and non-hazardous wastes. This segment competes for materials and services with numerous regional and national competitors to provide comprehensive and cost-effective waste management services to a wide variety of customers nationwide. The Company operates and maintains facilities and businesses in the waste by-product brokerage, on-site treatment and stabilization, and off-site blending, treatment and disposal industries. The Nuclear Waste Management Services segment provides treatment, storage, processing and disposal services of nuclear mixed and low-level radioactive wastes, including research, development and on-site and off-site waste remediation. The presence of nuclear and low-level radioactive constituents within the waste streams processed by this segment create different and unique operational, processing and permitting/licensing requirements from those

contained within the Industrial Waste Management Services segment. The Company's Consulting Engineering Services segment provides a wide variety of environmental related consulting and engineering services to industry and government. The Consulting Engineering Services segment provides oversight management of environmental restoration projects, air and soil sampling, compliance reporting, surface and subsurface water treatment design for removal of pollutants, and various compliance and training activities.

Consolidated net revenues increased to \$22,485,000 for the quarter ended June 30, 2002, as compared to \$17,840,000 for the same quarter in 2001. This increase of \$4,645,000 or 26.0% is principally attributable to an increase in revenue in the Nuclear Waste Management Services segment of approximately \$4,874,000 resulting from the favorable negotiation of certain contract changes, the completion of a large offsite mixed waste remediation project and from growth in mixed waste revenues, as these facilities continue to expand and demonstrate their processing capabilities, increase their related sales and marketing efforts and begin to receive greater volumes of waste under certain contracts, such as the Oak Ridge contracts. The Company recognized during the second quarter of 2002 approximately \$2.2 million of additional revenue, for work completed during the first six months of 2002, as a result of the favorable resolution of certain contract changes under the Oak Ridge contracts. The pricing structure under the Oak Ridge contracts was amended to allow M&EC to charge additional amounts for certain waste drums received primarily in connection with drum density and chemical content. The amended pricing structure applies to all waste received by M&EC under the Oak Ridge Contracts from January 1, 2002, and on all future waste received under the Oak Ridge contracts. The Company continues to negotiate certain other surcharges under the Oak Ridge contracts, which as of this time, the Company has not completed negotiations and is unable to determine the final negotiated amount, if any. Additionally, the Consulting Engineering Services segment experienced an increase of approximately \$89,000 which was primarily due to a new project that was awarded by a nationally known cement company. Offsetting these increases was a decrease in the Industrial Waste Management Services segment of approximately \$318,000 resulting from the downturn in the economy, the effect of targeting higher margin business and the reduced revenues during the initial period of start-up of the segments new wastewater treatment system, which began full scale processing during June 2002. Consolidated net revenues increased to \$38,936,000 from \$36,552,000 for the six-month period ended June 30, 2002. This increase of \$2,384,000 or 6.5% is principally attributable to an increase in the Nuclear Waste Management Services segment of approximately \$4,139,000 resulting from the favorable negotiation of certain contract changes, the completion of a large offsite mixed waste remediation project and from growth in mixed waste revenues driven by the continued expansion within the new and unique mixed waste market, as discussed above. Additionally, the Consulting Engineering Services segment experienced an increase of approximately \$204,000 which was primarily due to new projects that were awarded by nationally known cement companies. Offsetting these increases was a decrease in the Industrial Waste Management Services segment of approximately \$1,959,000 resulting from the downturn in the economy, the expiration of certain government contracts and the effect of the start-up of the new wastewater treatment system, which occurred over the first five months of 2002.

Cost of goods sold for the Company increased \$831,000 or 6.5% for the quarter ended June 30, 2002, as compared to the quarter ended June 30, 2001. This consolidated increase in cost of goods sold reflects an increase in the Nuclear Waste Management Services segment of \$551,000 and an increase in the Consulting Engineering Services segment of \$90,000. These increases directly correlate to the increase in revenues for these segments. Additionally, the high fixed cost nature of the facilities and increased staffing associated with new projects, as noted above, contributed to the increases. The Industrial Waste Management Services segment experienced an increase of \$190,000 as it continues to develop its new wastewater treatment technology, which became fully operational in June 2002. Cost of goods sold decreased \$331,000 or 1.3% for the six-month period ended June 30, 2002, as compared to the six-month period ended June 30, 2001. This consolidated decrease in cost of goods sold reflects a decrease in the Industrial Waste Management Services segment of \$785,000 which directly

corresponds to the decrease in revenues for this segment, partially offset by additional operating costs associated with the development and installation of its new wastewater treatment technology. Offsetting this decrease was an increase in cost of goods sold in the Nuclear Waste Management Services segment of \$303,000 which corresponds to the growth in mixed waste revenues and an increase in cost of goods sold in the Consulting Engineering Services segment of \$151,000 primarily due to increased staffing associated with the new projects, as noted above.

-18-

The resulting gross profit for the quarter ended June 30, 2002, increased \$3,814,000 to \$8,920,000, which as a percentage of revenue is 39.7%, reflecting an increase over the corresponding quarter in 2001 percentage of revenue of 28.6%. This increase in gross profit percentage was recognized throughout the Nuclear Waste Management Services segment which experienced an increase from 24.7% in 2001 to 51.2% in 2002. This increase in gross profit percentage reflects the progress of the continued start-up of these newly expanded mixed waste facilities, increased activities under the Oak Ridge contracts and the impact of the favorable negotiation of certain contract changes related to the Oak Ridge contracts. These contract changes were related to work orders completed in the first quarter in which base revenue and the full costs associated with the work completed during that quarter were recorded. Offsetting this increase in gross profit percentage was a decrease in the Industrial Waste Management Services segment from 30.3% in 2001 to 26.0% in 2002. This decrease reflects the impact of the high fixed cost nature of the facilities as revenues have been lower during the recent economic downturn and the additional operating costs associated with the development of the new wastewater treatment technology. Additionally, the Consulting Engineering Services segment experienced a decrease in gross profit percentage from 39.2% in 2001 to 35.3% in 2002. This decrease reflects the impact of additional staffing associated with the new project, as noted above. The resulting gross profit for the six months of 2002 increased \$2,715,000 to \$13,010,000, which as a percentage of revenue is 33.4%, reflecting an increase over the corresponding six months in 2001 percentage of revenue of 28.2%. This increase in gross profit percentage was principally recognized in the Nuclear Waste Management Services segment which experienced an increase from 27.9% in 2001 to 42.0% in 2002. This increase reflects the impact of certain contract changes and the growth in mixed waste revenues. Furthermore, the gross profit percentage for 2001 was negatively affected by the low margin subcontract work performed by this segment during the completion of the East Tennessee Materials and Energy Corporation ("M&EC") facility. Offsetting this increase in gross profit percentage was a decrease in the Industrial Waste Management Services segment from 27.5% in 2001 to 24.0% in 2002 reflecting the impact of the high fixed cost nature of the facilities in conjunction with reduced revenues in this segment, and the additional operating costs associated with the development and installation of the new wastewater treatment technology. Additionally, the Consulting Engineering Services segment experienced a decrease from 38.8% in 2001 to 37.3% in 2002. This decrease reflects the impact of increased staffing associated with the new projects that were awarded by nationally known cement companies.

Selling, general and administrative expenses increased \$607,000 or 17.7% for the quarter ended June 30, 2002, as compared to the quarter ended June 30, 2001. This increase reflects principally the impact of the acquisition of M&EC during June 2001, which resulted in an increase of \$474,000. Additionally, these expenses increased due to the impact of increasing the sales and marketing efforts within the Nuclear Waste Management Services segment in anticipation of the growth and as we expand our capabilities in this segment. This segment

requires increased up front sales efforts due to the complexity of the waste streams and sophistication of the customer base. As a percentage of revenue, selling, general and administrative expenses decreased to 18.0% for the quarter ended June 30, 2002, compared to 19.2% for the same period in 2001. Selling general and administrative expenses increased \$1,215,000 or 17.6% for the six months ended June 30, 2002, as compared to the same period in 2001. This increase also reflects the impact of the acquisition of M&EC during June 2001, which resulted in an increase of \$925,000. Additionally, these expenses increased due to the impact of increasing the sales and marketing efforts within the Nuclear Waste Management Services segment in anticipation of the growth of this segment. As a percentage of revenue, selling, general and administrative expenses reflected an increase to 20.9% for the six-month period ended June 30, 2002, compared to 18.9% for the same period of 2001.

Depreciation and amortization expense for the quarter ended June 30, 2002, reflects an increase of \$34,000 as compared to the quarter ended June 30, 2001. This increase is attributable to a depreciation expense increase of \$293,000 resulting from the M&EC facility acquired effective June 25, 2001. Additionally, an increase in depreciation expense of \$17,000 in the Nuclear Waste Management Services segment was due

-19-

to additions of new mixed waste processing equipment. Depreciation expense also increased in the Industrial Waste Management Services segment by \$16,000 due to additions of new waste processing equipment. Amortization expense decreased across all segments by approximately \$292,000 due to the adoption of SFAS 142, which eliminated the amortization expense on indefinite-life intangible assets. Depreciation and amortization expense for the six-month period ended June 30, 2002, reflects an increase of \$44,000 as compared to the same period of 2001. This increase is attributable to a depreciation expense increase of \$583,000 resulting from the acquisition of M&EC during June 2001. Additionally, an increase in depreciation expense of \$44,000 in the Nuclear Waste Management Services segment was due to additions of new mixed waste processing equipment. Depreciation expense also increased in the Industrial Waste Management Services segment by \$16,000 due to additions of new waste processing equipment. Offsetting this increase is a decrease in depreciation expense of \$15,000 resulting from older assets being fully depreciated. Amortization expense for the six months ended June 30, 2002, decreased company-wide by approximately \$584,000 due to the adoption of SFAS 142, which eliminated the amortization expense on indefinite-life intangible assets.

Interest expense decreased \$97,000 for the quarter ended June 30, 2002, as compared to the corresponding period of 2001. This decrease reflects the impact of lower interest rates and decreased borrowing levels on the revolving credit and term loans with PNC Bank, National Association ("PNC"), which resulted in a decrease in interest expense of \$70,000 when compared to prior year. Additionally, interest expense decreased by \$317,000 due to the elimination of interim financing, related to the mixed waste construction activities, and by \$30,000 as a result of the reduction in debt with other creditors. These decreases were offset by an increase in interest expense of approximately \$130,000 associated with the acquisition of M&EC in June 2001 and an increase of approximately \$190,000 related to the expansion of our mixed waste facilities. Interest expense also decreased by \$108,000 for the six-month period ended June 30, 2002, as compared to the corresponding period of 2001. This decrease is also a result of lower interest rates on our PNC revolving credit and term loan of \$167,000, \$523,000 due to the elimination of the above noted interim financing related to the mixed waste construction activities

and by \$55,000 due to the reduction in debt with other creditors. These decreases were partially offset by an increase in interest expense of \$257,000 associated with the acquisition of M&EC and an increase of approximately \$380,000 related to the expansion of our mixed waste facilities.

No Warrants were issued for the six months ended June 30, 2002, and therefore no interest expense-Warrants was recorded during the six months ended June 30, 2002, as compared to \$234,000 for the six months ended June 30, 2001. This 2001 expense reflects the Black-Scholes pricing valuation for certain Warrants issued to Capital Bank pursuant to a promissory note (" \$3,000,000 Capital Promissory Note") and an unsecured promissory note (" \$750,000 Capital Promissory Note"). The notes required that certain Warrants be issued upon the initial execution of the note and at monthly intervals if the debt obligations to Capital Bank have not been repaid in full. During 2001, these debt obligations were repaid in full by a debt to equity exchange agreement and through the payment of principal and interest with the use of Warrant proceeds.

Interest expense-financing fees decreased approximately \$305,000 to \$260,000 for the three months ended June 30, 2002, as compared to \$565,000 for the same period of 2001. This decrease is due to amortization of financing fees of \$451,000 during the quarter in 2001 as related to the short term construction financing within the mixed waste segment, which was subsequently repaid in July 2001. This decrease was principally offset by amortization of financing fees of approximately \$148,000 during the quarter ended June 30, 2002, principally associated with our Senior Subordinated Notes issued to Associated Mezzanine Investors - PESI, L.P. ("AMI") and Bridge Cost Capital, L.P. ("BEC"). Interest expense-financing fees also decreased by \$306,000 for the six months ended June 30, 2002, as compared to the corresponding period of 2001. This decrease is also due to the elimination of the above discussed short-term debt in July 2001, offset by the new debt with AMI and BEC.

Preferred Stock dividends remained constant at \$32,000 during the quarter ended June 30, 2002 and June 30, 2001. Preferred Stock dividends decreased \$19,000 during the six months ended June 30, 2002

-20-

as compared to the corresponding period of 2001. This decrease is due to the conversion of \$1,730,000 (1,730 preferred shares) of the Preferred Stock into Common Stock in April 2001 pursuant to a conversion and exchange agreement with Capital Bank.

Liquidity and Capital Resources of the Company

Our capital requirements consist of general working capital needs, scheduled principal payments on our debt obligations and capital leases, remediation projects and planned capital expenditures. Our capital resources consist primarily of cash generated from operations and funds available under our revolving credit facility and proceeds from issuance of our common stock. Our capital resources are impacted by changes in accounts receivable as a result of revenue fluctuation, economic trends, and collection activities.

At June 30, 2002, the Company had cash of \$90,000. This cash total reflects a decrease of \$770,000 from December 31, 2001, as a result of net cash provided by operations of \$3,747,000 offset by cash used in investing activities of \$2,619,000 (principally net purchases of equipment, totaling \$2,616,000) and cash used in financing activities of \$1,898,000 (principally repayments of long-term debt partially offset by proceeds from the issuance of common stock). The Company is in a net borrowing position and therefore attempts to move all excess cash balances

immediately to the revolving credit facility, so as to reduce debt and interest expense. During 2002 the Company implemented a centralized cash management system which included new remittance lock boxes and resulted in accelerated collection activities and reduced cash balances, as idle cash is able to be moved without delay to the revolving credit facility.

Operating Activities

Accounts receivable, net of allowances for doubtful accounts, totaled \$17,861,000, an increase of \$670,000 from the December 31, 2001, balance of \$17,191,000. This increase principally reflects the impact of the higher second quarter 2002 revenues within the Nuclear Waste Management Services segment, which resulted in an increase of \$1,807,000. Partially offsetting this was a decrease in Industrial Waste Management Services segment, resulting from increased collection efforts and reduced revenue levels during the second quarter of 2002.

As of June 30, 2002, total consolidated accounts payable was \$10,017,000, an increase of \$2,850,000 from the December 31, 2001, balance of \$7,167,000. This increase in accounts payable reflects the impact of increased revenues and operating activities during the second quarter, and the timing of payments, as reflected by the decrease in the revolving credit facility loan balance. As noted above, cash was used to pay down the revolving credit facility and as of the end of the second quarter of 2002 had not yet been utilized to reduce accounts payable. This increase is also reflective of unfinanced capital expenditures during the quarter, additional operating costs associated with the upgraded wastewater treatment systems and the impact of increased insurance premium payments for the 2002 policy year, which was recorded as accounts payable rather than being financed and paid evenly over the full year.

The working capital deficit position at June 30, 2002, was \$468,000, as compared to a working capital position of \$831,000 at December 31, 2001, which reflects a decrease of \$1,299,000 during the first six months of 2002. This decrease in the working capital position was primarily due to the increased accounts payable, as discussed above, and the related reduction in the revolving credit facility loan balance at the end of the second quarter, which is a long term liability. The working capital deficit position did however improve by \$1,109,000 from the end of the first quarter of 2002.

Investing Activities

Our purchases of capital equipment for the six-month period ended June 30, 2002, totaled approximately \$3,030,000, including financed purchases of \$414,000. These expenditures were for expansion and improvements to the operations principally within the waste management segments. These capital expenditures were funded by the cash provided by operations and from proceeds from the issuance of stock. We had initially budgeted capital expenditures of up to approximately \$11,000,000 for 2002, which

includes completion of certain current projects, as well as other identified capital purchases for the expansion and improvement to the facilities and for certain compliance related enhancements. However, based upon the current status of the planning and evaluation of the proposed projects, we believe that we will be spending only up to approximately \$6,000,000 for capital expenditures for 2002. We anticipate funding these capital expenditures by a combination of lease financing, internally generated funds, and/or the proceeds received from the exercise of outstanding options and warrants.

Financing Activities

On December 22, 2000, the Company entered into a Revolving Credit, Term Loan and Security Agreement ("Agreement") with PNC acting as agent ("Agent") for lenders, and as issuing bank. The Agreement provides for a term loan ("Term Loan") in the amount of \$7,000,000, which requires principal repayments based upon a seven-year amortization, payable over five years, with monthly installments of \$83,000 and the remaining unpaid principal balance due on December 22, 2005. Payments commenced on February 1, 2001. The Agreement also provided for a revolving line of credit ("Revolving Credit") with a maximum principal amount outstanding at any one time of \$15,000,000. The Revolving Credit advances are subject to limitations of an amount up to the sum of a) up to 85% of Commercial Receivables aged 90 days or less from invoice date, b) up to 85% of Commercial Broker Receivables aged up to 120 days from invoice date, c) up to 85% of acceptable Government Agency Receivables aged up to 150 days from invoice date, and d) up to 50% of acceptable unbilled amounts aged up to 60 days, less e) reserves Agent reasonably deems proper and necessary. The Revolving Credit advances shall be due and payable in full on December 22, 2005. As of June 30, 2002, our excess availability under our revolving credit facility was \$5,066,000 based on our eligible receivables.

Pursuant to the Agreement, the Term Loan bears interest at a floating rate equal to the prime rate plus 1 1/2%, and the Revolving Credit at a floating rate equal to the prime rate plus 1%. The loans are subject to a prepayment fee of 1/2% in the first year, 1% in the second and third years and 3/4% after the third anniversary until termination date.

In December 2000, the Company entered into an interest rate swap agreement related to its Term Loan. This hedge, has effectively fixed the interest rate on the notional amount of \$3,500,000 of the floating rate \$7,000,000 PNC Term Loan. The Company will pay the counterparty interest at a fixed rate equal to the base rate of 6.25%, for a period from December 22, 2000, through December 22, 2005, in exchange for the counterparty paying the Company one month LIBOR rate for the same term (1.84% at June 30, 2002). The value of the interest rate swap at January 1, 2001, was de minimus. At June 30, 2002, the market value of the interest rate swap was in an unfavorable value position of \$167,000 and was recorded as a liability. During the three months ended June 30, 2002, the Company recorded a loss on the interest rate swap of \$9,000 which offset other comprehensive income on the Statement of Stockholders' Equity.

Effective as of June 2002, the Company and PNC entered into Amendment No. 1 to the Agreement, which, among other things, increased the letter of credit commitment from \$500,000 to \$4,500,000 and provided for a \$4.0 million standby letter of credit. The standby Letter of Credit was issued to secure certain surety bond obligations. Pursuant to the terms of Amendment No. 1, as partial collateral for the issuance of the standby letter of credit, a reserve of approximately \$66,000 will be recorded each month against the availability under the Revolving Credit beginning July 15, 2002, until such time as the standby letter of credit is fully reserved. As a condition precedent to this Amendment No. 1, the Company paid a \$50,000 amendment fee to PNC.

Pursuant to the terms of the Stock Purchase Agreements in connection with the acquisition of Perma-Fix of Orlando, Inc. ("PFO"), Perma-Fix of South Georgia, Inc. ("PFSG") and Perma-Fix of Michigan, Inc. ("PFMI"), a portion of the consideration was paid in the form of Promissory Notes, in the aggregate amount of \$4,700,000, payable to the former owners of PFO, PFSG and PFMI. The Promissory Notes are paid in equal monthly installments of principal and interest of approximately \$90,000 over five years with the first installment due on July 1, 1999, and having an interest rate of 5.5% for the first three years and 7% for the

remaining two years. The aggregate outstanding balance of the Promissory Notes total \$2,016,000 at June 30, 2002, of which \$973,000 is in the current portion. Payments of such Promissory Notes are guaranteed by PFMI under a non-recourse guaranty, which non-recourse guaranty is secured by certain real estate owned by PFMI. These Promissory Notes are subject to subordination agreements with the Company's senior and subordinated lenders.

On August 31, 2000, as part of the consideration for the purchase of DSSI, the Company issued to Waste Management Holdings a long term unsecured promissory note (the "Unsecured Promissory Note") in the aggregate principal amount of \$3,500,000, bearing interest at a rate of 7% per annum and having a five-year term with interest to be paid annually and principal due at the end of the term of the Unsecured Promissory Note.

On July 31, 2001, the Company issued approximately \$5.6 million of its 13.50% Senior Subordinated Notes due July 31, 2006 (the "Notes"). The Notes were issued pursuant to the terms of a Note and Warrant Purchase Agreement, dated July 31, 2001 (the "Purchase Agreement"), between the Company, Associated Mezzanine Investors-PESI, L.P. ("AMI"), and Bridge East Capital, L.P. ("BEC"). The Notes are unsecured and are unconditionally guaranteed by the subsidiaries of the Company. The Company's payment obligations under the Notes are subordinate to the Company's payment obligations to its primary lender and to certain other debts of the Company up to an aggregate amount of \$25 million. The net proceeds from the sale of the Notes were used to repay the Company's short term loan.

Under the terms of the Purchase Agreement, the Company also issued to AMI and BEC Warrants to purchase up to 1,281,731 shares of the Company's Common Stock ("Warrant Shares") at an initial exercise price of \$1.50 per share (the "Warrants"), subject to adjustment under certain conditions. The warrants, as issued, also contain a cashless exercise provision. The holders of at least 25% of the Warrants or the Warrant Shares may, at any time and from time to time during the term of the Warrants, request on two occasions registration with the Securities and Exchange Commission ("SEC") of the Warrant Shares. In addition, the holders of the Warrants are entitled, subject to certain conditions, to include the Warrant Shares in a registration statement covering other securities which the Company proposes to register. On August 5, 2002, the Company filed an amended S-3 Registration Statement with the SEC covering the Warrants. This Registration Statement has not been declared effective as of the date of this Form 10-Q.

In connection with the sale of the Notes, the Company, AMI, and BEC entered into an Option Agreement, dated July 31, 2001 (the "Option Agreement"). Pursuant to the Option Agreement, the Company granted each Purchaser an irrevocable option requiring the Company to purchase any of the Warrants or the shares of Common Stock issuable under the Warrants (the "Warrant Shares") then held by the Purchaser (the "Put Option"). The Put Option may be exercised at any time commencing July 31, 2004, and ending July 31, 2008. In addition, each Purchaser granted to the Company an irrevocable option to purchase all the Warrants or the Warrant Shares then held by the Purchaser (the "Call Option"). The Call Option may be exercised at any time commencing July 31, 2005, and ending July 31, 2008. The purchase price under the Put Option and the Call Option is based on the quotient obtained by dividing (a) the sum of six times the Company's consolidated EBITDA for the period of the 12 most recent consecutive months minus Net Debt plus the Warrant Proceeds by (b) the Company's Diluted Shares (as the terms EBITDA, Net Debt, Warrant Proceeds, and Diluted Shares are defined in the Option Agreement). Pursuant to the guidance under EITF 00-19 on accounting for and financial presentation of securities that could potentially be settled in a Company's own stock, the put warrants would be classified

outside of equity based on the ability of the holder to require cash settlement. Also, EITF Topic D-98 discusses the accounting for a security that will become redeemable at a future determinable date and its redemption is variable. This is the case with the Warrants as the date is fixed, but the put or call price varies. The EITF gives two possible methodologies for valuing the securities. The Company has selected to account for the changes in redemption value immediately as they occur and the Company will adjust the carrying value of the security to equal the redemption value at the end of each reporting period. On June 30, 2002, the Put Option had no value and no liability was recorded.

-23-

In conjunction with the Company's acquisition of M&EC, M&EC entered into an installment agreement with the Internal Revenue Service ("IRS") for a principal amount of \$923,000 dated June 7, 2001, for certain withholding taxes owed by M&EC. The installment agreement is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the applicable law rate ("Applicable Rate") pursuant to the provisions of section 6621 of the Internal Revenue Code of 1986 as amended. Such rate is adjusted on a quarterly basis and payable in lump sum at the end of the installment period. On June 30, 2002, the rate was 8%. On June 30, 2002, the outstanding balance was \$979,000 including accrued interest of approximately \$81,000.

M&EC also issued a promissory note for a principal amount of \$3.7 million to PDC, dated June 7, 2001, for monies advanced to M&EC for certain services performed by PDC. The promissory note is payable over eight years on a semiannual basis on June 30 and December 31. Interest is accrued at the applicable rate (8.00% on June 30, 2002) and payable in one lump sum at the end of the loan period. On June 30, 2002, the outstanding balance was \$3,962,000 including accrued interest of approximately \$348,000. PDC has directed M&EC to make all payments under the promissory note directly to the IRS to be applied to PDC's obligations under its installment agreement with the IRS.

The following table summarizes the Company's contractual obligations at June 30, 2002, and the effect such obligations are expected to have on its liquidity and cash flow in future periods, (in thousands):

Contractual Obligations	Total	Payments due by period			
		2002	2003- 2005	2006- 2007	2008 +
Long-term debt	\$ 29,405	\$ 1,525	\$ 20,563	\$ 6,377	\$ 940
Operating leases	5,346	1,007	3,667	672	--
Total contractual obligations	\$ 34,751	\$ 2,532	\$ 24,230	\$ 7,049	\$ 940

The accrued dividends on the outstanding Preferred Stock for the period July 1, 2001, through December 31, 2001, in the amount of approximately \$63,000 were paid in March 2002, in the form of 24,217 shares of Common Stock of the Company. The dividends for the period January 1,

2002, through June 30, 2002, total \$63,000, which will be paid in August 2002, in the form of Common Stock, or if approved by the lender, at the Company's option, in the form of cash. Under the Company's loan agreements, the Company is prohibited from paying cash dividends on its outstanding capital stock.

In summary, we have continued to take steps to improve our operations and liquidity as discussed above. However, with the acquisition of M&EC in 2001, the completion of the M&EC project and the ramp-up of the mixed waste segment, we incurred and assumed certain debt obligations and long-term liabilities, which had a short-term impact on liquidity. Additionally, with the reduced revenue levels and start-up of the new wastewater treatment technology within the Industrial Waste Management Services segment during the first six months of 2002, combined with certain surcharges currently being negotiated under the Oak Ridge contracts, our liquidity remains tight as of June 30, 2002. However, as these projects have come to completion and the mixed waste segment continued to expand, our liquidity position demonstrated improvement during the second quarter. If we are unable to continue to improve our operations, successfully expand our mixed waste activities, and to continue profitability in the foreseeable future, such would have a material adverse effect on our liquidity position.

Known Trends and Uncertainties

Seasonality. Historically the Company has experienced reduced revenues, operating losses or decreased operating profits during the first and fourth quarters of the Company's fiscal years due to a seasonal

-24-

slowdown in operations from poor weather conditions and overall reduced activities during the holiday season. During the Company's second and third fiscal quarters there has historically been an increase in revenues and operating profits. Management expects this trend to continue in future years as this was evident in the first and second quarter of 2002.

Economic conditions. Economic downturns or recessionary conditions can adversely affect the demand for the Company's services, principally within the Industrial Waste Management Services segment. Reductions in industrial production generally follow such economic conditions, resulting in reduced levels of waste being generated and/or sent off for treatment. The Company believes that its revenues and profits were negatively affected within this segment by the recessionary conditions in 2001, and that this trend has continued into 2002.

Significant contracts. The Company's revenues are principally derived from numerous varied customers. However, Perma-Fix Government Services ("PFGS") manages six contracts with the Defense Reutilization & Marketing Service, a sub-agency of the Department of Defense which accounted for 9.3% of total consolidated revenues during the six months ended June 30, 2002, and M&EC operates under three broad spectrum contracts ("Oak Ridge contracts") which contributed 9.4% of total consolidated revenues during the six months ended June 30, 2002. As the newly constructed M&EC facility continues to enhance its processing capabilities, completes certain expansion projects and with the amended pricing structure under the Oak Ridge contracts, the Company could see significantly higher total revenue under the Oak Ridge contracts. There is no guarantee under the Oak Ridge contracts, as they can be terminated by either party at any time. Termination of these contracts could have a material adverse effect on the Company. The Company is working towards increasing other sources of revenues at M&EC to reduce the risk of reliance on one major source of revenues.

Insurance. The Company maintains insurance coverage similar to, or greater than, the coverage maintained by other companies of the same size and industry, which complies with the requirements under applicable environmental laws. The Company evaluates its insurance policies annually to determine adequacy, cost effectiveness and desired deductible levels. Due to downturns in the economy and changes within the environmental insurance market, the Company has no guarantee that it will be able to obtain similar insurance in future years, or that the cost of such insurance will not increase materially.

Environmental Contingencies

The Company is engaged in the waste management services segment of the pollution control industry. As a participant in the on-site treatment, storage and disposal market and the off-site treatment and services market, the Company is subject to rigorous federal, state and local regulations. These regulations mandate strict compliance and therefore are a cost and concern to the Company. Because of their integral role in providing quality environmental services, the Company makes every reasonable attempt to maintain complete compliance with these regulations. However, even with a diligent commitment, the Company, as with many of its competitors, may be required to pay fines for violations or investigate and potentially remediate its waste management facilities.

We routinely use third party disposal companies, who ultimately destroy or secure landfill residual materials generated at our facilities or at a client's site. We, compared to certain of our competitors, dispose of significantly less hazardous or industrial by-products from our operations due to rendering material nonhazardous, discharging treated wastewaters to publicly-owned treatment works and/or processing wastes into saleable products. In the past, numerous third party disposal sites have improperly managed wastes that subsequently required remedial action; consequently, any party utilizing these sites may be liable for some or all of the remedial costs. Despite our aggressive compliance and auditing procedures for disposal of wastes, we could, in the future, be notified that we are a PRP at a remedial action site, which could have a material adverse effect on the Company.

-25-

In addition to budgeted capital expenditures for 2002 at our treatment, storage and disposal ("TSD") facilities, which are necessary to maintain permit compliance, improve operations and expand our business into new markets, as discussed above under "Liquidity and Capital Resources of the Company" of this Management's Discussion and Analysis, we have also budgeted for 2002 an additional \$1,202,000 in environmental expenditures to comply with federal, state and local regulations in connection with remediation of certain contaminants at four locations. The four locations where these expenditures will be made are the Leased Property in Dayton, Ohio (EPS), a former RCRA storage facility as operated by the former owners of PFD, PFM's facility in Memphis, Tennessee, PFSG's facility in Valdosta, Georgia and PFMI's facility in Detroit, Michigan. We have estimated the expenditures for 2002 to be approximately \$287,000 at the EPS site, \$300,000 at the PFM location, \$108,000 at the PFSG site and \$507,000 at the PFMI site of which \$27,000; \$29,000; \$10,000; and \$446,000, respectively, were spent during the first six months of 2002. Additional funds will be required for the next two to seven years to properly remediate these sites. We expect to fund these expenses to remediate these four sites from funds generated internally, however, no assurances can be made that we will be able to do so.

At June 30, 2002, the Company had accrued environmental liabilities totaling \$3,023,000, which reflects a decrease of \$511,000 from the December 31, 2001, balance of \$3,534,000. The decrease represents payments on remediation projects. The June 30, 2002, current and long-term accrued environmental balance is recorded as follows:

	PFD	PFM	PFSG	PFMI	Total
Current accrual	\$ 269,000	\$ 301,000	\$ 98,000	\$ 114,000	\$ 782,000
Long-term accrual	245,000	644,000	1,292,000	60,000	2,241,000
Total	\$ 514,000	\$ 945,000	\$ 1,390,000	\$ 174,000	\$ 3,023,000

Interest Rate Swap

The Company entered into an interest rate swap agreement effective December 22, 2000, to modify the interest characteristics of its outstanding debt from a floating basis to a fixed rate, thus reducing the impact of interest rate changes on future income. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount. The differential to be paid or received is accrued as interest rates change and recognized as an adjustment to interest expense related to the debt. The related amount payable to or receivable from counter parties is included in other assets or liabilities. The value of the interest rate swap at January 1, 2001, was de minimus. At June 30, 2002, the market value of the interest rate swap was in an unfavorable value position of \$167,000 and was recorded as a liability. During the six months ended June 30, 2002, the Company recorded a loss on the interest rate swap of \$9,000 which offset other comprehensive income on the Statement of Stockholders' Equity (see Note 4 to Notes to Consolidated Financial Statements).

Recently Adopted Accounting Standards

The Company adopted the Financial Accounting Standards Board FASB Statements No. 141, *Business Combinations* ("SFAS 141"), and No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"), effective January 1, 2002. SFAS 141 requires the use of the purchase method of accounting and prohibits the use of the pooling-of-interests method of accounting for business combinations initiated after June 30, 2001. SFAS 141 also requires that the Company recognize acquired intangible assets apart from goodwill if the acquired intangible assets meet certain criteria, SFAS 141 applies to all business combinations initiated after June 30, 2001, and for purchase business combinations completed on or after July 1, 2001. It also requires, upon adoption of SFAS 142, that the Company reclassify the carrying amounts of intangible assets and goodwill based on the criteria in SFAS 141.

SFAS 142 requires, among other things, that companies no longer amortize goodwill, but instead test goodwill for impairment at least annually. In addition, SFAS 142 requires that the Company identify

reporting units for the purposes of assessing potential future impairments of goodwill, reassess the useful lives of other existing recognized intangible assets, and cease amortization of

intangible assets with an indefinite useful life. An intangible asset with an indefinite useful life should be tested for impairment in accordance with the guidance in SFAS 142. SFAS 142 requires the Company to complete a transitional goodwill impairment test six months from the date of adoption. The Company is also required to reassess the useful lives of other intangible assets within the first interim quarter after adoption of SFAS 142. The Company has completed the first step of its evaluation of intangible assets for impairment, and has determined that no impairment existed as of January 1, 2002. The Company has discontinued amortizing its indefinite-life intangible assets (goodwill and permits). Prior to January 1, 2002, goodwill and permits were amortized on a straight-line basis over ten to forty years. Amortization expense for goodwill and permits for the three and six months ended June 30, 2001, was \$292,000 and \$584,000, respectively.

Pursuant to the Company's adoption of SFAS 141 and 142, the Company changed its method of recording acquired permits in connection with business combinations. For all acquisitions prior to July 2001, the Company allocated the excess purchase price between goodwill and permits, based upon the percentage of revenue generated through permitted activities. If all revenue/business base of an entity was derived from and subject to the permit, then the full intangible amount was recorded to permits. The permits, therefore were allocated this intangible value, and were generally amortized over a 20 year life.

For permits acquired beginning in July 2001 the Company will determine the actual cost to obtain such a permit and record it as an intangible permit with an indefinite life. The Company will expense as incurred any ongoing costs to maintain its permits which are significantly less than the initial costs to obtain a permit.

In conjunction with the final purchase price allocation as completed in June 2002, the Company reclassified a portion of the permits recorded upon the acquisition of M&EC on June 25, 2001. Permits were originally recorded at \$10,553,000 when the Company recorded the acquisition in June 2001. During June 2002, \$9,149,000 was reclassified from permits to goodwill, additional accrued liabilities were recognized in the amount of \$63,000 and \$1,403,000 recorded in permits which represents the actual costs in obtaining the permits.

Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 143 ("FAS 143"), Accounting for Asset Retirement Obligations, effective for the fiscal years beginning after June 15, 2002. This statement provides the accounting for the cost of legal obligations associated with the retirement of long-lived assets. FAS 143 requires that companies recognize the fair value of a liability for asset retirement obligations in the period in which the obligations are incurred and capitalize that amount as a part of the book value of the long-lived asset. That cost is then depreciated over the remaining life of the underlying long-lived asset. The Company is currently evaluating the impact of the adoption of FAS 143.

SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," issued in July 2002, addresses financial accounting and reporting for costs associated with exit or disposal activities. It nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability be recognized for the cost associated with an exit or disposal activity only when the liability is incurred, that is, when it meets the definition of a liability in the FASB conceptual framework. SFAS No. 146 also establishes fair value as the objective for initial measurement of liabilities related to exit or disposal activities. The Statement is effective for exit or disposal activities that are initiated after December 31, 2002. The Company believes the adoption of SFAS No. 146 will not have a material impact on the Company's financial statements.

**PERMA-FIX ENVIRONMENTAL SERVICES, INC.
QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

PART I, ITEM 3

The Company is exposed to certain market risks arising from adverse changes in interest rates, primarily due to the potential effect of such changes on the Company's variable rate loan arrangements with PNC, as described under Note 4 to Notes to Consolidated Financial Statements. As discussed therein, the Company entered into an interest rate swap agreement to modify the interest characteristics of \$3.5 million of its \$7.0 million term loan with PNC Bank, from a floating rate basis to a fixed rate, thus reducing the impact of interest rate changes on this portion of the debt.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

PART II - Other Information

Item 1. **Legal Proceedings**

There are no additional material legal proceedings pending against the Company and/or its subsidiaries not previously reported by the Company in Item 3 of its Form 10-K for the year ended December 31, 2001, which Item 3 is incorporated herein by reference, except as follows:

During the second quarter of 2002 the Company's subsidiary, Perma-Fix of Michigan, Inc. ("PFMI") and other PRPs entered into an agreement in principal to

settle the lawsuit filed by the federal government in connection with the Four County Landfill site pending in the United States District Court for the Northern District of Indiana, South Bend Division. PFMI would pay approximately \$153,000 of the total settlement. The settlement is subject to PFMI being allowed twelve months to pay its portion of the settlement and the parties entering into a definitive settlement agreement.

Item 4. **Submission of Matters to a Vote of Security Holders**

The Company's special meeting of stockholders ("Special Meeting") was held on June 14, 2002. At the Special Meeting, the following matters were voted on and approved by the stockholders:

1. Approval of the amendment to the Company's Restated Certificate of Incorporation, as amended, to increase the number of authorized shares of the Company's common stock from 50,000,000 to 75,000,000 shares.
2. Approval of the issuance of shares of common stock upon the exercise of warrants issued by the Company to investors and certain placement agents pursuant to the Company's private placement completed July 30, 2001.

At the Special Meeting the stockholders approved the amendment to the Company's Restated Certificate of Incorporation, as amended. Also, at the Special Meeting the stockholders approved the issuance of common stock upon exercise of Warrants pursuant to the private placement.

The votes for, against and abstentions and broker non-votes are as follows:

	For	Against	Abstentions and Broker Non-votes
	<hr/>	<hr/>	<hr/>
Approval of the amendment to the Company's Restated Certificate of Incorporation, as amended	22,687,827	536,039	41,665
Approval of the issuance of common stock upon exercise of Warrants pursuant to the private placement	22,630,305	609,261	25,965

-29-

Item 6. **Exhibits and Reports on Form 8-K**

(a) **Exhibits**

- 3.1(i) Restated Certificate of Incorporation, as amended and all Certificates of Designation.
- 4.1 Loan and Security Agreement between the Company, subsidiaries of the Company and PNC Bank, incorporated by reference from Exhibit 99.1 to the Company's Form 8-K dated, January 31, 2001.
- 4.2 First Amendment to Loan Agreement and Consent, dated January 30, 2001, between the Company and PNC Bank, as incorporated by reference from Exhibit 99.7 to the Company's Form 8-K, dated January 31, 2001.
- 4.3 Amendment No. 1 to Revolving Credit, Term Loan and Security Agreement, dated as of June 10, 2002, between the Company and

- PNC Bank.
- 4.4 Note and Warrant Purchase Agreement, dated July 31, 2001, between the Company, Associated Mezzanine Investors-PESI (I), LP. and Bridge East Capital, LLC is incorporated by reference from Exhibit 99.1 to the Company's Form 8-K, dated July 30, 2001.
- 10.1 Basic Oak Ridge Agreement between East Tennessee Materials and Energy Corporation and Bechtel Jacobs Company, LLC, No. 1GB-99446V, dated June 23, 1998, as incorporated by reference from Exhibit 10.1 to the Registrant's Form 10-Q for the quarter ended September 30, 1998, and filed on November 16, 1998.
- 10.2 Basic Oak Ridge Agreement between East Tennessee Materials and Energy Corporation and Bechtel Jacobs Company, LLC, No. 1GB-99447V, dated June 23, 1998, as incorporated by reference from Exhibit 10.2 to the Registrant's Form 10-Q for the quarter ended September 30, 1998, and filed on November 16, 1998.
- 10.3 Basic Oak Ridge Agreement between East Tennessee Materials and Energy Corporation and Bechtel Jacobs Company, LLC, No. 1GB-99448V, dated June 23, 1998, as incorporated by reference from Exhibit 10.3 to the Registrant's Form 10-Q for the quarter ended September 30, 1998, and filed on November 16, 1998.
- 10.4 Subcontract Change Notice between East Tennessee Materials and Energy Corporation and Bechtel Jacobs Company, LLC, No. BA-99446/7 and 8F, dated July 2, 2002, are incorporated by reference from Exhibit 10.24 to the Company's Registration Statement No. 333-70676.
- 10.5 Option Agreement, dated July 31, 2001, among the Registrant, Associated Mezzanine Investors-PESI (I), L.P. and Bridge East Capital, L.P., as incorporated by reference from Exhibit 99.8 to the Registrant's Current Report on Form 8-K, dated July 30, 2001, and filed on August 7, 2001.
- 10.6 Common Stock Purchase Warrant, dated July 31, 2001, granted by the Registrant to Associated Mezzanine Investors-PESI (I), L.P. for the purchase of up to 712,073 shares of the Registrant's common stock at an exercise price of \$1.50 per share. A substantially similar warrant was issued to Bridge East Capital, L.P.
- 99.1 Certification by Dr. Louis F. Centofanti, Chief Executive Officer of the Company.
- 99.2 Certification by Richard T. Kelecyc, Chief Financial Officer of the Company.

(b) **Reports on Form 8-K**

Current report on Form 8-K (Item 5-Other Events and Regulation FD Disclosure), was filed by the Company on June 19, 2002, announcing the results of the Special Meeting of Stockholders held on June 14, 2002.

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, hereunto duly authorized.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

Date: August 14, 2002

By: /s/ Louis Centofanti
Dr. Louis F. Centofanti
Chairman of the Board
Chief Executive Officer

By: /s/ Richard T. Kelecy
Richard T. Kelecy
Chief Financial Officer

Office of the Secretary of State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS FILED FROM AND INCLUDING THE RESTATED CERTIFICATE OF "PERMA-FIX ENVIRONMENTAL SERVICES, INC." AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

RESTATED CERTIFICATE, FILED THE TWENTY-SIXTH DAY OF NOVEMBER, A.D. 1991, AT 10 O'CLOCK A.M.

CERTIFICATE OF AMENDMENT, CHANGING ITS NAME FROM "NATIONAL ENVIRONMENTAL INDUSTRIES, LTD." TO "PERMA-FIX ENVIRONMENTAL SERVICES, INC.", FILED THE SEVENTEENTH DAY OF DECEMBER, A.D. 1991, AT 4:30 O'CLOCK A.M.

CERTIFICATE OF AMENDMENT, FILED THE FOURTH DAY OF SEPTEMBER, A.D. 1992, AT 11:30 O'CLOCK A.M.

CERTIFICATE OF DESIGNATION, FILED THE SIXTH DAY OF FEBRUARY, A.D. 1996, AT 4 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE TWENTIETH DAY OF FEBRUARY, A.D. 1996, AT 10:45 O'CLOCK A.M.

CERTIFICATE OF DESIGNATION, FILED THE NINETEENTH DAY OF JULY, A.D. 1996, AT 12:30 O'CLOCK P.M.

/s/ Harriett Smith Windsor

Harriet Smith Windsor, Secretary of State

2249849 8100X

AUTHENTICATION: 1260024

010358121

DATE: 07-24-01

CERTIFICATE OF DESIGNATION, FILED THE SIXTEENTH DAY OF DECEMBER, A.D. 1996, AT 4:30 O'CLOCK P.M.

CERTIFICATE OF AMENDMENT, FILED THE SIXTH DAY OF JANUARY, A.D. 1997, AT 4:30 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE ELEVENTH DAY OF JUNE, A.D. 1997, AT 11 O'CLOCK A.M.

CERTIFICATE OF DESIGNATION, FILED THE FOURTEENTH DAY OF JULY, A.D. 1997, AT 11:15 O'CLOCK A.M.

CERTIFICATE OF DESIGNATION, FILED THE THIRTEENTH DAY OF NOVEMBER, A.D. 1997, AT 1:30 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION FILED THE THIRTEENTH DAY OF NOVEMBER, A.D. 1997, AT 1:31 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE TWENTH-SIXTH DAY OF NOVEMBER, A.D. 1997, AT 10 O'CLOCK A.M.

CERTIFICATE OF DESIGNATION, FILED THE TENTH DAY OF JULY, A.D. 1998, AT 12 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE SIXTEENTH DAY OF JULY, A.D. 1998, AT 1:30 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE SIXTEENTH DAY OF JULY, A.D. 1998, AT 1:31 O'CLOCK P.M.

/s/ Harriett Smith Windsor
Harriet Smith Windsor, Secretary of State

2249849 8100X

AUTHENTICATION: 1260024

010358121

DATE: 07-24-01

State of Delaware

PAGE 3

Office of the Secretary of State

CERTIFICATE OF DESIGNATION, FILED THE SIXTEENTH DAY OF JULY, A.D. 1998, AT 1:32 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE FIFTEENTH DAY OF JULY, A.D. 1999, AT 12:30 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE FIFTEENTH DAY OF JULY, A.D. 1999, AT 12:31 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE FIFTEENTH DAY OF JULY, A.D. 1999, AT 12:32 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE FIFTEENTH DAY OF JULY, A.D. 1999, AT 12:33 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE TENTH DAY OF AUGUST, A.D. 1999, AT 12:30 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE TENTH DAY OF AUGUST, A.D. 1999, AT 12:31 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE TENTH DAY OF AUGUST, A.D. 1999, AT 12:32 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE TENTH DAY OF AUGUST, A.D. 1999, AT 12:33 O'CLOCK P.M.

CERTIFICATE OF DESIGNATION, FILED THE FOURTEENTH DAY OF JUNE, A.D. 2001, AT 10 O'CLOCK A.M.

/s/ Harriett Smith Windsor

Harriet Smith Windsor, Secretary of State

2249849 8100X

AUTHENTICATION: 1260024

010358121

DATE: 07-24-01

State of Delaware

PAGE 4

Office of the Secretary of State

CERTIFICATE OF DESIGNATION, FILED THE FOURTEENTH DAY OF JUNE, A.D. 2001, AT 10:01 O'CLOCK A.M.

/s/ Harriett Smith Windsor

Harriet Smith Windsor, Secretary of State

2249849 8100X

AUTHENTICATION: 1260024

010358121

DATE: 07-24-01

STATE OF DELAWARE
SECRETARY OF STATE
FILED 10:00 AM 11/26/1991
913305254 - 2249849

RESTATED CERTIFICATE OF INCORPORATION
OF
NATIONAL ENVIRONMENTAL INDUSTRIES, LTD.

1. The present name of the corporation (hereinafter called the "Corporation") is National Environmental Industries, Ltd., and the date of filing the original certificate of incorporation of the Corporation with the Secretary of State of the State of Delaware is December 19, 1990.

2. The certificate of incorporation of the Corporation is hereby amended by striking out Articles FOURTH through NINTH thereof and by substituting in lieu thereof new Articles FOURTH through NINTH as set forth in the Restated Certificate of Incorporation hereinafter provided for.

3. The provisions of the certificate of incorporation as heretofore amended and/or supplemented, and as herein amended, are hereby restated and integrated into the single instrument which is hereinafter set forth, and which is entitled Restated Certificate of Incorporation of National Environmental Industries, Ltd. without any further amendment other than the amendment certified herein and without any discrepancy between the

provisions of the certificate of incorporation as heretofore amended and supplemented and the provisions of the said single instrument hereinafter set forth.

4. The amendment and restatement of the certificate of incorporation herein certified have been duly adopted by the stockholders in accordance with the provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware. Prompt written notice of the adoption of the amendment and of the restatement of the certificate of incorporation herein certified has been given to those stockholders who have not consented in writing thereto, as provided in Section 228 of the General Corporation Law of the State of Delaware.

5. The certificate of incorporation of the Corporation, as amended and restated herein, shall at the effective time of this Restated Certificate of Incorporation, read as follows:

"Restated Certificate of Incorporation
of
National Environmental Industries, Ltd.

FIRST: The name of the Corporation is National Environmental Industries, Ltd.

SECOND: The address of the Corporation's registered office in the State of Delaware is 32 Lookerman Square, Suite L-100, City of Dover, County of Dover. The name of its registered agent at such address is The Prentice-Hall Corporation System, Inc.

2

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the laws of the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue is Twenty-Two Million (22,000,000) shares, of which Twenty Million (20,000,000) shares shall be Common Stock, par value \$.001 per share, and Two Million (2,000,000) shares shall be Preferred Stock, \$.001 par value per share.

The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby expressly authorized to provide, by resolution or resolutions duly adopted by it prior to issuance, for the creation of each such series and to fix the designation and the powers, preferences, rights, qualifications, limitations and restrictions relating to the shares of each such series. The authority of the Board of Directors with respect to each such series of Preferred Stock shall include, but not be limited to, determining the following:

(a) the designation of such series, the number of shares to constitute such series and the stated value if different from the par value thereof;

(b) whether the shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;

3

(c) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, and the preference or relation which such dividends shall bear to the dividends payable on any shares of stock of any other class or any other series of Preferred Stock;

(d) whether the shares of such series shall be subject to redemption by the Corporation, and, if so, the times, prices and other conditions of such redemption;

(e) the amount or amounts payable upon shares of such series upon, and the rights of the holders of such series in, the voluntary or involuntary liquidation, dissolution or winding up, or upon any distribution of the assets of the Corporation;

(f) whether the shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the shares of such series for retirement or other corporate purposes and the terms and provisions relating to the operation thereof;

4

(g) whether the shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or any other series of Preferred Stock or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(h) the limitations and restrictions, if any, to be effective while any shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Corporation of, the Common Stock or shares of stock of any other class or any other series of Preferred Stock;

(i) the conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or upon the issue of any additional stock, including additional shares of such series or of any other series of Preferred Stock or of any other class; and

(j) any other powers, preferences and relative participating, optional and other special rights, and any qualifications, limitations and restrictions thereof.

The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof,

5

if any, may differ from those of any and all other series at any time outstanding. All shares of any one series of Preferred Stock shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from

which dividends thereof shall be cumulative.

FIFTH: Unless required by law or determined by the chairman of the meeting to be advisable, the vote by stockholders on any matter, including the election of directors, need not be by written ballot.

SIXTH: The Corporation reserves the right to increase or decrease its authorized capital stock, or any class or series thereof, and to reclassify the same, and to amend, alter, change or repeal any provision contained in the Certificate of Incorporation under which the Corporation is organized or in any amendment thereto, in the manner now or hereafter prescribed by law, and all rights conferred upon stockholders in said Certificate of Incorporation or any amendment thereto are granted subject to the aforementioned reservation.

SEVENTH: The Board of Directors shall have the power at any time, and from time to time, to adopt, amend and repeal any and all By-Laws of the Corporation.

EIGHTH: All persons who the Corporation is empowered to indemnify pursuant to the provisions of Section 145 of the General Corporation Law of the State of Delaware (or any similar provision or provisions

6

of applicable law at the time in effect), shall be indemnified by the Corporation to the full extent permitted thereby. The foregoing right of indemnification shall not be deemed to be exclusive of any other rights to which those seeking indemnification maybe entitled under any by-law, agreement, vote of stockholders or disinterested directors, or otherwise. No repeal or amendment of this Article EIGHTH shall adversely affect any rights of any person pursuant to this Article Eighth which existed at the time of such repeal or amendment with respect to acts or omissions occurring prior to such repeal or amendment.

NINTH: No director of the Corporation shall be personally liable to the Corporation or its stockholders for any monetary damages for breaches of fiduciary duty as a director, provided that this provisions shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the General Corporation Law of the State of Delaware; or (iv) for any transaction from which the director derived an improper personal benefit. No repeal or amendment of this Article NINTH shall adversely affect any rights of any person pursuant to this

7

Article NINTH which existed at the time of such repeal or amendment with respect to acts or omissions occurring prior to such repeal or amendment."

IN WITNESS WHEREOF, we have signed this Certificate this 22nd day of November, 1991.

/s/ Louis Centofanti

President

ATTEST:

/s/ Carol A. Dixon

Secretary

8

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 04:30 PM 12/17/1991

913525113 - 2249849

CERTIFICATE OF AMENDMENT
TO THE
RESTATED CERTIFICATE OF INCORPORATION
OF
NATIONAL ENVIRONMENTAL INDUSTRIES, LTD.

It is hereby certified that:

1. The name of the corporation (hereinafter called the "Corporation") is National Environmental Industries, Ltd.

2. The Restated Certificate of Incorporation is hereby amended by striking out Article FIRST thereof and by substituting in lieu of said Article FIRST the following new Article:

"FIRST: The name of the Corporation is Perma-Fix Environmental Services, Inc."

3. The amendment of the Certificate of Incorporation herein certified has been duly adopted in accordance with the provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware. Prompt written notice of the adoption of the amendment herein certified has been given to those stockholders who have not consented in writing thereto, as provided in Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, we have signed this Certificate this 16th day of December, 1991.

/s/ Louis Centofanti
Louis Centofanti, President

ATTEST:

/s/ Mark Zwecker
Mark Zwecker, Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 11:30 PM 09/04/1992
922525072 - 2249849

CERTIFICATE OF AMENDMENT
TO
RESTATED CERTIFICATE OF INCORPORATION, AS AMENDED
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.

Perma-Fix Environmental Services, Inc., a Delaware corporation (the "Corporation"), does hereby certify:

That the amendment set forth below to the Corporation's Restated Certificate of Incorporation, as amended, was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware and written notice thereof has been given as provided in Section 228 thereof:

l) The first paragraph of Article FOURTH of the Corporation's Restated Certificate of Incorporation, as amended, is hereby deleted and replaced in its entirety by the following:

Fourth: The total number of shares of capital stock that the Corporation shall have authority to issue is 22,000,000 shares of which 20,000,000 shares of the par value

Preferred of \$.001 per share shall be designated Common Stock ("Common Stock"), and 2,000,000 shares of the par value of \$.001 per share shall be designated Stock.

issued As of September 4, 1992 (the "Effective Time"), each share of Common Stock and outstanding immediately prior to the Effective Time shall automatically be changed and converted, without any action on the part of the holder thereof, into 1/3.0236956 of a share of Common Stock and, in connection with fractional interests in shares of Common Stock of the Corporation, each holder whose aggregate holdings of shares of Common stock prior to the Effective Time amounted to less than 3.0236956, or to a number not evenly divisible by 3.0236956 shares of Common Stock shall be

entitled to receive for such fractional interest, and at such time, any such fractional interest in shares of Common Stock of the Corporation shall be converted into the right to receive, upon surrender of the stock certificates formerly representing shares of Common Stock of the Corporation, one whole share of Common Stock.

IN WITNESS whereof, Perma-Fix Environmental Services, Inc. has caused this Certificate to be signed and attested to by its duly authorized officers as of this first day of September, 1992.

Perma-Fix Environmental Services, Inc.

By: /s/ Louis Centofanti
Dr. Louis F. Centofanti
President

ATTEST:

By: /s/ Mark Zwecker
Secretary

981311720

CERTIFICATE OF DESIGNATIONS
OF SERIES I CLASS A PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, said Board of Directors, acting by unanimous written consent in lieu of a meeting dated February 2, 1996, hereby adopted the terms of the Series I Class A Preferred Stock, which resolutions are set forth on the attached page.

Dated: February 2, 1996

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By /s/ Louis F. Centofanti
Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Mark A. Zwecker
Mark A. Zwecker, Secretary

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")

RESOLUTION OF THE BOARD OF DIRECTORS

**FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE SERIES I CLASS A**

PREFERRED STOCK

WHEREAS,

- A. The Corporation's share capital includes Preferred Stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series with the directors of the Corporation (the "Board") being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences, and relative, participating, optional or other special rights, privileges, restrictions and conditions attaching to the shares of each such series; and
- B. It is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series I Class A Preferred Stock, par value \$.001.

NOW, THEREFORE, BE IT RESOLVED, THAT:

The Series I Class A Preferred Stock, par value \$.001 (the "Series I Class A Preferred Stock") of the Corporation shall consist of 1,100 shares and no more and shall be designated as the Series I Class A Preferred Stock and in addition to the preferences, rights, privileges, restrictions and conditions attaching to all the Series I Class A Preferred Stock as a series, the rights, privileges, restrictions and conditions attaching to the Series I Class A Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 Except as otherwise provided herein, in the Certificate of Incorporation (the "Articles") or the General Corporation Law of the State of Delaware (the "GCL"), each holder of Series I Class A Preferred Stock, by virtue of his ownership thereof, shall be entitled to cast that number of votes per share thereof on each matter submitted to the Corporation's shareholders for voting which equals the number of votes which could be cast by such holder of the number of shares of the Corporation's Common Stock, par value \$.001 per share (the "Common Shares") into which such shares of Series I Class A Preferred Stock would be converted into pursuant to Part 5 hereof immediately prior to the record date of such vote. The outstanding Series I Class A Preferred Stock and the Common Shares of the Corporation shall vote together as a single class, except as otherwise expressly required by the GCL or Part 7 hereof. The Series I Class A Preferred Stock shall not have cumulative voting rights.

1.2 The Series I Class A Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

Part 2 - Liquidation Rights.

2.1 If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any Series I Class A Preferred Stock shall be outstanding, the holders of the then outstanding Series I Class A Preferred Stock shall have a preference in distribution of the Corporation's property available for distribution to the holders of the Common Shares equal to \$1,000 consideration per outstanding share of Series I Class A Preferred Stock, together with an amount equal to all unpaid dividends accrued thereon, if any, to the date of payment of such distribution, whether or not declared by the Board; provided, however, that the merger of the Corporation with any corporation or corporations in which the Corporation is not the survivor, or the sale or transfer by the Corporation of all or substantially all of its property, or any reduction by at least seventy percent (70%) of the then issued and outstanding Common Shares of the Corporation, shall be deemed to be a liquidation of the Corporation within the meaning of any of the provisions of this Part 2.

2.2 Subject to the provisions of Part 6 hereof, all amounts to be paid as preferential distributions to the holders of Series I Class A Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of Common Shares, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

Part 3 - Dividends.

3.1 Holders of record of Series I Class A Preferred Stock, out of funds legally available therefor and to the extent permitted by law, shall be entitled to receive dividends on their Series I Class A Preferred Stock, which dividends shall accrue at the rate per share of five percent (5%) per annum of consideration paid for each share of Series I Class A Preferred Stock (\$50.00 per share per year for each full year) commencing on the date of the issuance thereof, payable, at the option of the Corporation, (i) in cash, or (ii) by the issuance of that number of whole Common Shares computed by dividing the amount of the dividend by the market price applicable to such dividend.

3.2 For the purposes of this Part 3 and Part 4 hereof, "market price" means the average of the daily closing prices of Common Shares for a period of five (5) consecutive trading days ending on the date on which any dividend becomes payable or of any notice of redemption as the case may be. The closing price for each trading day shall be (i) for any period during which the Common Shares shall be listed for trading on a national securities exchange, the last reported bid price per share of Common Shares as reported by the primary stock exchange, or the Nasdaq Stock Market, if the Common Shares are quoted on the Nasdaq Stock Market, or (ii) if last sales price information is not available, the average closing bid price of Common Shares as reported

by the Nasdaq Stock Market, or if not so listed or reported, then as reported by National Quotation Bureau, Incorporated, or (iii) in the event neither clause (i) nor (ii) is applicable, the average of the closing bid and asked prices as furnished by any member of the National Association of Securities Dealers, Inc., selected from time to time by the Corporation for that purpose.

3.3 Dividends on Series I Class A Preferred Stock shall be cumulative, and no dividends or

other distributions shall be paid or declared and set aside for payment on the Common Shares until full cumulative dividends on all outstanding Series I Class A Preferred Stock shall have been paid or declared and set aside for payment.

3.4 Dividends shall be payable in arrears, at the rate of \$12.50 per share for each full calendar quarter on each February 28, May 31, August 31, and November 30 of each calendar year, to the holders of record of the Series I Class A Preferred Stock as they appear in the securities register of the Corporation on such record dates not more than sixty (60) nor less than ten (10) days preceding the payment date thereof, as shall be fixed by the Board; provided, however, that the initial dividend for the Series I Class A Preferred Stock shall accrue for the period commencing on the date of the issuance thereof to and including December 31, 1995.

3.5 If, in any quarter, insufficient funds are available to pay such dividends as are then due and payable with respect to the Series I Class A Preferred Stock and all other classes and series of the capital stock of the Corporation ranking in parity therewith (or such payment is otherwise prohibited by provisions of the GCL, such funds as are legally available to pay such dividends shall be paid or Common Shares will be issued as stock dividends to the holders of Series I Class A Preferred Stock and to the holders of any other series of Class A Preferred Stock then outstanding as provided in Part 6 hereof, in accordance with the rights of each such holder, and the balance of accrued but undeclared and/or unpaid dividends, if any, shall be declared and paid on the next succeeding dividend date to the extent that funds are then legally available for such purpose.

Part 4 - Redemption.

4.1 At any time, and from time to time, on and after one hundred twenty (120) days from the date of the issuance of any Series I Class A Preferred Stock, if the average of the closing bid prices for the Common Shares for five (5) consecutive trading days shall be in excess of \$1.50, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, the then outstanding Series I Class A Preferred Stock at a price per share of U. S. \$1,000 each (the "Redemption Price") (such price to be adjusted proportionately in the event of any change of the Series I Class A Shares into a different number of Shares).

4.2 Thirty (30) days prior to any date stipulated by the Corporation for the redemption of Series I Class A Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series I Class A Preferred Stock. The Redemption Notice shall

-3-

state: (i) the Redemption Date of such Shares, (ii) the number of Series I Class A Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated of a share certificate or share certificates representing the number of Series I Class A Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series I Class A Preferred Stock to be redeemed as provided in this Part 4, and the number of shares to be converted into Common Shares as provided in Part 5 hereof.

4.3 Upon receipt of the Redemption Notice, any Eligible Holder (as defined in Section 5.2

hereof) shall have the option, at its sole election, to specify what portion of its Series I Class A Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 4 or converted into Common Shares in the manner provided in Part 5 hereof, except that, notwithstanding any provision of such Part 5 to the contrary, any Eligible Holder shall have the right to convert into Common Shares that number of Series I Class A Preferred Stock called for redemption in the Redemption Notice.

4.4 On or before the Redemption Date in respect of any Series I Class A Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.5 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series I Class A Shares which are not being redeemed to be registered in the names of the persons whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

4.5 On the Redemption Date in respect of any Series I Class A Shares or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least U. S. \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series I Class A Shares in respect of which the Corporation has received notice from the Eligible Holder thereof of its election to convert Series I Class A Shares in to Common Shares), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed share shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares

-4-

called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

Part 5 - Conversion.

5.1 For the purposes of conversion of the Series I Class A Preferred Stock shall be valued at \$1,000 per share ("Value"), and, if converted, the Series I Class A Preferred Stock shall be converted into such number of Common Shares (the "Conversion Shares") as is obtained by dividing the aggregate Value of the shares of Series I Class A Preferred Stock being so converted, together with all accrued but unpaid dividends thereon, by the "Average Stock Price" per share of the Conversion Shares (the "Conversion Price"), subject to adjustment pursuant to

the provisions of this Part 5. For purposes of this Part 5, the "Average Stock Price" means the lesser of (x) seventy percent (70%) of the average daily closing bid prices of the Common Shares for the period of five (5) consecutive trading days immediately preceding the date of subscription by the Holder or (y) seventy percent (70%) of the daily average closing bid prices of Common Shares for the period of five (5) consecutive trading days immediately preceding the date of the conversion of the Series I Class A Preferred Stock in respect of which such Average Stock Price is determined. The closing price for each trading day shall be determined as provided in the last sentence of Section 3.2.

5.2 Any holder of Series I Class A Preferred Stock (an "Eligible Holder") may at any time commencing forty-five (45) days after the issuance of any Series I Class A Preferred Stock convert up to one hundred percent (100%) of his holdings of Series I Class A Preferred Stock in accordance with this Part 5.

5.3 The conversion right granted by Section 5.2 hereof may be exercised only by an Eligible Holder of Series I Class A Preferred Stock, in whole or in part, by the surrender of the share certificate or share certificates representing the Series I Class A Preferred Stock to be converted at the principal office of the Corporation (or at such other place as the Corporation may designate in a written notice sent to the holder by first class mail, postage prepaid, at its address shown on the books of the Corporation) against delivery of that number of whole Common Shares as shall be computed by dividing (1) the aggregate Value of the Series I Class A Preferred Stock so surrendered for conversion plus any accrued but unpaid dividends thereon, if any, by (2) the Conversion Price in effect at the date of the conversion. At the time of conversion of a share of the Series I Class A Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, issue that number of whole Common Shares which is equal to the product of dividing the amount of such unpaid dividends by the Average Stock Price whether or not declared by the Board. Each Series I Class A Preferred Stock share certificate surrendered for conversion shall be endorsed by its holder. In the event of any exercise of the conversion right of the Series I Class A Preferred Stock granted herein (i) share certificate representing the Common Shares purchased by virtue of such exercise shall be delivered to such holder within three (3) days of notice of conversion, and (ii) unless the Series I Class A Preferred Stock has been fully converted, a new share certificate representing the Series I Class A Preferred Stock not so converted, if any, shall also be delivered to

such holder within three (3) days of notice of conversion. Any Eligible Holder may exercise its right to convert the Series I Class A Preferred Stock by telecopying an executed and completed Notice of Conversion to the Corporation, and within seventy-two (72) hours thereafter, delivering the original Notice of Conversion and the certificate representing the Series I Class A Preferred Stock to the Corporation by express courier. Each date on which a Notice of Conversion is telecopied to and received by the Corporation in accordance with the provisions hereof shall be deemed a conversion date. The Corporation will transmit the Common Shares certificates issuable upon conversion of any Series I Class A Preferred Stock (together with the certificates representing the Series I Class A Preferred Stock not so converted) to the Eligible Holder via express courier within three (3) business days after the conversion date if the Corporation has received the original Notice of Conversion and the Series I Class A Shares certificates being so

converted by such date.

5.4 All Common Shares which may be issued upon conversion of Series I Class A Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof. At all times that any Series I Class A Preferred Stock is outstanding, the Corporation shall have authorized, and shall have reserved for the purpose of issuance upon such conversion, a sufficient number of Common Shares to provide for the conversion into Common Shares of all Series I Class A Preferred Stock then outstanding at the then effective Conversion Price. Without limiting the generality of the foregoing, if, at any time, the Conversion Price is decreased, the number of Common Shares authorized and reserved for issuance upon the conversion of the Series I Class A Preferred Stock shall be proportionately increased.

5.5 The number of Common Shares issued upon conversion of Series I Class A Preferred Stock and the Conversion Price shall be subject to adjustment from time to time upon the happening of certain events, as follows:

5.5.1 Change of Designation of the Common Shares or the rights, privileges, restrictions and conditions in respect of the Common Shares or division of the Common Shares into series. In the case of any amendment to the Articles to change the designation of the Common Shares or the rights, privileges, restrictions or conditions in respect of the Common Shares or division of the Common Shares into series the rights of the holders of the Series I Class A Preferred Stock shall be adjusted so as to provide that upon conversion thereof, the holder of the Series I Class A Preferred Stock being converted shall procure, in lieu of each Common Share theretofore issuable upon such conversion, the kind and amount of shares, other securities, money and property receivable upon such designation, change or division by the holder of one Common Share issuable upon such conversion had occurred immediately prior to such designation, change or division. The Series I Class A Preferred Stock shall be deemed thereafter to provide for adjustments which shall be as nearly

equivalent as may be practicable to the adjustments provided for in this Part 5. The provisions of this subsection 5.5.1 shall apply in the same manner to successive reclassifications, changes, consolidations, and mergers.

5.5.2 If the Corporation, at any time while any of the Series I Class A Preferred Stock is outstanding, shall amend the Articles so as to change the Common Shares into a different number of shares, the Conversion Price shall be proportionately reduced, in case of such change increasing the number of Common Shares, as of the effective date of such increase, or if the Corporation shall take a record of holders of its Common Shares for the purpose of such increase, as of such record date, whichever is earlier, or the Conversion Price shall be proportionately increased, in the case of such change decreasing the number of Common Shares, as of the effective date of such decrease or, if the Corporation shall take a record of holders of its Common Stock for the purpose of such decrease, as of such record date, whichever is earlier.

5.5.3 If the Corporation, at any time while any of the Series I Class A Preferred Stock is outstanding, shall pay a dividend payable in Common Shares (except for any dividends of Common Shares payable pursuant to Part 3 hereof), the Conversion Price shall be adjusted, as of the date the Corporation shall take a record of the holders of its Common Shares for the purposes of receiving such dividend (or if no such record is taken, as of the date of payment of such dividend), to that price determined by multiplying the Conversion Price therefor in effect by a fraction (1) the numerator of which shall be the total number of Common Shares outstanding immediately prior to such dividend, and (2) the denominator of which shall be the total number of Common Shares outstanding immediately after such dividend (plus in the event that the Corporation paid cash for fractional shares, the number of additional shares which would have been outstanding had the Corporation issued fractional shares in connection with said dividend).

5.6 Whenever the Conversion Price shall be adjusted pursuant to Section 5.5 hereof, the Corporation shall make a certificate signed by its President, or a Vice President and by its Treasurer, Assistant Treasurer, Secretary or Assistant Secretary, setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated (including a description of the basis on which the Board of Directors made any determination hereunder), and the Conversion Price after giving effect to such adjustment, and shall cause copies of such certificates to be mailed (by first class mail, postage prepaid) to each holder of the Series I Class A Preferred Stock at its address shown on the books of the Corporation. The Corporation shall make such certificate and mail it to each such holder promptly after each adjustment.

5.7 No fractional Common Shares shall be issued in connection with any conversion of Series I Class A Preferred Stock, but in lieu of such fractional shares, the Corporation shall make a cash payment therefor equal in amount to the product of the applicable fraction multiplied by the

Conversion Price then in effect.

-7-

5.8 No Series I Class A Preferred Stock which has been converted into Common Shares shall be reissued by the Corporation; provided, however, that each such share shall be restored to the status of authorized but unissued Preferred Stock without designation as to series and may thereafter be issued as a series of Preferred Stock not designated as Series I Class A Preferred Stock.

Part 6 - Parity with Other Shares of Class A Preferred Shares.

6.1 If any cumulative dividends or accounts payable or return of capital in respect of Series I Class A Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate ratably in respect of accumulated dividends and return of capital.

Part 7 - Amendment.

7.1 In addition to any requirement for a series vote pursuant to the GCL in respect of any amendment to the Corporation's Certificate of Incorporation that adversely affects the rights, privileges, restrictions and conditions of the Series I Class A Preferred Stock, the rights, privileges, restrictions and conditions attaching to the Series I Class A Preferred Stock may be amended by an amendment to the Corporation's Certificate of Incorporation so as to affect such adversely only if the Corporation has obtained the affirmative vote at a duly called and held series meeting of the holders of the Series I Class A Preferred Stock or written consent by the holders of a majority of the Series I Class A Preferred Stock then outstanding. Notwithstanding the above, the number of authorized shares of such class or classes of stock may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting as a single class, irrespective of this Section 7.1.

-8-

CERTIFICATE OF DESIGNATIONS
OF SERIES 2 CLASS B CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 2 Class B Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 2 Class B Convertible Preferred Stock as set forth in the attached resolutions.

Dated: February 16, 1996

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By /s/ Louis F. Centofanti
Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Mark A. Zwecker
Mark A. Zwecker, Secretary

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")

RESOLUTION OF THE BOARD OF DIRECTORS

**FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 2 CLASS B CONVERTIBLE PREFERRED STOCK**

WHEREAS,

- A. The Corporation's share capital includes Preferred Stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series with the directors of the Corporation (the "Board") being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences, and relative, participating, optional or other special rights, privileges, restrictions and conditions attaching to the shares of each such series; and
- B. It is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 2 Class B Convertible Preferred Stock, par value \$.001.

NOW, THEREFORE, BE IT RESOLVED, THAT:

The Series 2 Class B Convertible Preferred Stock, par value \$.001 (the "Series 2 Class B Preferred Stock") of the Corporation shall consist of 2,500 shares and no more and shall be designated as the Series 2 Class B Preferred Stock and in addition to the preferences, rights, privileges, restrictions and conditions attaching to all the Series 2 Class B Preferred Stock as a series, the rights, privileges, restrictions and conditions attaching to the Series 2 Class B Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 Except as otherwise provided herein, in the Corporation's Certificate of Incorporation (the "Articles") or the General Corporation Law of the State of Delaware (the "GCL"), each holder of Series 2 Class B Preferred Stock, by virtue of his ownership thereof, shall be entitled to cast that number of votes per share thereof on each matter submitted to the Corporation's shareholders for voting which equals the number of votes which could be cast by such holder of the number of shares of the Corporation's Common Stock, par value \$.001 per share (the "Common Shares") into which such shares of Series 2 Class B Preferred Stock would be entitled to be converted into pursuant to Part 5 hereof on the record date of such vote. The outstanding Series 2 Class B Preferred Stock, the Common Shares of the Corporation and any other series of Preferred Stock of the Corporation having voting rights shall vote together as a single class, except as otherwise expressly required by the GCL or Part 7 hereof. The Series 2 Class B Preferred Stock shall not have cumulative voting rights.

1.2 The Series 2 Class B Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

Part 2 - Liquidation Rights.

2.1 If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any Series 2 Class B Preferred Stock shall be outstanding, the holders of the then outstanding Series 2 Class B Preferred Stock shall have a preference in distribution of the Corporation's property available for distribution to the holders of the Common Shares equal to \$1,000 consideration per outstanding share of Series 2 Class B Preferred Stock, together with an amount equal to all unpaid dividends accrued thereon, if any, to the date of payment of such distribution, whether or not declared by the Board; provided, however, that the merger of the Corporation with any corporation or corporations in which the Corporation is not the survivor, or the sale or transfer by the Corporation of all or substantially all of its property, or a reduction by at least seventy percent (70%) of the then issued and outstanding Common Shares of the Corporation, shall be deemed to be a liquidation of the Corporation within the meaning of any of the provisions of this Part 2.

2.2 Subject to the provisions of Part 6 hereof, all amounts to be paid as preferential distributions to the holders of Series 2 Class B Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of Common Shares, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 After the payment to the holders of the shares of the Series 2 Class B Preferred Stock of the full preferential amounts provided for in this Part 2, the holders of the Series 2 Class B Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 2 Class B Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 2 Class B Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series 2 Class B Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 2 Class B Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

Part 3 - Dividends.

3.1 Holders of record of Series 2 Class B Preferred Stock, out of funds legally available therefor and to the extent permitted by law, shall be entitled to receive dividends on their Series 2 Class B Preferred Stock, which dividends shall accrue at the rate per share of five percent (5%) per

annum of consideration paid for each share of Series 2 Class B Preferred Stock (\$50.00 per share per year for each full year) commencing on the date of the issuance thereof, payable, at the option of the Corporation, (i) in cash, or (ii) by the issuance of that number of whole Common Shares computed by dividing the amount of the dividend by the market price applicable to such dividend.

3.2 For the purposes of this Part 3 and Part 4 hereof, "market price" means the average of the daily closing prices of Common Shares for a period of five (5) consecutive trading days ending on the date on which any dividend becomes payable or of any notice of redemption as the case may be. The closing price for each trading day shall be (i) for any period during which the Common Shares shall be listed for trading on a national securities exchange, the last reported bid price per share of Common Shares as reported by the primary stock exchange, or the Nasdaq Stock Market, if the Common Shares are quoted on the Nasdaq Stock Market, or (ii) if last sales price information is not available, the average closing bid price of Common Shares as reported by the Nasdaq Stock Market, or if not so listed or reported, then as reported by National Quotation Bureau, Incorporated, or (iii) in the event neither clause (i) nor (ii) is applicable, the average of the closing bid and asked prices as furnished by any member of the National Association of Securities Dealers, Inc., selected from time to time by the Corporation for that purpose.

3.3 Dividends on Series 2 Class B Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared and set aside for payment on the Common Shares until full cumulative dividends on all outstanding Series 2 Class B Preferred Stock shall have been paid or declared and set aside for payment.

3.4 Dividends shall be payable in arrears, at the rate of \$12.50 per share for each full calendar quarter on each February 28, May 31, August 31, and November 30 of each calendar year, to the holders of record of the Series 2 Class B Preferred Stock as they appear in the securities register of the Corporation on such record dates not more than sixty (60) nor less than ten (10) days preceding the payment date thereof, as shall be fixed by the Board; provided, however, that the initial dividend for the Series 2 Class B Preferred Stock shall accrue for the period commencing on the date of the issuance thereof.

3.5 If, in any quarter, insufficient funds are available to pay such dividends as are then due and payable with respect to the Series 2 Class B Preferred Stock and all other classes and series of the capital stock of the Corporation ranking in parity therewith (or such payment is otherwise prohibited by provisions of the GCL, such funds as are legally available to pay such dividends shall be paid or Common Shares will be issued as stock dividends to the holders of Series 2 Class B Preferred Stock and to the holders of any other series of

Class B Preferred Stock then outstanding as provided in Part 6 hereof, in accordance with the rights of each such holder, and the balance of accrued but undeclared and/or unpaid dividends, if any, shall be declared and paid on the next succeeding dividend date to the extent that funds are then legally available for such purpose.

Part 4 - Redemption.

4.1 At any time, and from time to time, on and after one hundred twenty (120) days from the date

of the issuance of any Series 2 Class B Preferred Stock, if the average of the closing bid prices for the Common Shares for five (5) consecutive trading days shall be in excess of \$1.50 per share, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, the then outstanding Series 2 Class B Preferred Stock at a price per share of U. S. \$1,000 each (the "Redemption Price") (such price to be adjusted proportionately in the event of any change of the Series 2 Class B Preferred Stock into a different number of shares of Series 2 Class B Preferred Stock).

4.2 Thirty (30) days prior to any date stipulated by the Corporation for the redemption of Series 2 Class B Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 2 Class B Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 2 Class B Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated of a share certificate or share certificates representing the number of Series 2 Class B Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 2 Class B Preferred Stock to be redeemed as provided in this Part 4, and the number of shares to be converted into Common Shares as provided in Part 5 hereof.

4.3 Upon receipt of the Redemption Notice, any Eligible Holder (as defined in Section 5.2 hereof) shall have the option, at its sole election, to specify what portion of its Series 2 Class B Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 4 or converted into Common Shares in the manner provided in Part 5 hereof, except that, notwithstanding any provision of such Part 5 to the contrary, any Eligible Holder shall have the right to convert into Common Shares that number of Series 2 Class B Preferred Stock called for redemption in the Redemption Notice.

4.4 On or before the Redemption Date in respect of any Series 2 Class B Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 4.5 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 2

-4-

Class B Preferred Stock which are not being redeemed to be registered in the names of the persons whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

4.5 On the Redemption Date in respect of any Series 2 Class B Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least U. S. \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series 2 Class B Preferred Stock in respect of which the Corporation has received notice from the Eligible

Holder thereof of its election to convert Series 2 Class B Preferred Stock in to Common Shares), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed share shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

Part 5 - Conversion.

5.1 For the purposes of conversion of the Series 2 Class B Preferred Stock shall be valued at \$1,000 per share ("Value"), and, if converted, the Series 2 Class B Preferred Stock shall be converted into such number of Common Shares (the "Conversion Shares") as is obtained by dividing the aggregate Value of the shares of Series 2 Class B Preferred Stock being so converted, together with all accrued but unpaid dividends thereon, by the "Average Stock Price" per share of the Conversion Shares (the "Conversion Price"), subject to adjustment pursuant to the provisions of this Part 5. For purposes of this Part 5, the "Average Stock Price" means the lesser of (x) seventy percent (70%) of the average daily closing bid prices of the Common Shares for a period of five (5) consecutive trading days immediately preceding the date of subscription by the Holder or (y) seventy percent (70%) of the average daily closing bid prices of Common Shares for the period of five (5) consecutive trading days immediately preceding the date of the conversion of the Series 2 Class B Preferred Stock in respect of which such Average Stock Price is determined. The closing price for each trading day shall be determined as provided in the last sentence of Section 3.2.

5.2 Any holder of Series 2 Class B Preferred Stock (an "Eligible Holder") may at any time commencing forty-five (45) days after the issuance of any Series 2 Class B Preferred Stock convert up to one hundred percent (100%) of his holdings of Series 2 Class B Preferred Stock in accordance with this Part 5.

5.3 The conversion right granted by Section 5.2 hereof may be exercised only by an Eligible Holder of Series 2 Class B Preferred Stock, in whole or in part, by the surrender of the share certificate or share certificates representing the Series 2 Class B Preferred Stock to be converted at the principal office of the Corporation (or at such other place as the Corporation may designate in a written notice sent to the holder by first class mail, postage prepaid, at its address shown on the books of the Corporation) against delivery of that number of whole Common Shares as shall be computed by dividing (1) the aggregate Value of the Series 2 Class B Preferred Stock so surrendered for conversion plus any accrued but unpaid dividends thereon, if any, by (2) the Conversion Price in effect at the date of the conversion. At the time of conversion of a share of the Series 2 Class B Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid dividends, if any, accrued thereon to the date of conversion, or, at the

Corporation's option, issue that number of whole Common Shares which is equal to the product of dividing the amount of such unpaid dividends by the Average Stock Price whether or not declared by the Board. Each Series 2 Class B Preferred Stock share certificate surrendered for conversion shall be endorsed by its holder. In the event of any exercise of the conversion right of the Series 2 Class B Preferred Stock granted herein (i) share certificate representing the Common Shares purchased by virtue of such exercise shall be delivered to such holder within three (3) days of notice of conversion, and (ii) unless the Series 2 Class B Preferred Stock has been fully converted, a new share certificate representing the Series 2 Class B Preferred Stock not so converted, if any, shall also be delivered to such holder within three (3) days of notice of conversion. Any Eligible Holder may exercise its right to convert the Series 2 Class B Preferred Stock by telecopying an executed and completed Notice of Conversion to the Corporation, and within seventy-two (72) hours thereafter, delivering the original Notice of Conversion and the certificate representing the Series 2 Class B Preferred Stock to the Corporation by express courier. Each date on which a Notice of Conversion is telecopied to and received by the Corporation in accordance with the provisions hereof shall be deemed a conversion date. The Corporation will transmit the Common Shares certificates issuable upon conversion of any Series 2 Class B Preferred Stock (together with the certificates representing the Series 2 Class B Preferred Stock not so converted) to the Eligible Holder via express courier within three (3) business days after the conversion date if the Corporation has received the original Notice of Conversion and the Series 2 Class B Shares certificates being so converted by such date.

5.4 All Common Shares which may be issued upon conversion of Series 2 Class B Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof. At all times that any Series 2 Class B Preferred Stock is outstanding, the Corporation shall have authorized, and shall have reserved for the purpose of issuance upon such conversion, a sufficient number of Common Shares to provide for the conversion into Common Shares of all Series 2 Class B Preferred Stock then outstanding at the then effective Conversion Price. Without limiting the generality of the foregoing, if, at any time, the Conversion Price is decreased, the number of Common Shares authorized and reserved for issuance upon the conversion of the Series 2 Class B Preferred Stock shall be proportionately increased.

-6-

5.5 The number of Common Shares issued upon conversion of Series 2 Class B Preferred Stock and the Conversion Price shall be subject to adjustment from time to time upon the happening of certain events, as follows:

5.5.1 In the case of any amendment to the Articles to change the designation of the Common Shares

or the rights, privileges, restrictions or conditions in respect of the Common Shares or division of the

Common Shares into series the rights of the holders of the Series 2 Class B Preferred Stock shall be

adjusted so as to provide that upon conversion thereof, the holder of the Series 2 Class B Preferred

Stock being converted shall procure, in lieu of each Common Share theretofore issuable upon such

conversion, the kind and amount of shares, other securities, money and property receivable upon such

designation, change or division by the holder of one Common Share issuable upon such conversion

had conversion occurred immediately prior to such designation, change or division. The Series 2

Class B Preferred Stock shall be deemed thereafter to provide for adjustments which shall be as

nearly equivalent as may be practicable to the adjustments provided for in this Part 5. The provisions

of this subsection 5.5.1 shall apply in the same manner to successive reclassifications, changes,

consolidations, and mergers.

5.5.2 If the Corporation, at any time while any of the Series 2 Class B Preferred Stock is outstanding,

shall amend the Articles so as to change the Common Shares into a different number of shares, the

Conversion Price shall be proportionately reduced, in case of such change increasing the number of

Common Shares, as of the effective date of such increase, or if the Corporation shall take a record of

holders of its Common Shares for the purpose of such increase, as of such record date, whichever is

earlier, or the Conversion Price shall be proportionately increased, in the case of such change

decreasing the number of Common Shares, as of the effective date of such decrease or, if the Corporation shall take a record of holders of its Common Stock for the purpose of such decrease,

as of such record date, whichever is earlier.

5.5.3 If the Corporation, at any time while any of the Series 2 Class B Preferred Stock is outstanding,

shall pay a dividend payable in Common Shares (except for any dividends of Common Shares

payable pursuant to Part 3 hereof), the Conversion Price shall be adjusted, as of the date the Corporation shall take a record of the holders of its Common Shares for the purposes of receiving

such dividend (or if no such record is taken, as of the date of payment of such dividend), to that price

determined by multiplying the Conversion Price therefor in effect by a fraction (1) the numerator of

which shall be the total number of Common Shares outstanding immediately prior to such dividend,

and (2) the denominator of which shall be the total number of Common Shares outstanding immediately after such dividend (plus in the event that the Corporation paid cash for fractional shares,

the number of additional shares which would have been outstanding had the Corporation issued

fractional shares in connection with said dividend).

5.6 Whenever the Conversion Price shall be adjusted pursuant to Section 5.5 hereof, the Corporation shall make a certificate signed by its President, or a Vice President and by its Treasurer, Assistant Treasurer,

-7-

Secretary or Assistant Secretary, setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated (including a description of the basis on which the Board of Directors made any determination hereunder), and the Conversion Price after giving effect to such adjustment, and shall cause copies of such certificates to be mailed (by first class mail, postage prepaid) to each holder of the Series 2 Class B Preferred Stock at its address shown on the books of the Corporation. The Corporation shall make such certificate and mail it to each such holder promptly after each adjustment.

5.7 No fractional Common Shares shall be issued in connection with any conversion of Series 2 Class B Preferred Stock, but in lieu of such fractional shares, the Corporation shall make a cash payment therefor equal in amount to the product of the applicable fraction multiplied by the Conversion Price then in effect.

5.8 No Series 2 Class B Preferred Stock which has been converted into Common Shares shall be reissued by the Corporation; provided, however, that each such share shall be restored to the status of authorized but unissued Preferred Stock without designation as to series and may thereafter be issued as a series of Preferred Stock not designated as Series 2 Class B Preferred Stock.

Part 6 - Parity with Other Shares of Series 2 Class B Preferred Stock and Priority.

6.1 If any cumulative dividends or accounts payable or return of capital in respect of Series 2 Class B Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

6.2 For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

6.2.1 Prior or senior to the shares of this Series 2 Class B Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series 2 Class B Preferred Stock;

6.2.2 On a parity with, or equal to, shares of this Series 2 Class B Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those

of this Series 2 Class B Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and

-8-

over the other, as between the holders of such stock and the holders of shares of this Series 2 Class B Preferred Stock; and,

6.2.3 Junior to shares of this Series 2 Class B Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Shares or if the holders of shares of this Series

2 Class B Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary,

as the case may be, in preference or priority to the holders of shares of such class or series.

Part 7 - Amendment.

7.1 In addition to any requirement for a series vote pursuant to the GCL in respect of any amendment to the Articles that adversely affects the rights, privileges, restrictions and conditions of the Series 2 Class B Preferred Stock, the rights, privileges, restrictions and conditions attaching to the Series 2 Class B Preferred Stock may be amended by an amendment to the Corporation's Certificate of Incorporation so as to affect such adversely only if the Corporation has obtained the affirmative vote at a duly called and held series meeting of the holders of the Series 2 Class B Preferred Stock or written consent by the holders of a majority of the Series 2 Class B Preferred Stock then outstanding. Notwithstanding the above, the number of authorized shares of such class or classes of stock may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of this Section 7.1.

-9-

**CERTIFICATE OF DESIGNATIONS
OF SERIES 3 CLASS C CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 3 Class C Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 3 Class C Convertible Preferred Stock as set forth in the attached resolutions.

Dated: July 17, 1996

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By /s/ Louis F. Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy

Richard T. Kelecy, Secretary

**PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")**

RESOLUTION OF THE BOARD OF DIRECTORS

**FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 3 CLASS C CONVERTIBLE PREFERRED STOCK**

WHEREAS,

- A. The Corporation's share capital includes Preferred Stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series by the Board of Directors of the Corporation (the "Board") being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences, and relative, participating, optional or other special rights, privileges, restrictions and conditions attaching to the shares of each such series; and
- B. It is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 3 Class C Convertible Preferred Stock, par value \$.001.

NOW, THEREFORE, BE IT RESOLVED, THAT:

The Series 3 Class C Convertible Preferred Stock, par value \$.001 (the "Series 3 Class C Preferred Stock") of the Corporation shall consist of 5,500 shares and no more and shall be designated as the Series 3 Class C Convertible Preferred Stock, and the preferences, rights, privileges, restrictions and conditions attaching to the Series 3 Class C Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 **Voting Rights.** Except as otherwise provided herein, in the Corporation's Certificate of Incorporation (the "Articles") or the General Corporation Law of the State of Delaware (the "GCL"), the holders of the Series 3 Class C Preferred Stock shall have no voting rights whatsoever. To the extent that under the GCL the vote of the holders of the Series 3 Class C Preferred Stock, voting separately as a class or series as applicable, is required to authorize a given action of the Corporation, the affirmative vote or consent of the holders of at least a majority of the shares of the Series 3 Class C Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of a majority of the shares of Series 3 Class C Preferred Stock (except as otherwise may be required under the GCL) shall constitute the approval of such action by the series. To the extent that under the GCL the holders of the Series 3 Class C Preferred Stock are entitled to vote on a matter with holders of Corporation's Common Stock and/or any other class or series of the Corporation's voting securities, the Series 3 Class C Preferred Stock, the Corporation's Common Stock and all other classes

or series of the Corporation's voting securities shall vote together as one class, with each share of Series 3 Class C Preferred Stock entitled to a number of votes equal to the number of shares of the Corporation's Common Stock into which it is then convertible using the record date for the taking of such vote of stockholders as the date as of which the Conversion Price (as defined in Section 4.2 hereof) is calculated and conversion is effected. Holders of the Series 3 Class C Preferred Stock shall be entitled to notice of (and copies of proxy materials and other information sent to stockholders) for all shareholder meetings or written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's bylaws and applicable statutes.

1.2 No Preemptive Rights. The Series 3 Class C Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

Part 2 - Liquidation Rights.

2.1 Liquidation. If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any shares of the Series 3 Class C Preferred Stock shall be outstanding, the holders of the then outstanding Series 3 Class C Preferred Stock shall have a preference in distribution of the Corporation's property available for distribution to the holders of the Corporation's Common Stock equal to \$1,000 consideration per outstanding share of Series 3 Class C Preferred Stock, plus an amount equal to all unpaid dividends accrued thereon to the date of payment of such distribution ("Liquidation Preference"), whether or not declared by the Board.

2.2 Payment of Liquidation Preferences. Subject to the provisions of Part 6 hereof, all amounts to be paid as Liquidation Preference to the holders of Series 3 Class C Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of the Corporation's Common Stock, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 No Rights After Payment. After the payment to the holders of the shares of the Series 3 Class C Preferred Stock of the full Liquidation Preference amounts provided for in this Part 2, the holders of the Series 3 Class C Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 Assets Insufficient to Pay Full Liquidation Preference. In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 3 Class C Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 3 Class C Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series 3 Class C Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 3 Class C Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

Part 3 - Dividends.

3.1 The holders of the Series 3 Class C Preferred Stock are entitled to receive if, when and as declared by the Board out of funds legally available therefor, cumulative dividends, payable in cash or Common Stock of the Corporation, par value \$.001 per share (the "Common Stock"), at the Corporation's election, at the rate of six percent (6%) per annum of the Liquidation Value of the Series 3 Class C Preferred Stock. The Liquidation Value of the Series 3 Class C Preferred Stock shall be \$1,000.00 per share (the "Dividend Rate"). The dividend is payable semi-annually within seven (7) business days after each of December 31 and June 30 of each year, commencing December 31, 1996 (each, a "Dividend Declaration Date"). Dividends shall be paid only with respect to shares of Series 3 Class C Preferred Stock actually issued and outstanding on a Dividend Declaration Date and to holders of record as of the Dividend Declaration Date. Dividends shall accrue from the first day of the semi-annual period in which such dividend may be payable, except with respect to the first semi-annual dividend which shall accrue from the date of issuance of the Series 3 Class C Preferred Stock. In the event that the Corporation elects to pay dividends in Common Stock of the Corporation, each holder of the Series 3 Class C Preferred Stock shall receive shares of Common Stock of the Corporation equal to the quotient of (i) the Dividend Rate in effect on the applicable Dividend Declaration Date dividend by (ii) the average of the closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"). Dividends on the Series 3 Class C Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 3 Class C Preferred Stock shall have been paid or declared and set aside for payment.

Part 4 - Conversion. The holders of the Series 3 Class C Preferred Stock shall have rights to convert the shares of Series 3 Class C Preferred Stock into shares of the Corporation's Common Stock, par value \$.001 per share ("Common Stock"), as follows (the "Conversion Rights"):

4.1 **Right to Convert.** The Series 3 Class C Preferred Stock shall be convertible into shares of Common Stock, as follows:

4.1.1 Up to one thousand eight hundred thirty-three (1,833) shares of Series 3 Class C Preferred Stock may be converted at the Conversion Price (as that term is defined in Section 4.2 below) at any time on or after October 1, 1996;

4.1.2 Up to one thousand eight hundred thirty-three (1,833) shares of Series 3 Class C Preferred Stock may be converted at the Conversion Price at any time on or after November 1,

1996; and,

4.1.3 Up to one thousand eight hundred thirty-four (1,834) shares of Series 3 Class C Preferred

Stock may be converted at the Conversion Price on or after December 1, 1996.

4.2 **Conversion Price.** As used herein, the term Conversion Price shall be the product of (i) the average closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately preceding the date of the Conversion Notice referred to in Section 4.3 below multiplied by (ii) seventy-five percent (75%). Notwithstanding the foregoing, the Conversion Price shall not be (i) less than a minimum of \$.75 per share ("Minimum Conversion Price") or (ii) more than a maximum of \$1.50 per share ("Maximum Conversion Price"). If, after July 1, 1996, the Corporation sustains a net loss, on a consolidated basis, in each of two (2) consecutive quarters, as determined under generally accepted accounting principles, the Minimum Conversion Price shall be reduced \$.25 a share, but there shall be no change to, or reduction of, the Maximum Conversion Price. For the purpose of determining whether the Corporation has had a net loss in each of two (2) consecutive quarters, at no time shall a quarter that has already been considered in such determination be considered in any subsequent determination (as an example the third quarter of 1996 in which there is a net profit and the fourth quarter of 1996 in which there is a net loss shall be considered as two consecutive quarters, and, as a result, the fourth quarter of 1996 shall not be considered along with the first quarter of 1997 as two (2) consecutive quarters, but the first quarter of 1997 must be considered with the second quarter of 1997 for the purposes of such determination). For the purposes of this Section 4.2, a "quarter" is a three (3) month period ending on March 31, June 30, September 30, and December 31. If any of the outstanding shares of Series 3 Class C Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Part 4, the number of shares of whole Common Stock to be issued to the holder as a result of such conversion shall be determined by dividing (a) the aggregate Liquidation Value of the Series 3 Class C Preferred Stock so surrendered for conversion by (b) the Conversion Price in effect at the date of the conversion. At the time of conversion of shares of the Series 3 Class C Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of shares of whole Common Stock which is equal to the product of dividing the amount of such unpaid and accrued dividends to the date of conversion on the shares of Series 3 Class C Preferred Stock so converted by the Conversion Price in effect at the date of conversion.

4.3 **Mechanics of Conversion.** Any holder of the Series 3 Class C Preferred Stock who wishes to exercise its Conversion Rights pursuant to Section 4.1 of this Part 4 must, if such shares are not being held in escrow by the Corporation's attorneys, surrender the certificate therefor at the principal executive office of

the Corporation, and give written notice, which may be via facsimile transmission, to the Corporation at such office that it elects to convert the same (the "Conversion Notice"). In the event that the shares of Series 3 Class C Preferred Stock are being held in escrow by the

Corporation's attorneys, no delivery of the certificates shall be required. No Conversion Notice with respect to any shares of Series 3 Class C Preferred Stock can be given prior to the time such shares of Series 3 Class C Preferred Stock are eligible for conversion in accordance with the provision of Section 4.1 above. Any such premature Conversion Notice shall automatically be null and void. The Corporation shall, within five (5) business days after receipt of an appropriate and timely Conversion Notice (and certificate, if necessary), issue to such holder of Series 3 Class C Preferred Stock or its agent a certificate for the number of shares of Common Stock to which he shall be entitled; it being expressly agreed that until and unless the holder delivers written notice to the Corporation to the contrary, all shares of Common Stock issuable upon conversion of the Series 3 Class C Preferred Stock hereunder are to be delivered by the Corporation to a party designated in writing by the holder in the Conversion Notice for the account of the holder and such shall be deemed valid delivery to the holder of such shares of Common Stock. Such conversion shall be deemed to have been made only after both the certificate for the shares of Series 3 Class C Preferred Stock to be converted have been surrendered and the Conversion Notice is received by the Corporation (or in the event that no surrender of the Certificate is required, then only upon the receipt by the Corporation of the Conversion Notice) (the "Conversion Documents"), and the person or entity whose name is noted on the certificate evidencing such shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock at and after such time. In the event that the Conversion Notice is sent via facsimile transmission, the Corporation shall be deemed to have received such Conversion Notice on the first business day on which such facsimile Conversion Notice is actually received. If the Corporation fails to deliver to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion within five (5) business days after receipt by the Corporation from the holder of an appropriate and timely Conversion Notice and certificates pursuant to the terms of this Section 4.3, the Corporation shall pay to the holder U.S. \$1,000 for each day that the Corporation is late in delivering such certificate to the holder or its agent.

4.4 Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock. If the Corporation at any time or from time to time while shares of Series 3 Class C Preferred Stock are issued and outstanding shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate. If the Corporation shall declare or pay, without consideration, any dividend on the Common Stock payable in any right to acquire Common stock for no consideration, then the Corporation shall be deemed to have made a

dividend payable in Common Stock in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Common Stock.

4.5. **Adjustments for Reclassification and Reorganization.** If the Common Stock issuable upon conversion of the Series 3 Class C Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section 4.4 hereof), the Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Series 3 Class C Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Series 3 Class C Preferred Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Series 3 Class C Preferred Stock immediately before that change.

4.6 **Common Stock Duly Issued.** All Common Stock which may be issued upon conversion of Series 3 Class C Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof.

4.7 **Notice of Adjustments.** Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Part 4, the Corporation, at its expense, within a reasonable period of time, shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series 3 Class C Preferred Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based.

4.8 **Issue Taxes.** The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of the Series 3 Class C Preferred Stock pursuant thereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder of Series 3 Class C Preferred Stock in connection with such conversion.

4.9 **Reservation of Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series 3 Class C Preferred Stock, such number of its shares of Common Stock as shall, from time to time, be sufficient to effect the conversion of all outstanding shares of the Series 3 Class C Preferred stock, and, if at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series 3 Class C Preferred Stock, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

4.10 **Fractional Shares.** No fractional share shall be issued upon the conversion of any share or shares of Series 3 Class C Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series 3 Class C Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the

conversion would result in the issuance of a fractional share of Common Stock, such fractional share shall be rounded up to the nearest whole share.

4.11 **Notices.** Any notices required by the provisions of this Part 4 to be given to the holders of shares of Series 3 Class C Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

4.12 **Business Day.** As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or a day when the federal and state banks located in the State of New York are required or permitted to close.

Part 5 - Redemption.

5.1 **Redemption During First 180 Days.** At any time, and from time to time, during the first one hundred eighty (180) days from the date of issuance of the Series 3 Class C Preferred Stock, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, the then outstanding Series 3 Class C Preferred Stock at a price per share of U. S. \$1,300.00 each ("First Six Months Redemption Price"). The Company may exercise such redemption by giving the holder of the Series 3 Class C Preferred Stock written notice of such redemption at any time during such 180-day period.

5.2 **Other Rights of Redemption by the Corporation.** At any time, and from time to time, after one hundred eighty (180) days from the date of the issuance of any Series 3 Class C Preferred Stock, if the average of the closing bid price of the Common Stock for ten (10) consecutive days shall be in excess of \$2.50 per share, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, the then outstanding Series 3 Class C Preferred Stock at a price per share of U. S. \$1,000 each (the "Redemption Price") (such price to be adjusted proportionately in the event of any change of the Series 3 Class C Preferred Stock into a different number of shares of Series 3 Class C Preferred Stock).

5.3 **Mechanics of Redemption.** Thirty (30) days prior to any date stipulated by the Corporation for the redemption of Series 3 Class C Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 3 Class C Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 3 Class C Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 3 Class C Preferred Stock to be redeemed from such

-7-

holder, and (iv) instructions as to how to specify to the Corporation the number of Series 3 Class C Preferred Stock to be redeemed as provided in this Part 5 and, if the Redemption Notice is mailed to the Holder after the first one hundred eighty (180) days from the date of issuance of the Series 3 Class C Preferred Stock, the number of shares to be converted into Common Stock as provided in Part 4 hereof.

5.4 **Rights of Conversion Upon Redemption.** If the redemption occurs pursuant to Section 5.1

hereof, the Holder of the Series 3 Class C Preferred Stock shall not have the right to convert those outstanding shares of Series 3 Class C Preferred Stock that the Company is redeeming after receipt of the Redemption Notice. If the redemption occurs pursuant to Section 5.2 hereof, then, upon receipt of the Redemption Notice, any holder of Series 3 Class C Preferred Stock shall have the option, at its sole election, to specify what portion of its Series 3 Class C Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 5 or converted into Common Stock in the manner provided in Part 4 hereof, except that, notwithstanding any provision of such Part 4 to the contrary, such holder shall have the right to convert into Common Stock that number of Series 3 Class C Preferred Stock called for redemption in the Redemption Notice.

5.5 Surrender of Certificates. On or before the Redemption Date in respect of any Series 3 Class C Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.5 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 3 Class C Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

5.6 Payment. On the Redemption Date in respect of any Series 3 Class C Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least U. S. \$50,000,000, as a trust fund, a sum equal to the aggregate First Six Months Redemption Price or the Redemption Price, whichever is applicable, of all such shares called from redemption (less the aggregate Redemption Price for those Series 3 Class C Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 3 Class C Preferred Stock into Common Stock), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the First Six Months Redemption Price or the Redemption Price, whichever is applicable, to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the

First Six Months Redemption Price or the Redemption Price, whichever is applicable, of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the First Six Months Redemption Price or the Redemption Price, whichever is applicable, in respect of their shares only from the Corporation.

Part 6 - Parity with Other Shares of Series 3 Class C Preferred Stock and Priority.

6.1 **Rateable Participation.** If any cumulative dividends or return of capital in respect of Series 3 Class C Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

6.2 **Ranking.** For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

6.2.1 Prior or senior to the shares of this Series 3 Class C Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series 3 Class C Preferred Stock;

6.2.2 On a parity with, or equal to, shares of this Series 3 Class C Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of this Series 3 Class C Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and over the other, as between the holders of such stock and the holders of shares of this Series 3 Class C Preferred Stock; and,

6.2.3 Junior to shares of this Series 3 Class C Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series 3 Class C Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

Part 7 - Amendment and Reissue.

7.1 **Amendment.** If any proposed amendment to the Corporation's Certificate of Incorporation would alter or change the powers, preferences or special rights of the Series 3 Class C Preferred Stock so as to affect such adversely, then the Corporation must obtain the affirmative vote of such amendment to the Certificate of Incorporation at a duly called and held series meeting of the holders of the Series 3 Class C Preferred Stock or written consent by the holders of a majority of the Series 3 Class C Preferred Stock then outstanding. Notwithstanding the above, the number of authorized shares of any class or classes of stock may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of this Section 7.1 or the requirements of Section 242 of the GCL.

7.2 **Authorized.** Any shares of Series 3 Class C Preferred Stock acquired by the Corporation by reason of purchase, conversion, redemption or otherwise shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred Stock hereafter created.

-10-

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 04:30 PM 12/16/1996
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**CERTIFICATE OF ELIMINATION
OF
SERIES I CLASS A PREFERRED STOCK
AND
SERIES 2 CLASS B CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

PERMA-FIX ENVIRONMENTAL SERVICES, INC., a corporation organized and existing under the Delaware General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies the following:

1. That the Certificate of Designations of Series I Class A Preferred Stock of the Corporation

(the "Series I Preferred") was filed on February 6, 1996 (the "Series I Certificate of Designations").

2. That all outstanding shares of the Series I Preferred have been converted into shares of common stock of the Company pursuant to the terms and conditions of the Series I Certificate of Designations.

3. That no shares of Series I Preferred remain outstanding.

4. That all shares of the Series I Preferred which have been converted have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.

5. That on September 19, 1996, the Board of Directors of the company duly adopted the following resolution:

RESOLVED, that no authorized shares of Series I Class A Preferred Stock remain outstanding
and no shares of Series I Class A Preferred Stock will be issued subject to the Certificate of
of
Designation previously filed with respect to the Series I Class A Preferred Stock.

6. That the Certificate of Designations of the Series 2 Class B Convertible Preferred Stock of the Corporation (the "Series 2 Preferred") was filed on February 20, 1996 (the "Series 2 Certificate of Designations").

7. That all outstanding shares of the Series 2 Preferred have been converted into shares of common stock of the Company pursuant to the terms and conditions of the Series 2 Certificate of Designations.

8. That no shares of Series 2 Preferred remain outstanding.

9. That all shares of the Series 2 Preferred which have been converted have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.

10. That on September 19, 1996, the Board of Directors of the company duly adopted the following resolution:

RESOLVED, that no authorized shares of Series 2 Class B Preferred Stock remain outstanding
and no shares of Series 2 Class B Convertible Preferred Stock will be issued subject to the Certificate of Designation previously filed with respect to the Series 2 Class B Convertible Preferred Stock.

11. That pursuant to the provisions of Section 151(g) of the Delaware General Corporation Law, upon the effective date of the filing of this Certificate, this Certificate will have the effect of eliminating from the Restated Certificate of Incorporation only those matters set forth in the Restated Certificate of Incorporation with respect to the Series I Class A Preferred Stock and the Series 2 Class B Convertible Preferred Stock.

IN WITNESS WHEREOF, this Certificate of Elimination has been executed this 4th day of December, 1996, by the President of the Company.

ATTEST:

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

/s/ Richard T. Kelecyc
Richard T. Kelecyc, Secretary

By /s/ Louis Centofanti
Dr. Louis F. Centofanti,
President

-2-

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 04:30 PM 01/06/1997
971005393 - 2249849

**CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc., a Delaware corporation (the "Corporation"), for purposes of amending its Restated Certificate of Incorporation, as amended ("Restated Certificate of Incorporation"), as provided by Section 242 of the Delaware General Corporation Law, does hereby certify:

1. The amendment set forth below to the Corporation's Restated Certificate of Incorporation was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware:

The first paragraph of Article Fourth of the Corporation's Restated Certificate of Incorporation is hereby deleted and replaced in its entirety by the following:

The total number of shares of capital stock that the Corporation shall have authority to issue is 52,000,000, of which 50,000,000 shall be designated as common stock of the par value of \$.001 per share ("Common Stock") and 2,000,000 shall be designated as preferred stock of the par value of \$.001 per share ("Preferred Stock").

2. Only the first paragraph of Article Fourth is amended by this Amendment, and the remainder of Article Fourth shall remain in full force and effect. No other provision, paragraph or article of the Restated Certificate of Incorporation is amended or changed by this Amendment. The Restated Certificate of Incorporation, as expressly amended by paragraph 1 of this Amendment, shall be in full force and effect.

3. At a meeting of the Board of Directors held on the 19th day of September, 1996, a resolution was duly adopted setting forth the foregoing proposed amendment to the first paragraph of Article Fourth of the Restated Certificate of Incorporation, declaring such amendment to be advisable and setting the next Annual Meeting of Stockholders for consideration thereof.

4. Thereafter, pursuant to said resolution of its Board of Directors, the Annual Meeting of Stockholders was duly called and held on December 12, 1996, at which meeting the necessary number of shares as required by statute were voted in favor of such amendment.

IN WITNESS whereof, Perma-Fix Environmental Services, Inc. has caused this Certificate to be signed and attested to by its duly authorized officers as of this 16th day of December, 1996.

Perma-Fix Environmental
Services, Inc.,
a Delaware corporation

By: /s/Louis F. Centofanti
Dr. Louis F. Centofanti
President and
Chief Executive Officer

ATTEST:

/s/ Richard T. Kelecy
Richard T. Kelecy,
Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 11:00 AM 06/11/1997
971190682 - 2249849

**CERTIFICATE OF DESIGNATIONS
OF SERIES 4 CLASS D CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 4 Class D Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 4 Class D Convertible Preferred Stock as set forth in the attached resolutions.

Dated: June 9, 1997

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

By /s/ Louis Centofanti
Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy
Richard T. Kelecy, Secretary

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")

RESOLUTION OF THE BOARD OF DIRECTORS

**FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 4 CLASS C CONVERTIBLE PREFERRED STOCK**

WHEREAS, the Corporation's capital includes preferred stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series by resolutions adopted by the directors, and with the directors being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences and relative, participating, optional or other special rights and privileges, restrictions and conditions attaching to the shares of each such series;

WHEREAS, it is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 4 Class D Convertible Preferred Stock, par value \$.001 per share ("Series 4 Class D Preferred Stock");

NOW, THEREFORE, BE IT RESOLVED, that the Series 4 Class D Convertible Preferred Stock, par value \$.001 (the "Series 4 Class D Preferred Stock") of the Corporation shall consist of two thousand five hundred (2,500) shares and no more and shall be designated as the Series 4 Class D Convertible Preferred Stock, and the preferences, rights, privileges, restrictions and conditions attaching to the Series 4 Class D Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 **Voting Rights.** Except as otherwise provided in Part 7 hereof or under the General Corporation Law of the State of Delaware (the "GCL"), the holders of the Series 4 Class D Preferred Stock shall have no voting rights whatsoever. To the extent that under Part 7 hereof or the GCL the vote of the holders of the Series 4 Class D Preferred Stock, voting separately as a class or series as applicable, is required to authorize a given action of the Corporation, the affirmative vote or consent of the holders of at least a majority of the shares of the Series 4 Class D Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of a majority of the shares of Series 4 Class D Preferred Stock (except as otherwise may be required under the GCL) shall constitute the approval of such action by the series. To the extent that under the GCL or Part 7 hereof, the holders of the Series 4 Class D Preferred Stock are entitled to vote on a matter, each share of the Series 4 Class D Preferred Stock shall be entitled one (1) vote for each outstanding share of Series 4 Class D Preferred Stock. Holders of the Series 4 Class D Preferred Stock shall be entitled to notice of (and copies of proxy materials and other information sent to stockholders) for all shareholder meetings or

written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's bylaws and applicable statutes.

1.2 **No Preemptive Rights.** The Series 4 Class D Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

Part 2 - Liquidation Rights.

2.1 **Liquidation.** If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any shares of the Series 4 Class D Preferred Stock shall be outstanding, the holders of the then outstanding Series 4 Class D Preferred Stock shall have a preference in distribution of the Corporation's property available for distribution to the holders of the Corporation's Common Stock equal to \$1,000 consideration per outstanding share of Series 4 Class D Preferred Stock, plus an amount equal to all unpaid dividends accrued thereon to the date of payment of such distribution ("Liquidation Preference"), whether or not declared by the Board.

2.2 **Payment of Liquidation Preferences.** Subject to the provisions of Part 6 hereof, all amounts to be paid as Liquidation Preference to the holders of Series 4 Class D Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of the Corporation's Common Stock, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 **No Rights After Payment.** After the payment to the holders of the shares of the Series 4 Class D Preferred Stock of the full Liquidation Preference amounts provided for in this Part 2, the holders of the Series 4 Class D Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 **Assets Insufficient to Pay Full Liquidation Preference.** In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 4 Class D Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 4 Class D Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series 4 Class D Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 4 Class D Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

Part 3 - Dividends.

3.1 The holders of the Series 4 Class D Preferred Stock are entitled to receive if, when and as

declared by the Board out of funds legally available therefor, cumulative dividends, payable in cash or Common Stock of the Corporation, par value \$.001 per share (the "Common Stock"), or any combination thereof, at the Corporation's election, at the rate of four percent (4%) per annum of the Liquidation Value (as defined below) of each issued and outstanding share of Series 4 Class D Preferred Stock (the "Dividend Rate"). The Liquidation Value of the Series 4 Class D Preferred Stock shall be \$1,000 per outstanding share of the Series 4 Class D Preferred Stock (the "Liquidation Value"). The dividend is payable semi-annually within seven (7) business days after each of December 31 and June 30 of each year, commencing December 31, 1997 (each, a "Dividend Declaration Date"). Dividends shall be paid only with respect to shares of Series 4 Class D Preferred Stock actually issued and outstanding on a Dividend Declaration Date and to holders of record of the Series 4 Class D Preferred Stock as of the Dividend Declaration Date. Dividends shall accrue from the first day of the semi-annual period in which such dividend may be payable, except with respect to the first semi-annual dividend which shall accrue from the date of issuance of the Series 4 Class D Preferred Stock. In the event that the Corporation elects to pay the accrued dividends due as of a Dividend Declaration Date on an outstanding share of the Series 4 Class D Preferred Stock in Common Stock of the Corporation, the holder of such share shall receive that number of shares of Common Stock of the Corporation equal to the product of (a) the quotient of (i) the Dividend Rate divided by (ii) the average of the closing bid quotation of the Corporation's Common Stock as reported on the National Association of Securities Dealers Automated Quotation system ("NASDAQ"), or the average closing sale price if listed on a national securities exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"), times (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid, and the denominator of which is 365. Dividends on the Series 4 Class D Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Corporation's Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 4 Class D Preferred Stock shall have been paid or declared and set aside for payment.

Part 4 - Conversion. The holders of the Series 4 Class D Preferred Stock shall have rights to convert the shares of Series 4 Class D Preferred Stock into shares of the Corporation's Common Stock, par value \$.001 per share ("Common Stock"), as follows (the "Conversion Rights"):

4.1 **Right to Convert.** The Series 4 Class D Preferred Stock shall be convertible into shares of Common Stock, as follows:

4.1.1 Up to one thousand two hundred fifty (1,250) shares of Series 4 Class D Preferred Stock may be converted at the Conversion Price (as that term is defined in Section 4.2 below) at any time on or after October 5, 1997; and,

-4-

4.1.2 Up to an additional one thousand two hundred fifty (1,250) shares of Series 4 Class D Preferred Stock may be converted at the Conversion Price at any time on or after November 5, 1997.

4.2 Conversion Price. Subject to the terms hereof, as used herein, the term Conversion Price per outstanding share of Series 4 Class D Preferred Stock shall be the product of the lesser of (i) the average closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately preceding the date of the Conversion Notice referred to in Section 4.3 below multiplied by eighty percent (80%) or (ii) U.S. \$1.6875. Notwithstanding the foregoing, the Conversion Price shall not be less than a minimum of \$.75 per share ("Minimum Conversion Price"), which Minimum Conversion Price shall be eliminated from and after September 6, 1998. If any of the outstanding shares of Series 4 Class D Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Part 4, the number of shares of whole Common Stock to be issued to the holder as a result of such conversion shall be determined by dividing (a) the aggregate Liquidation Value of the Series 4 Class D Preferred Stock so surrendered for conversion by (b) the Conversion Price in effect at the date of the conversion. At the time of conversion of shares of the Series 4 Class D Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of shares of whole Common Stock which is equal to the quotient of the amount of such unpaid and accrued dividends to the date of conversion on the shares of Series 4 Class D Preferred Stock so converted divided by the Stock Dividend Price, as defined in Section 3.1 hereof, in effect at the date of conversion.

4.3 Mechanics of Conversion. Any holder of the Series 4 Class D Preferred Stock who wishes to exercise its Conversion Rights pursuant to Section 4.1 of this Part 4 must, if such shares are not being held in escrow by the Corporation's attorneys, surrender the certificate therefor at the principal executive office of the Corporation, and give written notice, which may be via facsimile transmission, to the Corporation at such office that it elects to convert the same (the "Conversion Notice"). In the event that the shares of Series 4 Class D Preferred Stock are being held in escrow by the Corporation's attorneys, no delivery of the certificates shall be required. No Conversion Notice with respect to any shares of Series 4 Class D Preferred Stock can be given prior to the time such shares of Series 4 Class D Preferred Stock are eligible for conversion in accordance with the provision of Section 4.1 above, except as provided in Section 4.4. Any such premature Conversion Notice shall automatically be null and void. The Corporation shall, within five (5) business days after receipt of an appropriate and timely Conversion Notice (and certificate, if necessary), issue to such holder of Series 4 Class D Preferred Stock or its agent a certificate for the number of shares of Common Stock to which he shall be entitled; it being expressly agreed that until and unless the holder delivers written notice to the Corporation to

the contrary, all shares of Common Stock issuable upon conversion of the Series 4 Class D Preferred Stock hereunder are to be delivered by the Corporation to a party designated in writing by the holder in the Conversion Notice for the account of the holder and such shall be deemed valid delivery to the holder of such shares of Common Stock. Such conversion shall be deemed to have been made only after both the certificate for the shares of Series 4 Class D Preferred Stock to be converted have been surrendered and the Conversion Notice is received by the Corporation (or in the event that no surrender of the Certificate is required, then only upon the receipt by the Corporation of the Conversion Notice) (the "Conversion Documents"), and the

person or entity whose name is noted on the certificate evidencing such shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock at and after such time. In the event that the Conversion Notice is sent via facsimile transmission, the Corporation shall be deemed to have received such Conversion Notice on the first business day on which such facsimile Conversion Notice is actually received. If the Corporation fails to deliver to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion within seven (7) business days after receipt by the Corporation from the holder of an appropriate and timely Conversion Notice and certificates pursuant to the terms of this Section 4.3 ("Seven (7) Business Day Period"), then, upon the written demand of RBB Bank Aktiengesellschaft ("RBB Bank"), the holder of the Series 4 Class D Preferred Stock, for payment of the penalty described below in this Section 4.3, which demand must be received by the Corporation no later than ten (10) calendar days after the expiration of such Seven (7) Business Day Period, the Corporation shall pay to RBB Bank the following penalty for each business day after the Seven (7) Business Day Period until the Corporation delivers to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion: business day eight (8) - U.S. \$1,000; business day nine (9) - U.S. \$2,000, and each business day thereafter an amount equal to the penalty due on the immediately preceding business day times two (2) until the Corporation delivers to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion.

4.4 Merger or Consolidation. In case of either (a) any merger or consolidation to which the Corporation is a party (collectively, the "Merger"), other than a Merger in which the Corporation is the surviving or continuing corporation, or (b) any sale or conveyance to another corporation of all, or substantially all, of the assets of the Corporation (collectively, the "Sale"), and such Merger or Sale becomes effective (x) while any shares of Series 4 Class D Preferred Stock are outstanding and prior to the date that the Corporation's Registration Statement covering up to 1,482,000 shares of Common Stock issuable upon the conversion of the Series 4 Class D Preferred Stock is declared effective by the U. S. Securities and Exchange Commission or (y) prior to the end of the restriction periods in Section 4.1, then, in such event, the Corporation or such successor corporation, as the case may be, shall make appropriate provision so that the holder of each share of Series 4

Class D Preferred Stock then outstanding shall have the right to convert such share of Series 4 Class D Preferred Stock into the kind and amount of shares of stock or other securities and property receivable upon such Merger or Sale by a holder of the number of shares of Common Stock into which such shares of Series 4 Class D Preferred Stock could have been converted into immediately prior to such Merger or Sale, subject to adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Part 4.

4.4 Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock. If the Corporation at any time or from time to time while shares of Series 4 Class D Preferred Stock are issued and outstanding shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of

Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

4.5. **Adjustments for Reclassification and Reorganization.** If the Common Stock issuable upon conversion of the Series 4 Class D Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section 4.4 hereof), the Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Series 4 Class D Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Series 4 Class D Preferred Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Series 4 Class D Preferred Stock immediately before that change.

4.6 **Common Stock Duly Issued.** All Common Stock which may be issued upon conversion of Series 4 Class D Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof.

4.7 **Notice of Adjustments.** Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Part 4, the Corporation, at its expense, within a reasonable period of time, shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series 4 Class D Preferred Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based.

-7-

4.8 **Issue Taxes.** The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of the Series 4 Class D Preferred Stock pursuant thereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder of Series 4 Class D Preferred Stock in connection with such conversion.

4.9 **Reservation of Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series 4 Class D Preferred Stock, such number of its shares of Common Stock as shall, from time to time, be sufficient to effect the conversion of all outstanding shares of the Series 4 Class D Preferred stock, and, if at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series 4 Class D Preferred Stock, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in reasonable efforts to obtain the requisite

stockholder approval of any necessary amendment to its Certificate of Incorporation.

4.10 **Fractional Shares.** No fractional shares shall be issued upon the conversion of any share or shares of Series 4 Class D Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series 4 Class D Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fractional share of Common Stock, such fractional share shall be rounded up to the nearest whole share.

4.11 **Notices.** Any notices required by the provisions of this Part 4 to be given to the holders of shares of Series 4 Class D Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

4.12 **Business Day.** As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or a day when the federal and state banks located in the State of New York are required or is permitted to close.

Part 5 - Redemption.

5.1 **Redemption at Corporation's Option.** Except as otherwise provided in this Section 5.1, at any time, and from time to time, after the expiration of one (1) year from the date of the first issuance of the Series 4 Class D

-8-

Preferred Stock, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, at any time, and from time to time, the then outstanding Series 4 Class D Preferred Stock at the following cash redemption prices per share (the "Redemption Price") if redeemed during the following periods: (a) within four (4) years from the date of the first issuance of Series 4 Class D Preferred Stock - \$1,300 per share, if at any time during such four (4) year period the average of the closing bid price of the Common Stock for ten (10) consecutive trading days shall be in excess of Four U.S. Dollars (\$4.00) per share, and (b) after four (4) years from the date of the first issuance of Series 4 Class D Preferred Stock - \$1,000 per share.

5.3 **Mechanics of Redemption.** Thirty (30) days prior to any date stipulated by the Corporation for the redemption of Series 4 Class D Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 4 Class D Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 4 Class D Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 4 Class D Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 4 Class D Preferred Stock to be redeemed as provided in this Part 5 and, if the Redemption Notice is mailed to the Holder after the first one hundred eighty (180) days from the date of issuance of the Series 4 Class D Preferred Stock, the number of shares to be converted into Common Stock as provided

in Part 4 hereof.

5.4 Rights of Conversion Upon Redemption. If the redemption occurs after the first one hundred eighty (180) days after the first issuance of Series 4 Class D Preferred Stock, then, upon receipt of the Redemption Notice, any holder of Series 4 Class D Preferred Stock shall have the option, at its sole election, to specify what portion of its Series 4 Class D Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 5 or converted into Common Stock in the manner provided in Part 4 hereof, except that, notwithstanding any provision of such Part 4 to the contrary, such holder shall have the right to convert into Common Stock that number of Series 4 Class D Preferred Stock called for redemption in the Redemption Notice.

5.5 Surrender of Certificates. On or before the Redemption Date in respect of any Series 4 Class D Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.6 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is

-9-

surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 4 Class D Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

5.6 Payment. On the Redemption Date in respect of any Series 4 Class D Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least U. S. \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series 4 Class D Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 4 Class D Preferred Stock into Common Stock), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption Price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

Part 6 - Parity with Other Shares of Series 4 Class D Preferred Stock and Priority.

6.1 Rateable Participation. If any cumulative dividends or return of capital in respect of Series 4

Class D Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate ratably in respect of accumulated dividends and return of capital.

6.2 **Ranking.** For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

6.2.1 Prior or senior to the shares of this Series 4 Class D Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series 4 Class D Preferred Stock;

-10-

6.2.2 On a parity with, or equal to, shares of this Series 4 Class D Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of this Series 4 Class C Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and over the other, as between the holders of such stock and the holders of shares of this Series 4 Class D Preferred Stock; and,

6.2.3 Junior to shares of this Series 4 Class D Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series 4 Class D Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

Part 7 - Amendment and Reissue.

7.1 Amendment. If any proposed amendment to the Corporation's Certificate of Incorporation (the "Articles") would alter or change the powers, preferences or special rights of the Series 4 Class D Preferred Stock so as to affect such adversely, then the Corporation must obtain the affirmative vote of such amendment to the Articles at a duly called and held series meeting of the holders of

the Series 4 Class D Preferred Stock or written consent by the holders of a majority of the Series 4 Class D Preferred Stock then outstanding. Notwithstanding the above or the provisions of the GCL, the number of authorized shares of any class or classes of stock of the Corporation may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of the provisions of this Section 7.1 or Section 242 of the GCL.

7.2 **Authorized.** Any shares of Series 4 Class D Preferred Stock acquired by the Corporation by reason of purchase, conversion, redemption or otherwise shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred Stock hereafter created.

-11

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 11:15 AM 07/14/1997
971232152 - 2249849

**CERTIFICATE OF DESIGNATIONS
OF SERIES 5 CLASS E CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 5 Class E Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 5 Class E Convertible Preferred Stock as set forth in the attached resolutions.

Dated: July 3, 1997

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

By /s/ Louis Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy

Richard T. Kelecy, Secretary

**PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")**

RESOLUTION OF THE BOARD OF DIRECTORS

**FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 5 CLASS E CONVERTIBLE PREFERRED STOCK**

WHEREAS, the Corporation's capital includes preferred stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series by resolutions adopted by the directors, and with the directors being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences and relative, participating, optional or other special rights and privileges, and qualifications, limitations or restrictions attaching to the shares of each such series;

WHEREAS, it is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 5 Class E Convertible Preferred Stock, par value \$.001 per share ("Series 5 Class E Preferred Stock");

NOW, THEREFORE, BE IT RESOLVED, that the Series 5 Class E Convertible Preferred Stock, par value \$.001 (the "Series 5 Class E Preferred Stock") of the Corporation shall consist of three hundred fifty (350) shares and no more and shall be designated as the Series 5 Class E Convertible Preferred Stock, and the preferences, rights, privileges, restrictions and conditions attaching to the Series 5 Class E Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 **Voting Rights.** Except as otherwise provided in Section 242(b)(2) of the General Corporation Law of the State of Delaware (the "GCL"), the holders of the Series 5 Class E Preferred Stock shall have no voting rights whatsoever. To the extent that under Section 242(b)(2) of the GCL the vote of the holders of the Series 5 Class E Preferred Stock, voting separately as a class or series as applicable, is required to authorize a given action of the Corporation, the affirmative vote or consent of the holders of at least a majority of the shares of the Series 5 Class E Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of a majority of the shares of Series 5 Class E Preferred Stock (except as otherwise may be required under the GCL) shall constitute the approval of such action by the series. To the extent that under Section 242(b)(2) of the GCL the holders of the Series 5 Class E Preferred Stock are entitled to vote on a matter, each share of the Series 5 Class E Preferred Stock shall be entitled one (1) vote for each outstanding share of Series 5 Class E

Preferred Stock. Holders of the Series 5 Class E Preferred Stock shall be entitled to

-2-

notice of (and copies of proxy materials and other information sent to stockholders) for all shareholder meetings or written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's bylaws and applicable statutes. If the holders of the Series 5 Class E Preferred Stock are required to vote under Section 242(b)(2) of the GCL as a result of the number of authorized shares of any such class or classes of stock being increased or decreased, the number of authorized shares of any of such class or classes of stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, irrespective of the provisions of Section 242(b)(2) of the GCL.

1.2 **No Preemptive Rights.** The Series 5 Class E Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

Part 2 - Liquidation Rights.

2.1 **Liquidation.** If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any shares of the Series 5 Class E Preferred Stock shall be outstanding, the holders of the then outstanding Series 5 Class E Preferred Stock shall be entitled to receive out of the assets of the Corporation available for distribution to shareholders an amount equal to \$1,000 consideration per outstanding share of Series 5 Class E Preferred Stock, and no more, plus an amount equal to all unpaid dividends accrued thereon to the date of payment of such distribution ("Liquidation Preference"), whether or not declared by the Board of Directors, before any payment shall be made or any assets distributed to the holders of the Corporation's Common Stock.

2.2 **Payment of Liquidation Preferences.** Subject to the provisions of Part 6 hereof, all amounts to be paid as Liquidation Preference to the holders of Series 5 Class E Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of the Corporation's Common Stock, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 **No Rights After Payment.** After the payment to the holders of the shares of the Series 5 Class E Preferred Stock of the full Liquidation Preference amounts provided for in this Part 2, the holders of the Series 5 Class E Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 **Assets Insufficient to Pay Full Liquidation Preference.** In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 5 Class E Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 5 Class E

Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series 5 Class E Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 5 Class E Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

-3-

Part 3 - Dividends.

3.1 The holders of the Series 5 Class E Preferred Stock are entitled to receive if, when and as declared by the Board of Directors of the Corporation (the "Board") out of funds legally available therefor, cumulative annual dividends, payable in cash or Common Stock of the Corporation, par value \$.001 per share (the "Common Stock"), or any combination thereof, at the Corporation's election, at the rate of four percent (4%) per annum of the Liquidation Value (as defined below) of each issued and outstanding share of Series 5 Class E Preferred Stock (the "Dividend Rate"). The Liquidation Value of the Series 5 Class E Preferred Stock shall be \$1,000 per outstanding share of the Series 5 Class E Preferred Stock (the "Liquidation Value"). The dividend is payable semi-annually within seven (7) business days after each of December 31 and June 30 of each year, commencing December 31, 1997 (each, a "Dividend Declaration Date"). Dividends shall be paid only with respect to shares of Series 5 Class E Preferred Stock actually issued and outstanding on a Dividend Declaration Date and to holders of record of the Series 5 Class E Preferred Stock as of the Dividend Declaration Date. Dividends shall accrue from the first day of the semi-annual period in which such dividend may be payable, except with respect to the first semi-annual dividend which shall accrue from the date of issuance of the Series 5 Class E Preferred Stock. In the event that the Corporation elects to pay the accrued dividends due as of a Dividend Declaration Date on an outstanding share of the Series 5 Class E Preferred Stock in Common Stock of the Corporation, the holder of such share shall receive that number of shares of Common Stock of the Corporation equal to the product of (a) the quotient of (i) the Dividend Rate divided by (ii) the average of the closing bid quotation of the Corporation's Common Stock as reported on the National Association of Securities Dealers Automated Quotation system ("NASDAQ"), or the average closing sale price if listed on a national securities exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"), times (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid, and the denominator of which is 365. Dividends on the Series 5 Class E Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Corporation's Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 5 Class E Preferred Stock shall have been paid or declared and set aside for payment.

-4-

Part 4 - Conversion. The holders of the Series 5 Class E Preferred Stock shall have rights to convert the shares of Series 5 Class E Preferred Stock into shares of the Corporation's Common

Stock, as follows (the "Conversion Rights"):

4.1 **Right to Convert.** The Series 5 Class E Preferred Stock shall be convertible into shares of Common Stock, as follows:

4.1.1 Up to one hundred seventy-five (175) shares of Series 5 Class E Preferred Stock may be converted at the Conversion Price (as that term is defined in Section 4.2 below) at any time on or after November 3, 1997; and,

4.1.2 Up to an additional one hundred seventy-five (175) shares of Series 5 Class E Preferred Stock may be converted at the Conversion Price at any time on or after December 3, 1997.

4.2 **Conversion Price.** Subject to the terms hereof, as used herein, the term Conversion Price per outstanding share of Series 5 Class E Preferred Stock shall be the product of the lesser of (i) the average closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately preceding the date of the Conversion Notice referred to in Section 4.3 below multiplied by eighty percent (80%) or (ii) U.S. \$1.6875. Notwithstanding the foregoing, the Conversion Price shall not be less than a minimum of \$.75 per share ("Minimum Conversion Price"), which Minimum Conversion Price shall be eliminated from and after September 6, 1998. If any of the outstanding shares of Series 5 Class E Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Part 4, the number of shares of whole Common Stock to be issued to the holder as a result of such conversion shall be determined by dividing (a) the aggregate Liquidation Value of the Series 5 Class E Preferred Stock so surrendered for conversion by (b) the Conversion Price in effect at the date of the conversion. At the time of conversion of shares of the Series 5 Class E Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of shares of whole Common Stock which is equal to the quotient of the amount of such unpaid and accrued dividends to the date of conversion on the shares of Series 5 Class E Preferred Stock so converted divided by the Stock Dividend Price, as defined in Section 3.1 hereof, in effect at the date of conversion.

4.3 **Mechanics of Conversion.** Any holder of the Series 5 Class E Preferred Stock who wishes to exercise its Conversion Rights pursuant to Section 4.1 of this Part 4 must surrender the certificate therefor at the principal executive office of the Corporation, and give written notice, which may be via facsimile transmission,

to the Corporation at such office that it elects to convert the same (the "Conversion Notice"). No Conversion Notice with respect to any shares of Series 5 Class E Preferred Stock can be given prior to the time such shares of Series 5 Class E Preferred Stock are eligible for conversion in accordance with the provision of Section 4.1 above, except as provided in Section 4.4. Any such premature Conversion Notice shall automatically be null and void. The Corporation shall, within

seven (7) business days after receipt of an appropriate and timely Conversion Notice (and certificate, if necessary), issue to such holder of Series 5 Class E Preferred Stock or its agent a certificate for the number of shares of Common Stock to which he shall be entitled; it being expressly agreed that until and unless the holder delivers written notice to the Corporation to the contrary, all shares of Common Stock issuable upon conversion of the Series 5 Class E Preferred Stock hereunder are to be delivered by the Corporation to a party designated in writing by the holder in the Conversion Notice for the account of the holder and such shall be deemed valid delivery to the holder of such shares of Common Stock. Such conversion shall be deemed to have been made only after both the certificate for the shares of Series 5 Class E Preferred Stock to be converted have been surrendered and the Conversion Notice is received by the Corporation (the "Conversion Documents"), and the person or entity whose name is noted on the certificate evidencing such shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock at and after such time. In the event that the Conversion Notice is sent via facsimile transmission, the Corporation shall be deemed to have received such Conversion Notice on the first business day on which such facsimile Conversion Notice is actually received.

4.4 Merger or Consolidation. In case of either (a) any merger or consolidation to which the Corporation is a party (collectively, the "Merger"), other than a Merger in which the Corporation is the surviving or continuing corporation, or (b) any sale or conveyance to another corporation of all, or substantially all, of the assets of the Corporation (collectively, the "Sale"), and such Merger or Sale becomes effective (x) while any shares of Series 5 Class E Preferred Stock are outstanding and prior to the date that the Corporation's Registration Statement covering up to 200,000 shares of Common Stock issuable upon the conversion of the Series 5 Class E Preferred Stock is declared effective by the U. S. Securities and Exchange Commission or (y) prior to the end of the restriction periods in Section 4.1, then, in such event, the Corporation or such successor corporation, as the case may be, shall make appropriate provision so that the holder of each share of Series 5 Class E Preferred Stock then outstanding shall have the right to convert such share of Series 5 Class E Preferred Stock into the kind and amount of shares of stock or other securities and property receivable upon such Merger or Sale by a holder of the number of shares of Common Stock into which such shares of Series 5 Class E Preferred Stock could have been converted into immediately prior to such Merger or Sale, subject to adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Part 4.

4.4 Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock. If the Corporation at any time or from time to time while shares of Series 5 Class E Preferred Stock are issued and outstanding shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

4.5. **Adjustments for Reclassification and Reorganization.** If the Common Stock issuable upon conversion of the Series 5 Class E Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section 4.4 hereof), the Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Series 5 Class E Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Series 5 Class E Preferred Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Series 5 Class E Preferred Stock immediately before that change.

4.6 **Common Stock Duly Issued.** All Common Stock which may be issued upon conversion of Series 5 Class E Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof.

4.7 **Notice of Adjustments.** Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Part 4, the Corporation, at its expense, within a reasonable period of time, shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series 5 Class E Preferred Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based.

4.8 **Issue Taxes.** The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of the Series 5 Class E Preferred Stock pursuant thereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder of Series 5 Class E Preferred Stock in connection with such conversion.

-7-

4.9 **Reservation of Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series 5 Class E Preferred Stock, such number of its shares of Common Stock as shall, from time to time, be sufficient to effect the conversion of all outstanding shares of the Series 5 Class E Preferred stock, and, if at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series 5 Class E Preferred Stock, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

4.10 **Fractional Shares.** No fractional shares shall be issued upon the conversion of any share or shares of Series 5 Class E Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series 5 Class E Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would

result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fractional share of Common Stock, such fractional share shall be rounded up to the nearest whole share.

4.11 **Notices.** Any notices required by the provisions of this Part 4 to be given to the holders of shares of Series 5 Class E Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

4.12 **Business Day.** As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or a day when the federal and state banks located in the State of New York are required or is permitted to close.

Part 5 - Redemption.

5.1 **Redemption at Corporation's Option.** Except as otherwise provided in this Section 5.1, at any time, and from time to time, after the expiration of one (1) year from the date of the first issuance of the Series 5 Class E Preferred Stock, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, at any time, and from time to time, the then outstanding Series 5 Class E Preferred Stock at the following cash redemption prices per share (the "Redemption Price") if redeemed during the following periods: (a) within four (4) years from the date of the first issuance of Series 5 Class E Preferred Stock - \$1,300 per share, if at any time during such four (4) year period the average of the closing bid price of the Common Stock for ten (10) consecutive trading days shall be in excess of Four U.S. Dollars (\$4.00) per share, and (b) after four (4) years from the date of the first issuance of Series 5 Class E Preferred Stock - \$1,000 per share.

-8-

5.3 **Mechanics of Redemption.** Thirty (30) days prior to any date stipulated by the Corporation for the redemption of Series 5 Class E Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 5 Class E Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 5 Class E Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 5 Class E Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 5 Class E Preferred Stock to be redeemed as provided in this Part 5.

5.4 **Rights of Conversion Upon Redemption.** If the redemption occurs after the first one hundred eighty (180) days after the first issuance of Series 5 Class E Preferred Stock, then, upon receipt of the Redemption Notice, any holder of Series 5 Class E Preferred Stock shall have the option, at its sole election, to specify what portion of its Series 5 Class E Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 5 or converted into Common Stock in the manner provided in Part 4 hereof.

5.5 **Surrender of Certificates.** On or before the Redemption Date in respect of any Series 5

Class E Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.6 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 5 Class E Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

5.6 **Payment.** On the Redemption Date in respect of any Series 5 Class E Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least U. S. \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series 5 Class E Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 5 Class E

-9-

Preferred Stock into Common Stock), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption Price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

Part 6 - Parity with Other Shares of Series 5 Class E Preferred Stock and Priority.

6.1 **Rateable Participation.** If any cumulative dividends or return of capital in respect of Series 5 Class E Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

6.2 **Ranking.** For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

6.2.1 Prior or senior to the shares of this Series 5 Class E Preferred Stock either as to dividends

or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of

dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority

to the holders of shares of this Series 5 Class E Preferred Stock;

6.2.2 On a parity with, or equal to, shares of this Series 5 Class E Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of this Series 5 Class E Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and over the other, as between the holders of such stock and the holders of shares of this Series 5 Class E Preferred Stock; and,

-10-

6.2.3 Junior to shares of this Series 5 Class E Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series 5 Class E Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

Part 7 - Reissue.

7.1 **Authorized.** Any shares of Series 5 Class E Preferred Stock acquired by the Corporation by reason of purchase, conversion, redemption or otherwise shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred Stock hereafter created.

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 01:30 PM 11/13/1997
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**CERTIFICATE OF DESIGNATIONS
OF SERIES 6 CLASS F CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 6 Class F Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 6 Class F Convertible Preferred Stock as set forth in the attached resolutions.

Dated: November 12, 1997

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

By /s/ Louis Centofanti
Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy
Richard T. Kelecy, Secretary

**PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")**

RESOLUTION OF THE BOARD OF DIRECTORS

**FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 6 CLASS F CONVERTIBLE PREFERRED STOCK**

WHEREAS, the Corporation's capital includes preferred stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series by resolutions adopted by the directors, and with the directors being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences and relative, participating, optional or other special rights and privileges, restrictions and conditions attaching to the shares of each such series;

WHEREAS, it is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 6 Class F Convertible Preferred Stock, par value \$.001 per share (the "Series 6 Class F Preferred Stock");

NOW, THEREFORE, BE IT RESOLVED, that the Series 6 Class F Preferred Stock shall consist of two thousand five hundred (2,500) shares and no more and shall be designated as the Series 6 Class F Convertible Preferred Stock, and the preferences, rights, privileges, restrictions and conditions attaching to the Series 6 Class F Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 **Voting Rights.** Except as otherwise provided in Part 7 hereof or under the General Corporation Law of the State of Delaware (the "GCL"), the holders of the Series 6 Class F Preferred Stock shall have no voting rights whatsoever. To the extent that under Part 7 hereof or the GCL the vote of the holders of the Series 6 Class F Preferred Stock, voting separately as a class or series as applicable, is required to authorize a given action of the Corporation, the affirmative vote or consent of the holders of at least a majority of the shares of the Series 6 Class F Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of a majority of the shares of Series 6 Class F Preferred Stock (except as otherwise may be required under the GCL) shall constitute the approval of such action by the series. To the extent that under the GCL or Part 7 hereof, the holders of the Series 6 Class F Preferred Stock are entitled to vote on a matter, each share of the Series 6 Class F Preferred Stock shall be entitled one (1) vote for each outstanding share of Series 6 Class F Preferred Stock. Holders of the Series 6 Class F Preferred Stock shall be entitled to notice of (and copies of proxy materials and other information sent to stockholders) for all shareholder meetings or

written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's bylaws and applicable statutes.

1.2 **No Preemptive Rights.** The Series 6 Class F Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

Part 2 - Liquidation Rights.

2.1 **Liquidation.** If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any shares of the Series 6 Class F Preferred Stock shall be outstanding, the holders of the then outstanding Series 6 Class F Preferred Stock shall have a preference in distribution of the Corporation's property available for distribution to the holders of the Corporation's Common Stock equal to \$1,000 consideration per outstanding share of Series 6 Class F Preferred Stock, plus an amount equal to all unpaid dividends accrued thereon to the date of payment of such distribution ("Liquidation Preference"), whether or not declared by the Board.

2.2 **Payment of Liquidation Preferences.** Subject to the provisions of Part 6 hereof, all amounts to be paid as Liquidation Preference to the holders of Series 6 Class F Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of the Corporation's Common Stock, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 **No Rights After Payment.** After the payment to the holders of the shares of the Series 6 Class F Preferred Stock of the full Liquidation Preference amounts provided for in this Part 2, the holders of the Series 6 Class F Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 **Assets Insufficient to Pay Full Liquidation Preference.** In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 6 Class F Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 6 Class F Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series 6 Class F Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 6 Class F Preferred Stock,

-2-

ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

Part 3 - Dividends. The holders of the Series 6 Class F Preferred Stock are entitled to receive if, when and as declared by the Board out of funds legally available therefor, cumulative dividends, payable in cash or Common Stock of the Corporation, par value \$.001 per share (the "Common Stock"), or any combination thereof, at the Corporation's election, at the rate of four percent (4%) per annum of the Liquidation Value (as defined below) of each issued and outstanding share of Series 6 Class F Preferred Stock (the "Dividend Rate"). The Liquidation Value of the Series 6 Class F Preferred Stock shall be \$1,000 per outstanding share of the Series 6 Class F Preferred Stock (the "Liquidation Value"). The dividend is payable semi-annually within seven (7) business days after each of December 31 and June 30 of each year, commencing December 31, 1997

(each, a "Dividend Declaration Date"). Dividends shall be paid only with respect to shares of Series 6 Class F Preferred Stock actually issued and outstanding on a Dividend Declaration Date and to holders of record of the Series 6 Class F Preferred Stock as of the Dividend Declaration Date. Dividends shall accrue from the first day of the semi-annual period in which such dividend may be payable, except with respect to the first semi-annual dividend which shall accrue from September 16, 1997. In the event that the Corporation elects to pay the accrued dividends due as of a Dividend Declaration Date on an outstanding share of the Series 6 Class F Preferred Stock in Common Stock of the Corporation, the holder of such share shall receive that number of shares of Common Stock of the Corporation equal to the product of (a) the quotient of (i) the Dividend Rate divided by (ii) the average of the closing bid quotation of the Corporation's Common Stock as reported on the National Association of Securities Dealers Automated Quotation system ("NASDAQ"), or the average closing sale price if listed on a national securities exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"), times (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid, and the denominator of which is 365. Dividends on the Series 6 Class F Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Corporation's Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 6 Class F Preferred Stock shall have been paid or declared and set aside for payment.

Part 4 - Conversion. The holders of the Series 6 Class F Preferred Stock shall have rights to convert the shares of Series 6 Class F Preferred Stock into shares of the Corporation's Common Stock, par value \$.001 per share ("Common Stock"), as follows (the "Conversion Rights"):

4.1 **Right to Convert.** The Series 6 Class F Preferred Stock shall be convertible into shares of Common Stock, as follows:

-3-

4.1.1 Up to one thousand two hundred fifty (1,250) shares of Series 6 Class F Preferred Stock may be converted at the Conversion Price (as that term is defined in Section 4.2 below) at any time on or after October 5, 1997; and,

4.1.2 Up to an additional one thousand two hundred fifty (1,250) shares of Series 6 Class F Preferred Stock may be converted at the Conversion Price at any time on or after November 5, 1997.

4.2 **Conversion Price.** Subject to the terms hereof, as used herein, the Conversion Price per outstanding share of Series 6 Class F Preferred Stock shall be \$1.8125, except that, in the event the average closing bid price per share of the Common Stock for 20 of any 30 consecutive trading days after March 1, 1998 shall be less than \$2.50 as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, the Conversion Price shall thereafter be the product of the lesser of (i) the average closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five trading days immediately preceding the date of the Conversion Notice referred to in Section 4.3 below multiplied by eighty percent (80%) or (ii) \$1.8125. Notwithstanding the foregoing, the Conversion Price shall not be less than a minimum of \$.75 per share ("Minimum Conversion Price"), which Minimum Conversion Price shall be eliminated from and after September 6, 1998. If any of the outstanding shares of Series 6 Class F

Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Part 4, the number of shares of whole Common Stock to be issued to the holder as a result of such conversion shall be determined by dividing (a) the aggregate Liquidation Value of the Series 6 Class F Preferred Stock so surrendered for conversion by (b) the Conversion Price as of such conversion. At the time of conversion of shares of the Series 6 Class F Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of whole shares of Common Stock which is equal to the quotient of the amount of such unpaid and accrued dividends to the date of conversion on the shares of Series 6 Class F Preferred Stock so converted divided by the Stock Dividend Price, as defined in Part 3 hereof, in effect at the date of conversion.

4.3 Mechanics of Conversion. Any holder of the Series 6 Class F Preferred Stock who wishes to exercise its Conversion Rights pursuant to Section 4.1 of this Part 4 must, if such shares are not being held in escrow by the Corporation's attorneys, surrender the certificate therefor at the principal executive office of the Corporation, and give written notice, which may be via facsimile transmission, to the Corporation at such office that it elects to convert the same (the "Conversion Notice"). In the event that the shares of Series 6 Class F

-4-

Preferred Stock are being held in escrow by the Corporation's attorneys, no delivery of the certificates shall be required. No Conversion Notice with respect to any shares of Series 6 Class F Preferred Stock can be given prior to the time such shares of Series 6 Class F Preferred Stock are eligible for conversion in accordance with the provision of Section 4.1 above, except as provided in Section 4.4. Any such premature Conversion Notice shall automatically be null and void. The Corporation shall, within five (5) business days after receipt of an appropriate and timely Conversion Notice (and certificate, if necessary), issue to such holder of Series 6 Class F Preferred Stock or its agent a certificate for the number of shares of Common Stock to which he shall be entitled; it being expressly agreed that until and unless the holder delivers written notice to the Corporation to the contrary, all shares of Common Stock issuable upon conversion of the Series 6 Class F Preferred Stock hereunder are to be delivered by the Corporation to a party designated in writing by the holder in the Conversion Notice for the account of the holder and such shall be deemed valid delivery to the holder of such shares of Common Stock. Such conversion shall be deemed to have been made only after both the certificate for the shares of Series 6 Class F Preferred Stock to be converted have been surrendered and the Conversion Notice is received by the Corporation (or in the event that no surrender of the Certificate is required, then only upon the receipt by the Corporation of the Conversion Notice) (the "Conversion Documents"), and the person or entity whose name is noted on the certificate evidencing such shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock at and after such time. In the event that the Conversion Notice is sent via facsimile transmission, the Corporation shall be deemed to have received such Conversion Notice on the first business day on which such facsimile Conversion Notice is actually received. If the Corporation fails to deliver to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion within seven (7) business days after receipt by the Corporation from the holder of an appropriate and timely Conversion Notice and certificates

pursuant to the terms of this Section 4.3 ("Seven (7) Business Day Period"), then, upon the written demand of RBB Bank Aktiengesellschaft ("RBB Bank"), the holder of the Series 6 Class F Preferred Stock, for payment of the penalty described below in this Section 4.3, which demand must be received by the Corporation no later than ten (10) calendar days after the expiration of such Seven (7) Business Day Period, the Corporation shall pay to RBB Bank the following penalty for each business day after the Seven (7) Business Day Period until the Corporation delivers to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion: business day eight (8) - U.S. \$1,000; business day nine (9) - U.S. \$2,000, and each business day thereafter an amount equal to the penalty due on the immediately preceding business day times two (2) until the Corporation delivers to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion.

-5-

4.4 Merger or Consolidation. In case of either (a) any merger or consolidation to which the Corporation is a party (collectively, the "Merger"), other than a Merger in which the Corporation is the surviving or continuing corporation, or (b) any sale or conveyance to another corporation of all, or substantially all, of the assets of the Corporation (collectively, the "Sale"), and such Merger or Sale becomes effective (x) while any shares of Series 6 Class F Preferred Stock are outstanding and prior to the date that the Corporation's Registration Statement covering up to 1,379,500 shares of Common Stock issuable upon the conversion of the Series 6 Class F Preferred Stock is declared effective by the U. S. Securities and Exchange Commission or (y) prior to the end of the restriction periods in Section 4.1, then, in such event, the Corporation or such successor corporation, as the case may be, shall make appropriate provision so that the holder of each share of Series 6 Class F Preferred Stock then outstanding shall have the right to convert such share of Series 6 Class F Preferred Stock into the kind and amount of shares of stock or other securities and property receivable upon such Merger or Sale by a holder of the number of shares of Common Stock into which such shares of Series 6 Class F Preferred Stock could have been converted into immediately prior to such Merger or Sale, subject to adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Part 4.

4.5 Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock. If the Corporation at any time or from time to time while shares of Series 6 Class F Preferred Stock are issued and outstanding shall declare or pay, without consideration any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

4.6 Adjustments for Reclassification and Reorganization. If the Common Stock issuable upon conversion of the Series 6 Class F Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital

reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section 4.4 hereof), the Conversion Price shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Series 6 Class F Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Series 6 Class F Preferred Stock would otherwise have been entitled to

-6-

receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Series 6 Class F Preferred Stock immediately before that change.

4.7 **Common Stock Duly Issued.** All Common Stock which may be issued upon conversion of Series 6 Class F Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof.

4.8 **Notice of Adjustments.** Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Part 4, the Corporation, at its expense, within a reasonable period of time, shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series 6 Class F Preferred Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based.

4.9 **Issue Taxes.** The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of the Series 6 Class F Preferred Stock pursuant thereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder of Series 6 Class F Preferred Stock in connection with such conversion.

4.10 **Reservation of Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series 6 Class F Preferred Stock, such number of its shares of Common Stock as shall, from time to time, be sufficient to effect the conversion of all outstanding shares of the Series 6 Class F Preferred stock, and, if at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series 6 Class F Preferred Stock, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

4.11 **Fractional Shares.** No fractional shares shall be issued upon the conversion of any share or shares of Series 6 Class F Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series 6 Class F Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after

the aforementioned aggregation, the conversion would result in the issuance of a fractional share of Common Stock, such fractional share shall be rounded up to the nearest whole share.

4.12 **Notices.** Any notices required by the provisions of this Part 4 to be given to the holders of shares of Series 6 Class F Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

4.13 **Business Day.** As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or a day when the federal and state banks located in the State of New York are required or is permitted to close.

Part 5 - Redemption.

5.1 **Redemption at Corporation's Option.** Except as otherwise provided in this Section 5.1, at any time, and from time to time, after the expiration of one (1) year from June 9, 1997, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, at any time, and from time to time, the then outstanding Series 6 Class F Preferred Stock at the following cash redemption prices per share (the "Redemption Price") if redeemed during the following periods: (a) within four years from June 9, 1997 - \$1,300 per share, if at any time during such four year period the average of the closing bid price of the Common Stock for ten consecutive trading days shall be in excess of Four Dollars (\$4.00) per share, and (b) after four years from June 9, 1997 - \$1,000 per share.

5.2 **Mechanics of Redemption.** Thirty days prior to any date stipulated by the Corporation for the redemption of Series 6 Class F Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 6 Class F Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 6 Class F Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 6 Class F Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 6 Class F Preferred Stock to be redeemed as provided in this Part 5 and, if the Redemption Notice is mailed to the Holder after the first 180 days from the date of issuance of the Series 6 Class F Preferred Stock, the number of shares to be converted into Common Stock as provided in Part 4 hereof.

5.3 **Rights of Conversion Upon Redemption.** If the redemption occurs after the first 180 days after the first issuance of Series 6 Class F Preferred Stock, then, upon receipt of the Redemption Notice, any holder of

Series 6 Class F Preferred Stock shall have the option, at its sole election, to specify what portion of its Series 6 Class F Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 5 or converted into Common Stock in the manner provided in Part 4 hereof, except that, notwithstanding any provision of such Part 4 to the contrary, such holder shall have the right to convert into Common Stock that number of Series 6 Class F Preferred Stock called for redemption in the Redemption Notice.

5.4 Surrender of Certificates. On or before the Redemption Date in respect of any Series 6 Class F Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.6 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 6 Class F Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

5.5 Payment. On the Redemption Date in respect of any Series 6 Class F Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series 6 Class F Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 6 Class F Preferred Stock into Common Stock), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption Price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

Part 6 - Parity with Other Shares of Series 6 Class F Preferred Stock and Priority.

6.1 Rateable Participation. If any cumulative dividends or return of capital in respect of Series 6 Class F Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

6.2 Ranking. For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

- 6.2.1 Prior or senior to the shares of this Series 6 Class F Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series 6 Class F Preferred Stock;
- 6.2.2 On a parity with, or equal to, shares of this Series 6 Class F Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of this Series 6 Class F Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and over the other, as between the holders of such stock and the holders of shares of this Series 6 Class F Preferred Stock; and,
- 6.2.3 Junior to shares of this Series 6 Class F Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series 6 Class F Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

Part 7 - Amendment and Reissue.

7.1 **Amendment.** If any proposed amendment to the Corporation's Certificate of Incorporation (the "Articles") would alter or change the powers, preferences or special rights of the Series 6 Class F Preferred Stock so as to affect such adversely, then the Corporation must obtain the affirmative vote of such amendment to the Articles at a duly called and held series meeting of the holders of the Series 6 Class F Preferred Stock or written consent by the holders of a majority of the Series 6 Class F Preferred Stock then outstanding. Notwithstanding the above or the provisions of the GCL, the number of authorized shares of any class or classes of stock of the Corporation may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of the provisions of this Section 7.1 or Section 242 of the GCL.

7.2 **Authorized.** Any shares of Series 6 Class F Preferred Stock acquired by the Corporation by reason of purchase, conversion, redemption or otherwise shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred Stock hereafter created.

-11-

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 01:31 PM 11/13/1997
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**CERTIFICATE OF DESIGNATIONS
OF SERIES 7 CLASS G CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 7 Class G Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 7 Class G Convertible Preferred Stock as set forth in the attached resolutions.

Dated: November 12, 1997

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

By /s/ Louis F. Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy
Richard T. Kelecy, Secretary

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")

RESOLUTION OF THE BOARD OF DIRECTORS

**FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 7 CLASS G CONVERTIBLE PREFERRED STOCK**

WHEREAS, the Corporation's capital includes preferred stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series by resolutions adopted by the directors, and with the directors being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences and relative, participating, optional or other special rights and privileges, restrictions and conditions attaching to the shares of each such series;

WHEREAS, it is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 7 Class G Convertible Preferred Stock, par value \$.001 per share (the "Series 7 Class G Preferred Stock");

NOW, THEREFORE, BE IT RESOLVED, that the Series 7 Class G Preferred Stock shall consist of three hundred (350) shares and no more and shall be designated as the Series 7 Class G Convertible Preferred Stock, and the preferences, rights, privileges, restrictions and conditions attaching to the Series 7 Class G Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 **Voting Rights.** Except as otherwise provided in Section 242(b)(2) of the General Corporation Law of the State of Delaware (the "GCL"), the holders of the Series 7 Class G Preferred Stock shall have no voting rights whatsoever. To the extent that under Section 242(b)(2) of the GCL the vote of the holders of the Series 7 Class G Preferred Stock, voting separately as a class or series as applicable, is required to authorize a given action of the

Corporation, the affirmative vote or consent of the holders of at least a majority of the shares of the Series 7 Class G Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of a majority of the shares of Series 7 Class G Preferred Stock (except as otherwise may be required under the GCL) shall constitute the approval of such action by the series. To the extent that under Section 242(b)(2) of the GCL the holders of the Series 7 Class G Preferred Stock are entitled to vote on a matter, each share of the Series 7 Class G Preferred Stock shall be entitled one (1) vote for each outstanding share of Series 7 Class G Preferred Stock. Holders of the Series 7 Class G Preferred Stock shall be entitled to notice of (and copies of proxy materials and other information sent to stockholders) for all shareholder meetings or written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's bylaws and applicable statutes. If the holders of the Series 7 Class G Preferred Stock are required to vote under Section 242(b)(2) of the GCL as a result of the number of authorized shares of any such class or classes of stock being increased or decreased, the number of authorized shares of any of such class or classes of stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, irrespective of the provisions of Section 242(b)(2) of the GCL.

-1-

1.2 **No Preemptive Rights.** The Series 7 Class G Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

Part 2 - Liquidation Rights.

2.1 **Liquidation.** If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any shares of the Series 7 Class G Preferred Stock shall be outstanding, the holders of the then outstanding Series 7 Class G Preferred Stock shall be entitled to receive out of the assets of the Corporation available for distribution to shareholders an amount equal to \$1,000 consideration per outstanding share of Series 7 Class G Preferred Stock, and no more, plus an amount equal to all unpaid dividends accrued thereon to the date of payment of such distribution ("Liquidation Preference"), whether or not declared by the Board of Directors, before any payment shall be made or any assets distributed to the holders of the Corporation's Common Stock.

2.2 **Payment of Liquidation Preferences.** Subject to the provisions of Part 6 hereof, all amounts to be paid as Liquidation Preference to the holders of Series 7 Class G Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of the Corporation's Common Stock, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 **No Rights After Payment.** After the payment to the holders of the shares of the Series 7 Class G Preferred Stock of the full Liquidation Preference amounts provided for in this Part 2, the holders of the Series 7 Class G Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 Assets Insufficient to Pay Full Liquidation Preference. In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 7 Class G Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 7 Class G Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series 7 Class G Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 7 Class G Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

Part 3 - Dividends.

3.1 The holders of the Series 7 Class G Preferred Stock are entitled to receive if, when and as declared by the Board of Directors of the Corporation (the "Board") out of funds legally available therefor, cumulative annual

-2-

dividends, payable in cash or Common Stock of the Corporation, par value \$.001 per share (the "Common Stock"), or any combination thereof, at the Corporation's election, at the rate of four percent (4%) per annum of the Liquidation Value (as defined below) of each issued and outstanding share of Series 7 Class G Preferred Stock (the "Dividend Rate"). The Liquidation Value of the Series 7 Class G Preferred Stock shall be \$1,000 per outstanding share of the Series 7 Class G Preferred Stock (the "Liquidation Value"). The dividend is payable semi-annually within seven (7) business days after each of December 31 and June 30 of each year, commencing December 31, 1997 (each, a "Dividend Declaration Date"). Dividends shall be paid only with respect to shares of Series 7 Class G Preferred Stock actually issued and outstanding on a Dividend Declaration Date and to holders of record of the Series 7 Class G Preferred Stock as of the Dividend Declaration Date. Dividends shall accrue from the first day of the semi-annual period in which such dividend may be payable, except with respect to the first semi-annual dividend which shall accrue from the date of issuance of the Series 7 Class G Preferred Stock. In the event that the Corporation elects to pay the accrued dividends due as of a Dividend Declaration Date on an outstanding share of the Series 7 Class G Preferred Stock in Common Stock of the Corporation, the holder of such share shall receive that number of shares of Common Stock of the Corporation equal to the product of (a) the quotient of (i) the Dividend Rate divided by (ii) the average of the closing bid quotation of the Corporation's Common Stock as reported on the National Association of Securities Dealers Automated Quotation system ("NASDAQ"), or the average closing sale price if listed on a national securities exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"), times (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid, and the denominator of which is 365. Dividends on the Series 7 Class G Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Corporation's Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 7 Class G Preferred Stock shall have been paid or declared and set aside for payment.

Part 4 - Conversion. The holders of the Series 7 Class G Preferred Stock shall have rights to convert the shares of Series 7 Class G Preferred Stock into shares of the Corporation's Common Stock, as follows (the "Conversion Rights"):

4.1 **Right to Convert.** The Series 7 Class G Preferred Stock shall be convertible into shares of Common Stock, as follows:

4.1.1 Up to one hundred seventy-five (175) shares of Series 7 Class G Preferred Stock may be converted at the Conversion Price (as that term is defined in Section 4.2 below) at any time on or after November 3, 1997; and,

-3-

4.1.2 Up to an additional one hundred seventy-five (175) shares of Series 7 Class G Preferred Stock may be converted at the Conversion Price at any time on or after December 3, 1997.

4.2 **Conversion Price.** Subject to the terms hereof, as used herein, the Conversion Price per outstanding share of Series 7 Class G Preferred Stock shall be \$1.8125 except that, in the event the average closing bid price per share of the Common Stock for 20 of any 30 consecutive trading days (a "30 Day Period") after March 1, 1998 shall be less than \$2.50 as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange and if the holders of the Series 7 Class G Preferred Stock have engaged in no sales of Common Stock of the Company during, and for 30 trading days prior to, the applicable 30 Day Period, the Conversion Price shall thereafter be the product of the lesser of (i) the average closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five trading days immediately preceding the date of the Conversion Notice referred to in Section 4.3 below multiplied by eighty percent (80%) or (ii) \$1.8125. Notwithstanding the foregoing, the Conversion Price shall not be less than a minimum of \$.75 per share ("Minimum Conversion Price"), which Minimum Conversion Price shall be eliminated from and after September 6, 1998. If any of the outstanding shares of Series 7 Class G Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Part 4, the number of shares of whole Common Stock to be issued to the holder as a result of such conversion shall be determined by dividing (a) the aggregate Liquidation Value of the Series 7 Class G Preferred Stock so surrendered for conversion by (b) the Conversion Price as of such conversion. At the time of conversion of shares of the Series 7 Class G Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of whole shares of Common Stock which is equal to the quotient of the amount of such unpaid and accrued dividends to the date of conversion on the shares of Series 7 Class G Preferred Stock so converted divided by the Stock Dividend Price, as defined in Part 3 hereof, in effect at the date of conversion.

4.5 **Adjustments for Reclassification and Reorganization.** If the Common Stock issuable upon conversion of the Series 7 Class G Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section 4.4 hereof), the Conversion Price then in effect shall, concurrently with the

effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Series 7 Class G Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Series 7 Class G Preferred Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Series 7 Class G Preferred Stock immediately before that change.

4.6 **Common Stock Duly Issued.** All Common Stock which may be issued upon conversion of Series 7 Class G Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof.

4.7 **Notice of Adjustments.** Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Part 4, the Corporation, at its expense, within a reasonable period of time, shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series 7 Class G Preferred Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based.

4.8 **Issue Taxes.** The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of the Series 7 Class G Preferred Stock pursuant thereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder of Series 7 Class G Preferred Stock in connection with such conversion.

4.9 **Reservation of Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series 7 Class G Preferred Stock, such number of its shares of Common Stock as shall, from time to time, be sufficient to effect the conversion of all outstanding shares of the Series 7 Class G Preferred stock, and, if at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series 7 Class G Preferred Stock, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

4.10 **Fractional Shares.** No fractional shares shall be issued upon the conversion of any share or shares of Series 7 Class G Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series 7 Class G Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fractional share of Common Stock, such fractional share shall be rounded up to the nearest whole share.

4.11 **Notices.** Any notices required by the provisions of this Part 4 to be given to the holders of shares of Series 7 Class G Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

4.12 **Business Day.** As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or a day when the federal and state banks located in the State of New York are required or is permitted to close.

Part 5 - Redemption.

5.1 **Redemption at Corporation's Option.** Except as otherwise provided in this Section 5.1, at any time, and from time to time, after the expiration of one (1) year from the date of the first issuance of the Series 7 Class G Preferred Stock, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, at any time, and from time to time, the then outstanding Series 7 Class G Preferred Stock at the following cash redemption prices per share (the "Redemption Price") if redeemed during the following periods: (a) within four (4) years from the date of the first issuance of Series 7 Class G Preferred Stock - - \$1,300 per share, if at any time during such four (4) year period the average of the closing bid price of the Common Stock for ten (10) consecutive trading days shall be in excess of Four U.S. Dollars (\$4.00) per share, and (b) after four (4) years from the date of the first issuance of Series 7 Class G Preferred Stock - \$1,000 per share.

5.3 **Mechanics of Redemption.** Thirty (30) days prior to any date stipulated by the Corporation for the redemption of Series 7 Class G Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 7 Class G Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 7 Class G Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 7 Class G Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 7 Class G Preferred Stock to be redeemed as provided in this Part 5.

5.4 **Rights of Conversion Upon Redemption.** If the redemption occurs after the first one hundred eighty (180) days after the first issuance of Series 7 Class G Preferred Stock, then, upon receipt of the Redemption Notice, any holder of Series 7 Class G Preferred Stock shall have the option, at its sole election, to specify what portion of its Series 7 Class G Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 5 or converted into Common Stock in the manner provided in Part 4 hereof, except that, notwithstanding any provision of such Part 4 to the contrary,

such holder shall have the right to convert into Common Stock that number of Series 7 Class G Preferred Stock called for redemption in the Redemption Notice.

5.5 **Surrender of Certificates.** On or before the Redemption Date in respect of any Series 7

Class G Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.6 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 7 Class G Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

5.6 **Payment.** On the Redemption Date in respect of any Series 7 Class G Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least U. S. \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series 7 Class G Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 7 Class G Preferred Stock into Common Stock), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption Price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

Part 6 - Parity with Other Shares of Series 7 Class G Preferred Stock and Priority.

6.1 **Rateable Participation.** If any cumulative dividends or return of capital in respect of Series 7 Class G Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

-7-

6.2 **Ranking.** For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

- 6.2.1 Prior or senior to the shares of this Series 7 Class G Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series 7 Class G Preferred Stock;
- 6.2.2 On a parity with, or equal to, shares of this Series 7 Class G Preferred Stock, either

as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share or sinking fund provisions,

if any, are different from those of this Series 7 Class G Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and over the other, as between the holders of such stock and the holders of shares of this Series 7 Class G Preferred Stock; and,

6.2.3 Junior to shares of this Series 7 Class G Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series 7 Class G Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

Part 7 - Amendment and Reissue.

7.1 **Amendment.** If any proposed amendment to the Corporation's Certificate of Incorporation (the "Articles") would alter or change the powers, preferences or special rights of the Series 7 Class G Preferred Stock so as to affect such adversely, then the Corporation must obtain the affirmative vote of such amendment to the Articles at a duly called and held series meeting of the holders of the Series 7 Class G Preferred Stock then outstanding. Notwithstanding the above or the provisions of the GCL, the number of authorized shares of any class or classes of stock of the Corporation may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a

-8-

majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of the provisions of this Section 7.1 or Section 242 of the GCL.

7.2 **Authorized.** Any shares of Series 7 Class G Preferred Stock acquired by the Corporation by reason of purchase, conversion, redemption or otherwise shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred Stock hereafter created.

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 10:00 AM 11/26/1997
971405163 - 2249849

**CERTIFICATE OF ELIMINATION
OF
SERIES 4 CLASS D CONVERTIBLE PREFERRED STOCK
AND
SERIES 5 CLASS E CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

PERMA-FIX ENVIRONMENTAL SERVICES, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies the following:

1. That the Certificate of Designations of Series 4 Class D Convertible Preferred Stock of the Corporation (the "Series 4 Preferred") was filed on June 11, 1997 (the "Series 4 Certificate of Designations").
2. That all outstanding shares of the Series 4 Preferred have been delivered to the Company and exchanged upon agreement with the holder thereof pursuant to the terms and conditions of a certain Exchange Agreement between the Company and RBB Bank Aktiengesellschaft, dated effective as of September 16, 1997.
3. That no shares of Series 4 Preferred remain outstanding.
4. That all shares of the Series 4 Preferred which have been exchanged have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.
5. That effective September 16, 1997, the Board of Directors of the Company duly adopted the following resolutions:

RESOLVED, that upon completion of the exchange with the holder of the Series 4 Class D Convertible Preferred Stock, no authorized shares of Series 4 Class D Convertible Preferred Stock will remain outstanding

and no shares of Series 4 Class D Convertible Preferred Stock will be issued subject to the Certificate of Designations previously filed with respect to the Series 4 Class D Convertible Preferred Stock.

FURTHER RESOLVED, that upon completion of the exchange, the officers of the Company are hereby authorized and directed, for and on behalf of the Company, to execute and deliver an appropriate Certificate of Elimination to

the Secretary of State of Delaware regarding the Series 4 Class D Convertible Preferred Stock.

6. That the Certificate of Designations of the Series 5 Class E Convertible Preferred Stock of the Corporation (the "Series 5 Preferred") was filed on July 14, 1997 (the "Series 5 Certificate of Designations").

7. That all outstanding shares of the Series 5 Preferred have been delivered to the Company and exchanged upon agreement with the holder thereof pursuant to the terms and conditions of a certain Exchange Agreement between the Company and The Infinity Fund, L.P., dated effective as of September 16, 1997.

8. That no shares of Series 5 Preferred remain outstanding.

9. That all shares of the Series 5 Preferred which have been exchanged have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.

10. That effective September 16, 1997, the Board of Directors of the Company duly adopted the following resolutions:

RESOLVED, that upon completion of the exchange with the holder of the Series 5 Class E Convertible Preferred Stock, no authorized shares of Series 5 Class E Convertible Preferred Stock will remain outstanding and no shares of Series 5 Class E Convertible Preferred Stock will be issued subject to the Certificate of Designations previously filed with respect to the Series 5 Class E Convertible Preferred Stock.

FURTHER RESOLVED, that upon completion of the exchange, the officers of the Company are hereby authorized and directed, for and on behalf of the Company, to execute and deliver an appropriate Certificate of Elimination to the Secretary of State of Delaware regarding the Series 5 Class E Convertible Preferred Stock.

11. That pursuant to the provisions of Section 151(g) of the Delaware General Corporation Law, upon the effective date of the filing of this Certificate, this Certificate will have the effect of eliminating from the Restated Certificate of Incorporation only those matters set forth

in the Restated Certificate of Incorporation with respect to the Series 4 Class D Convertible Preferred Stock and the Series 5 Class E Convertible Preferred Stock.

-2-

IN WITNESS WHEREOF, this Certificate of Elimination has been executed this 20th day of November, 1997, by the President of the Company.

ATTEST:

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

/s/ Richard T. Kelecy

By /s/ Louis Centofanti

Richard T. Kelecy, Secretary

Dr. Louis F. Centofanti,
President

(SEAL)

-3-

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 12:00 PM 07/10/1998
981268436 - 2249849

**CERTIFICATE OF DESIGNATIONS
OF RIGHTS AND PREFERENCES OF THE
SERIES 10 CLASS J CONVERTIBLE PREFERRED STOCK OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

We, being respectively the President and Secretary of Perma-Fix Environmental Services,

Inc. a corporation organized and existing under the laws of the State of Delaware (hereinafter the "Corporation"), DO HEREBY CERTIFY:

FIRST:

That pursuant to authority expressly granted and vested in the Board of Directors of said Corporation under Section 151 of the Delaware General Corporation Law (the "GCL"), and the provisions of the Corporation's Restated Certificate of Incorporation, said Board of Directors, on June 30th, 1998 (the "Closing Date"), adopted the following resolution setting forth the designations, powers, preferences and rights of its Series 10 Class J Convertible Preferred Stock (the "Certificate of Designations").

RESOLVED: That the designations, powers, preferences and rights of the Series 10 Class J Convertible Preferred Stock be, and they hereby are, as set forth below:

1. Number of Shares of Common Stock of Series 10 Class J Convertible Preferred Stock

The Corporation hereby authorizes the issuance of up to 3,000 (three thousand,) shares of Series 10 Class J Convertible Preferred Stock par value \$.001 per share (the "Preferred Stock"). This Preferred Stock shall pay an annual dividend based on a 365 day calendar year of 4% of the Liquidation Value (as defined in Section 3 hereof) ("Dividend Rate"), payable semiannually within ten (10) business days after each subsequent June 30th and December 31st (each a "Dividend Declaration Date"), and shall be payable in cash or shares of the Corporation's par value \$.001 per share common stock (Common Stock) at the Corporation's option. The first Dividend Declaration Date shall be December 31st, 1998.

In the event that the Corporation elects to pay the accrued dividends due as of a Dividend Declaration Date on the outstanding shares of Preferred Stock in Common Stock of the Corporation, the Holder of each share of Preferred Stock shall receive that number of shares of Common Stock equal to the product of (a) the quotient of (i) the Dividend Rate divided by (ii) the average of the closing bid quotation of the Corporation's Common Stock as reported on the National Association of Securities Dealers Automated Quotation system ("NASDAQ"), or if the Common Stock is not listed for trading on the NASDAQ

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but is listed for trading on a national securities exchange, the average closing bid price of the Common Stock as quoted on such national exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"), times (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid, and the denominator of which is 365. Dividends on the Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Corporation's Common Stock until all accrued and unpaid dividends on all outstanding shares of Preferred Stock shall have been paid or declared and set aside for payment.

2. Voting.

(a) Except as provided under Section 242 of the GCL, holders of Preferred Stock (the

"Holders") shall not have the right to vote on any matter. Notwithstanding the provisions of Section 242 of the GCL or Section 4 hereof, the number of authorized shares of any class or classes of stock of the Corporation may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of the provisions of Section 242 of the GCL.

3. Liquidation.

In the event of a voluntary or involuntary dissolution, liquidation, or winding up of the Corporation, the Holders of Preferred Stock shall be entitled to receive out of the assets of the Corporation legally available for distribution to holders of its capital stock, before any payment or distribution shall be made to holders of shares of Common Stock or any other class of stock ranking junior to the Preferred Stock, an amount per share of Preferred Stock equal to \$1,000 (the "Liquidation Value") plus any accrued and unpaid dividends on the Preferred Stock. If upon such liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, the assets to be distributed among the Holders of Preferred Stock shall be insufficient to permit payment to the Holders of Preferred Stock of the amount distributable as aforesaid, then the entire assets of the Corporation to be so distributed shall be distributed ratably among the Holders of Preferred Stock and shares of such other classes or series ranking on a parity with the shares of this Preferred Stock in proportion to the full distributable amounts for which holders of all such parity shares are entitled upon such distribution, liquidation, or winding up. Upon any such liquidation, dissolution or winding up of the Corporation, after the Holders of Preferred Stock shall have been paid in full the amounts to which they shall be entitled, the remaining net assets of the Corporation may be distributed to the holders of stock ranking on liquidation junior to the Preferred Stock and the Holders of the Preferred Stock shall have no right or claim to any of the remaining assets of the Corporation. Written notice of such liquidation, dissolution or winding up, stating a payment date, the amount of the liquidation payments and the place

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where said liquidation payments shall be payable, shall be given by mail, postage prepaid or by telex or facsimile to non-U.S. residents, not less than 10 days prior to the payment date stated therein, to the Holders of record of Preferred Stock, such notice to be addressed to each such Holder at its address as shown by the records of the Corporation. For purposes hereof the shares of Common Stock, shall rank on liquidation junior to the Preferred Stock.

4. Restrictions.

The Corporation will not amend or modify the terms of its Restated Certificate of Incorporation so as to adversely alter or change the Preferred Stock at any time when shares of Preferred Stock are outstanding, without the approval of the Holders of at least a majority of the then outstanding shares of Preferred Stock given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a series, except where the vote or written consent of the Holders of a greater number of shares of Common Stock of the Corporation is required by law or by the Corporation's Certificate of Incorporation, as amended.

5. Optional Conversion.

The Holders of shares of Preferred Stock shall have the following conversion rights to convert the shares of Preferred Stock into shares of Common Stock of the Corporation:

- (a) **Conversion Dates.** The Holder of any share or shares of Preferred Stock may convert cumulatively any of such Preferred Stock at any time subsequent to 180 days after the Closing Date.
- (b) **Right to Convert; Conversion Price.** Subject to the terms hereof, as used herein, the term Conversion Price per outstanding share of Preferred Stock shall be One Dollar and 875/1000 (\$1.875); except that after the expiration of one hundred and eighty (180) days after the Closing Date if the average of the closing bid price per share of Common Stock quoted on the NASDAQ (or the closing bid price of the Common Stock as quoted on the national securities exchange if the Common Stock is not listed for trading on the NASDAQ but is listed for trading on a national securities exchange) for the five (5) trading days immediately prior to the particular date of each Conversion Notice (as defined below) is less than Two Dollars and 34/100 (\$2.34), then the Conversion Price for that particular conversion shall be eighty percent (80%) of the average of the closing bid price of the Common Stock on the NASDAQ (or if the Common Stock is not listed for trading on the NASDAQ but is listed for trading on a national securities exchange then eighty percent (80%) of the average of the closing bid price of the Common Stock on the national securities exchange) for the five (5) trading days immediately prior to the particular date of the Conversion Notice. If any of the outstanding shares of Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Section 5(b), the number of shares of whole Common Stock to be issued to the Holder as a result of such conversion shall be determined by dividing (a) the aggregate Stated Value of

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the Preferred Stock so surrendered for conversion by (b) the Conversion Price in effect on the date of that particular Conversion Notice relating to such conversion. At the time of conversion of shares of the Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon on the shares of Preferred so converted to the date of the Conversion Notice relating to such conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of shares of whole Common Stock which is equal to the quotient of the amount of such unpaid and accrued dividends to the date of the Conversion Notice relating to such conversion of the shares of Preferred Stock so converted divided by the Stock Dividend Price, in effect at the date of the Conversion Notice relating to such conversion.

- (c) **Conversion Notice.** The right of conversion shall be exercised by the Holder thereof by telecopying or faxing an executed and completed written notice signed by an authorized representative of the Holder, ("Conversion Notice") to the Corporation that the Holder elects to convert a specified number of shares of Preferred Stock representing a specified Stated Value thereof into shares of Common Stock and by delivering by express courier the certificate or certificates of Preferred Stock being converted to the Corporation at its principal office (or such other office or agency of the Corporation as the Corporation may designate by notice in writing to the Holders of the Preferred Stock). The business date indicated on a Conversion Notice which is telecopied to and received by the Corporation in accordance with the provisions hereof shall be deemed a Conversion Date. The Conversion Notice shall include therein the Stated Value of

shares of Preferred Stock to be converted, and a calculation (a) of the Stock Dividend Price, (b) the Conversion Price, and (c) the number of Shares of Common Stock to be issued in connection with such conversion. The Corporation shall have the right to review the calculations included in the Conversion Notice, and shall provide notice of any discrepancy or dispute therewith within three (3) business days of the receipt thereof. The Holder shall deliver to the Corporation an original Conversion Notice and the original Preferred to be converted within three (3) business days from the date of the Conversion Notice.

(d) **Issuance of Certificates - Time Conversion Effected.** Promptly, but in no event more than six (6) business days, after the receipt by facsimile of the Conversion Notice referred to in Subparagraph (5)(c); and provided within the six (6) business days the Corporation receives the certificate or certificates for the shares of Preferred Stock to be converted, the Corporation shall issue and deliver, or cause to be issued and delivered, to the Holder, registered in the name of the Holder, a certificate or certificates for the number of whole shares of Common Stock into which such shares of Preferred Stock are converted. Such conversion shall be deemed to have been effected as of the close of business on the date on which the telecopy or facsimile Conversion Notice shall have been received by the Corporation, and the rights of the Holder of such share or shares of Preferred Stock shall cease, at such time, and the Holder or Holders shall be deemed to have become the Holder or Holders of record of the shares of Common Stock represented thereby. In the event that the shares of Common Stock issuable upon conversion of the Preferred, is

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not delivered within six (6) business days of the date the Company receives the Conversion Notice, the Company shall pay to the Buyer, by wire transfer, as liquidated damages for such failure and not as a penalty, for each \$100,000 of Preferred sought to be converted, \$500 for each of the first five (5) calendar days and \$1,000 per calendar day thereafter that the shares of Common Stock are not delivered, which liquidated damages shall begin to run from the seventh (7th) business day after the Conversion Date. Any and all payments required pursuant to this paragraph shall be payable only in cash. Notwithstanding the above, liquidated damages shall not exceed \$2,000.00 per day. In addition to the liquidated damages set forth herein, in the event the Company fails to deliver the shares of Common Stock within six (6) business days after the Conversion date, the Company agrees to issue the larger number of shares of Common Stock derived from (i) the original Conversion Notice, or (ii) utilizing the five lowest closing bid prices of the Company's shares of Common Stock beginning on the Conversion Date and ending on the day the shares of Common Stock are delivered. The Company understands that a delay in the issuance of the shares of Common Stock could result in economic loss to the Holder. Nothing contained herein, or in the Preferred shall limit the Holder's rights to pursue actual damages for the Company's failure to issue and deliver shares of Common Stock to the Holder in accordance with the terms of the Certificate of Designations, and this Agreement.

(e) **Fractional Shares of Common Stock.** No fractional shares of Common Stock shall be issued upon conversion of any Preferred Stock into shares of Common Stock. All fractional shares of Common Stock shall be aggregated and then rounded down to the nearest whole share of Common Stock. In case the number of shares of Preferred Stock represented by the certificate or certificates surrendered pursuant to Subparagraph 5(b) exceeds the number of

shares of Common Stock converted, the Corporation shall, upon such conversion, execute and deliver to the Holder, at the expense of the Corporation, a new certificate or certificates for the number of shares of Preferred Stock represented by the certificate or certificates surrendered which are not to be converted.

(f) **Merger or Consolidation.** In case of either (a) any merger or consolidation to which the Corporation is a party (collectively, the "Merger"), other than a Merger in which the Corporation is the surviving or continuing corporation, or (b) any sale or conveyance to another corporation of all, or substantially all, of the assets of the Corporation (collectively, the "Sale"), and such Merger or Sale becomes effective (x) while any shares of Preferred Stock are outstanding and prior to the date that the Corporation's Registration Statement covering all the shares of Common Stock issuable upon the conversion of the Preferred Stock is declared effective by the U.S. Securities and Exchange Commission ("Commission"), the Corporation or such successor corporation as the case may be, shall make appropriate provision so that the Holder of each share of Preferred Stock then outstanding shall have the right to convert such share of Preferred Stock into the kind and amount of shares of stock or other securities and property receivable upon such Merger or Sale by a holder of the number of shares of Common Stock into which such shares of Preferred Stock could have been converted into immediately prior to such Merger or Sale, subject to adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5.

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In the event of a Merger or Sale, where the Corporation is not the surviving Corporation, the Holder shall have the right to redeem all of the outstanding shares of Preferred Stock at 120% of the Liquidation Value of each share of Preferred Stock then outstanding plus all accrued and unpaid dividends (the "Redemption Amount"). The Corporation shall pay this Redemption Amount in cash within ten (10) business days of receipt by the Corporation of notice from the Holder, and receipt by the Corporation of all outstanding shares of Preferred Stock duly endorsed by the Holder to the Corporation.

(g) **Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock.** If the Corporation at any time or from time to time while shares of Preferred Stock are issued and outstanding shall declare or pay, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

(h) **Adjustments for Reclassification and Reorganization.** If the Common Stock issuable upon conversion of the Preferred Stock shall be changed into the same or a different number of shares of Common Stock of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination or shares of Common Stock provided for in Section 5(g) hereof), the Conversion Price then in effect shall,

concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Preferred Stock would otherwise have been entitled to receive, a number of shares of Common Stock of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Preferred Stock immediately before that change.

6. Assignment.

Subject to all applicable restrictions on transfer, the rights and obligations of the Corporation and the Holder of the Preferred Stock shall be binding upon and benefit the successors, assigns, heirs, administrators, and transferees of the parties.

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7. Shares of Common Stock to be Reserved.

The Corporation, upon the effective date of this Certificate of Designations, has a sufficient number of shares of Common Stock available to reserve for issuance upon the conversion of all outstanding shares of Preferred Stock, pursuant to the terms and conditions set forth in Section 5, and exercise of the Warrants as defined in Section 11. The Corporation will at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the conversion of Preferred Stock, and exercise of the Warrants, as herein provided, such number of shares of Common Stock as shall then be issuable upon the conversion of all outstanding shares of Preferred Stock, and exercise of the Warrants. The Corporation covenants that all shares of Common Stock which shall be so issued shall be duly and validly issued, fully paid and non assessable. The Corporation will take such action as may be required, if the total number of shares of Common Stock issued and issuable after such action upon conversion of the Preferred Stock, and exercise of the Warrants would exceed the total number of shares of Common Stock then authorized by the Corporation's Certificate of Incorporation, as amended, or would exceed 19.99% of the shares of Common Stock then outstanding if required by law or the Rules and Regulations of NASDAQ or the National Securities Exchange applicable to the Corporation to take such action as a result of exceeding such 19.99%, in order to increase the number of shares of Common Stock to permit the Corporation to issue the number of shares of Common Stock required to effect conversion of the Preferred, and exercise of the Warrants, to a number sufficient to permit conversion of the Preferred Stock, and exercise of the Warrants, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to the Corporation's Restated Certificate of Incorporation, and to obtain shareholders approval in order to effect conversion of the Preferred Stock, and exercise of the Warrants, if required by law or the rules or regulations of the NASDAQ or National Securities Exchange applicable to the Corporation.

7(a) Shareholder Approval. In connection with the issuance to the Holder of the shares of Preferred Stock, pursuant to this Certificate of Designations, the Corporation is also issuing (i) certain warrants ("RBB Warrants") to the Holder pursuant to the terms of that certain Private

Securities Subscription Agreement dated June 30th, 1998 (the "Agreement"), providing for the purchase of up to 150,000 shares of Common Stock at an exercise price of \$2.50 per share and (ii) certain warrants (collectively, the "Liviakis Warrants") to Liviakis Financial Communication, Inc. ("Liviakis") and Robert B. Prag providing for the purchase of up to an aggregate of 2,500,000 shares of Common Stock at an exercise price of \$1.875 per share pursuant to the terms of that Placement and Consulting Agreement dated June 30th, 1998, between Liviakis and the Corporation.

If (i) the aggregate number of shares of Common Stock issued by the Corporation as a result of any or all of the following: (a) conversion of the Preferred Stock, (b) payment of dividends accrued on the Preferred Stock (c) exercise of the RBB Warrants, and (d) exercise of the Liviakis Warrants exceeds 2,388,347 shares of Common Stock (which equals 19.9% of the outstanding shares of Common Stock of the

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the Corporation as of the date of this Certificate of Designations) and (ii) the Holder has converted or elects to convert any of the then outstanding shares of Preferred Stock pursuant to the terms of this Section 5 at a Conversion Price less than \$1.875 (\$1.875 the market value per share of Common Stock as quoted on the NASDAQ as of the close of business on June 30th, 1998) pursuant to the terms of Section 5(b) hereof, other than if the Conversion Price is less than \$1.875 solely as a result of the anti-dilution provisions of Section 5(g) and (h) hereof, then, notwithstanding anything in Section 5 to the contrary, the Corporation shall not issue any shares of Common Stock as a result of receipt of a Conversion Notice unless and until the Corporation shall have obtained approval of its shareholders entitled to vote on the transactions in accordance with subparagraphs (25)(H)(i)d, (iv) and (v) of Rule 4310 of the NASDAQ Marketplace Rules ("Shareholder Approval").

If Shareholder Approval is required as set forth in the above paragraph, the Corporation shall take all necessary steps to obtain such Shareholder Approval upon receipt of the Conversion Notice triggering the need for Shareholder Approval ("Current Conversion Notice"). If the Corporation has not received from the Holder a Current Conversion Notice, the Holder, subsequent to January 1st, 1999 may, if the Corporation's shares of Common Stock trade, subsequent to January 1st, 1999, at a five (5) day average closing bid price below Two Dollars and 34/100 (\$2.34), upon written notice to the Corporation, require the Corporation to obtain Shareholder Approval ("Holder's Notice"). The Holder and the Corporation's officers and directors covenant to vote all shares of Common Stock over which they have voting control in favour of Shareholder Approval. If the Corporation does not obtain Shareholder Approval within ninety (90) days of the earlier of the Corporation's receipt of (i) the Current Conversion Notice or (ii) the Holder's Notice, and the Holder has not breached its covenant to vote all shares of Common Stock over which they have voting control in favour of Shareholder Approval, the Corporation shall pay in cash to the Holder liquidated damages, in an amount of 4% per month of the Liquidation Value of each share of Preferred Stock then outstanding, commencing on the 91st day of the Corporation's receipt of the Holder's Current Conversion Notice, and continuing every thirty (30) days pro-rata until such time the Corporation receives Shareholder Approval.

8. No Reissuance of Series 10 Class J Convertible Preferred Stock.

Shares of Preferred Stock which are converted into shares of Common Stock as provided herein shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred stock hereafter created.

9. Closing of Books.

The Corporation will at no time close its transfer books against the transfer of any Preferred Stock or of any shares of Common Stock issued or issuable upon the conversion of any shares of Common Stock of

;8

Preferred Stock in any manner which interferes with the timely conversion of such Preferred Stock, except as may otherwise be required to comply with applicable securities laws.

10. No Preemptive Rights.

The Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

11. Definition of Shares.

As used in this Certificate of Designations, the term "shares of Common Stock" shall mean and include the Corporation's authorized common stock, par value \$.001, as constituted on the date of filing of these terms of the Preferred Stock, or in case of any reorganization, reclassification, or stock split of the outstanding shares of Common Stock thereof, the stock, securities or assets provided for hereof. The term "Warrants" as used herein shall have the same meaning as defined in Section 1 of the Private Securities Subscription Agreement, dated June 30th 1998, between the Company and RBB Bank Aktiengesellschaft.

The said determination of the designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, relating to the Preferred Stock was duly made by the Board of Directors pursuant to the provisions of the Corporation's Restated Certificate of Incorporation and in accordance with the provisions of the Delaware General Corporation Law.

IN WITNESS HEREOF, this Certificate of Designations has been signed by:

Dr. Louis F. Centofanti, President on this 30th day of June, 1998.

/s/ Louis Centofanti

President, Perma-Fix Environmental Services, Inc.

Richard Kelecy, Secretary on this 30th day of June, 1998

/s/ Richard T. Kelecy

Secretary, Perma-Fix Environmental Services, Inc.

;9

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 01:30 PM 07/16/1998
981277755 - 2249849

**CERTIFICATE OF ELIMINATION
OF
SERIES 6 CLASS F CONVERTIBLE PREFERRED STOCK
AND
SERIES 7 CLASS G CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

PERMA-FIX ENVIRONMENTAL SERVICES, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies the following:

1. That the Certificate of Designations of Series 6 Class F Convertible Preferred Stock of the Corporation (the "Series 6 Preferred") was filed with the Delaware Secretary of State on November 13, 1997 (the "Series 6 Certificate of Designations").
2. That all outstanding shares of the Series 6 Preferred have been delivered to the Company and exchanged upon agreement with the holder thereof pursuant to the terms and conditions of a certain Second RBB Exchange Agreement between the Company and RBB Bank Aktiengesellschaft, dated effective as of February 28, 1998.
3. That no shares of Series 6 Preferred remain outstanding.
4. That all shares of the Series 6 Preferred which have been exchanged have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.
5. That effective February 28, 1998, the Board of Directors of the Company duly adopted

the following resolutions:

RESOLVED, that upon completion of the exchange with the holder of the Series 6 Class F Convertible Preferred Stock, no authorized shares of Series 6 Class F Convertible Preferred Stock will remain outstanding and no shares of Series 6 Class F Convertible Preferred Stock will be issued subject to the Certificate of Designations previously filed with respect to the Series 6 Class F Convertible Preferred Stock.

FURTHER RESOLVED, that upon completion of the exchange, the officers of the Company are hereby authorized and directed, for and on behalf of the Company, to execute and deliver an appropriate

Certificate of Elimination to the Secretary of State of Delaware regarding the Series 6 Class F Convertible Preferred Stock.

6. That the Certificate of Designations of the Series 7 Class G Convertible Preferred Stock of the Corporation (the "Series 7 Preferred") was filed on November 13, 1997 (the "Series 7 Certificate of Designations").

7. That all outstanding shares of the Series 7 Preferred have been delivered to the Company and exchanged upon agreement with the holder thereof pursuant to the terms and conditions of a certain Exchange Agreement between the Company and The Infinity Fund, L.P., dated effective as of February 28, 1998.

8. That no shares of Series 7 Preferred remain outstanding.

9. That all shares of the Series 7 Preferred which have been exchanged have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.

10. That effective February 28, 1998, the Board of Directors of the Company duly adopted the following resolutions:

RESOLVED, that upon completion of the exchange with the holder of the Series 7 Class G Convertible Preferred Stock, no authorized shares of Series 7 Class G Convertible Preferred Stock will remain outstanding and no shares of Series 7 Class G Convertible Preferred Stock will be issued subject to the Certificate of Designations previously filed with respect to the Series 7 Class G Convertible Preferred Stock.

FURTHER RESOLVED, that upon completion of the exchange, the officers of the Company are hereby authorized and directed, for and on behalf of the Company, to execute and deliver an appropriate Certificate of Elimination to the Secretary of State of Delaware regarding the Series 7

Class G Convertible Preferred Stock.

11. That pursuant to the provisions of Section 151(g) of the Delaware General Corporation Law, upon the effective date of the filing of this Certificate, this Certificate will have the effect of eliminating from the Restated Certificate of Incorporation only those matters set forth in the Restated Certificate of Incorporation with respect to the Series 6 Class F Convertible Preferred Stock and the Series 7 Class G Convertible Preferred Stock.

-2-

IN WITNESS WHEREOF, this Certificate of Elimination has been executed this 30th day of April, 1998, by the President of the Company.

ATTEST: PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

/s/ Richard T. Kelecy

By /s/ Louis Centofanti

Richard T. Kelecy, Secretary

Dr. Louis F. Centofanti,
President

(SEAL)

-3-

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 01:31 PM 07/16/1998
981277757 - 2249849

**CERTIFICATE OF DESIGNATIONS
OF SERIES 8 CLASS H CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 8 Class H Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 8 Class H Convertible Preferred Stock as set forth in the attached resolutions.

Dated: April 30, 1998

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

By /s/ Louis Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy

Richard T. Kelecy, Secretary

**PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")**

**RESOLUTION OF THE BOARD OF DIRECTORS
FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 8 CLASS H CONVERTIBLE PREFERRED STOCK**

WHEREAS, the Corporation's capital includes preferred stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series by resolutions adopted by the directors, and with the directors being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences and relative,

participating, optional or other special rights and privileges, restrictions and conditions attaching to the shares of each such series;

WHEREAS, it is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 8 Class H Convertible Preferred Stock, par value \$.001 per share (the "Series 8 Class H Preferred Stock");

NOW, THEREFORE, BE IT RESOLVED, that the Series 8 Class H Preferred Stock shall consist of two thousand five hundred (2,500) shares and no more and shall be designated as the Series 8 Class H Convertible Preferred Stock, and the preferences, rights, privileges, restrictions and conditions attaching to the Series 8 Class H Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 **Voting Rights.** Except as otherwise provided in Part 7 hereof or under Section 242(b)(2) of the General Corporation Law of the State of Delaware (the "GCL"), the holders of the Series 8 Class H Preferred Stock shall have no voting rights whatsoever. To the extent that under Section 242(b)(2) of the GCL or Part 7 hereof, the holders of the Series 8 Class H Preferred Stock are entitled to vote on a matter, each share of the Series 8 Class H Preferred Stock shall be entitled one (1) vote for each outstanding share of Series 8 Class H Preferred Stock. Holders of the Series 8 Class H Preferred Stock shall be entitled to notice of (and copies of proxy materials and other information sent to stockholders) for all shareholder meetings or written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's bylaws and applicable statutes.

1.2 **No Preemptive Rights.** The Series 8 Class H Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

-1-

Part 2 - Liquidation Rights.

2.1 **Liquidation.** If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any shares of the Series 8 Class H Preferred Stock shall be outstanding, the holders of the then outstanding Series 8 Class H Preferred Stock shall have a preference in distribution of the Corporation's property available for distribution to the holders of the Corporation's Common Stock equal to \$1,000 consideration per outstanding share of Series 8 Class H Preferred Stock, plus an amount equal to all unpaid dividends accrued thereon to the date of payment of such distribution ("Liquidation Preference"), whether or not declared by the Board.

2.2 **Payment of Liquidation Preferences.** Subject to the provisions of Part 6 hereof, all amounts to be paid as Liquidation Preference to the holders of Series 8 Class H Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of the Corporation's Common Stock, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 No Rights After Payment. After the payment to the holders of the shares of the Series 8 Class H Preferred Stock of the full Liquidation Preference amounts provided for in this Part 2, the holders of the Series 8 Class H Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 Assets Insufficient to Pay Full Liquidation Preference. In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 8 Class H Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 8 Class H Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series 8 Class H Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 8 Class H Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

Part 3 - Dividends. The holders of the Series 8 Class H Preferred Stock are entitled to receive if, when and as declared by the Board out of funds legally available therefor, cumulative dividends, payable in cash or Common Stock of the Corporation, par value \$.001 per share (the "Common Stock"), or any combination thereof, at the Corporation's election, at the rate of four percent (4%) per annum of the Liquidation Value

-2-

(as defined below) of each issued and outstanding share of Series 8 Class H Preferred Stock (the "Dividend Rate"). The Liquidation Value of the Series 8 Class H Preferred Stock shall be \$1,000 per outstanding share of the Series 8 Class H Preferred Stock (the "Liquidation Value"). The dividend is payable semi-annually within seven (7) business days after each of December 31 and June 30 of each year, commencing June 30, 1998 (each, a "Dividend Declaration Date"). Dividends shall be paid only with respect to shares of Series 8 Class H Preferred Stock actually issued and outstanding on a Dividend Declaration Date and to holders of record of the Series 8 Class H Preferred Stock as of the Dividend Declaration Date. Dividends shall accrue from the first day of the semi-annual period in which such dividend may be payable, except with respect to the first semi-annual dividend which shall accrue from March 1, 1998. In the event that the Corporation elects to pay the accrued dividends due as of a Dividend Declaration Date on an outstanding share of the Series 8 Class H Preferred Stock in Common Stock of the Corporation, the holder of such share shall receive that number of shares of Common Stock of the Corporation equal to the product of (a) the quotient of (i) the Dividend Rate divided by (ii) the average of the closing bid quotation of the Corporation's Common Stock as reported on the National Association of Securities Dealers Automated Quotation system ("NASDAQ"), or the average closing sale price if listed on a national securities exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"), times (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid and the denominator of which is 365. Dividends on the Series 8 Class H Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Corporation's Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 8 Class H Preferred Stock shall have been

paid or declared and set aside for payment.

Part 4 - Conversion. The holders of the Series 8 Class H Preferred Stock shall have rights to convert the shares of Series 8 Class H Preferred Stock into shares of the Corporation's Common Stock, par value \$.001 per share ("Common Stock"), as follows (the "Conversion Rights"):

4.1 **Right to Convert.** The Series 8 Class H Preferred Stock shall be convertible into shares of Common Stock at any time.

4.2 **Conversion Price.** Subject to the terms hereof, as used herein, the Conversion Price per outstanding share of Series 8 Class H Preferred Stock shall be \$1.8125, except that, in the event the average closing bid price per share of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days prior to the particular date of conversion shall be less than \$2.265, the Conversion Price for only such particular conversion shall be the product of the average closing bid quotation of the Common Stock as

-3-

reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately preceding the date of the Conversion Notice referred to in Section 4.3 below in connection with such conversion multiplied by eighty percent (80%). Notwithstanding the foregoing, the Conversion Price shall not be less than a minimum of \$.75 per share ("Minimum Conversion Price"), which Minimum Conversion Price shall be eliminated from and after September 6, 1998. If any of the outstanding shares of Series 8 Class H Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Part 4, the number of shares of whole Common Stock to be issued to the holder as a result of such conversion shall be determined by dividing (a) the aggregate Liquidation Value of the Series 8 Class H Preferred Stock so surrendered for conversion by (b) the Conversion Price as of such conversion. At the time of conversion of shares of the Series 8 Class H Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of whole shares of Common Stock which is equal to the quotient of the amount of such unpaid and accrued dividends to the date of conversion on the shares of Series 8 Class H Preferred Stock so converted divided by the Stock Dividend Price, as defined in Part 3 hereof, in effect at the date of conversion.

4.3 **Mechanics of Conversion.** Any holder of the Series 8 Class H Preferred Stock who wishes to exercise its Conversion Rights pursuant to Section 4.1 of this Part 4 must, if such shares are not being held in escrow by the Corporation's attorneys, surrender the certificate therefor at the principal executive office of the Corporation, and give written notice, which may be via facsimile transmission, to the Corporation at such office that it elects to convert the same (the "Conversion Notice"). In the event that the shares of Series 8 Class H Preferred Stock are being held in escrow by the Corporation's attorneys, no delivery of the certificates shall be required. The Corporation shall, within five (5) business days after receipt of an appropriate and timely Conversion Notice (and certificate, if necessary), issue to such holder of Series 8 Class H Preferred Stock or its agent a certificate for the number of shares of Common Stock to which he

shall be entitled; it being expressly agreed that until and unless the holder delivers written notice to the Corporation to the contrary, all shares of Common Stock issuable upon conversion of the Series 8 Class H Preferred Stock hereunder are to be delivered by the Corporation to a party designated in writing by the holder in the Conversion Notice for the account of the holder and such shall be deemed valid delivery to the holder of such shares of Common Stock. Such conversion shall be deemed to have been made only after both the certificate for the shares of Series 8 Class H Preferred Stock to be converted have been surrendered and the Conversion Notice is received by the Corporation (or in the event that no surrender of the Certificate is required, then only upon the receipt by the Corporation of the Conversion Notice)

-4-

(the "Conversion Documents"), and the person or entity whose name is noted on the certificate evidencing such shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock at and after such time. In the event that the Conversion Notice is sent via facsimile transmission, the Corporation shall be deemed to have received such Conversion Notice on the first business day on which such facsimile Conversion Notice is actually received. If the Corporation fails to deliver to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion of the Series 8 Class H Preferred Stock within seven (7) business days after receipt by the Corporation from the holder of an appropriate and timely Conversion Notice and certificates pursuant to the terms of this Section 4.3 ("Seven (7) Business Day Period"), then, upon the written demand of RBB Bank Aktiengesellschaft ("RBB Bank"), the holder of the Series 8 Class H Preferred Stock, for payment of the penalty described below in this Section 4.3, which demand must be received by the Corporation no later than ten (10) calendar days after the expiration of such Seven (7) Business Day Period, the Corporation shall pay to RBB Bank the following penalty for each business day after the Seven (7) Business Day Period until the Corporation delivers to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion: business day eight (8) - U.S. \$1,000; business day nine (9) - U.S. \$2,000, and each business day thereafter an amount equal to the penalty due on the immediately preceding business day times two (2) until the Corporation delivers to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion.

4.4 Merger or Consolidation. In case of either (a) any merger or consolidation to which the Corporation is a party (collectively, the "Merger"), other than a Merger in which the Corporation is the surviving or continuing corporation, or (b) any sale or conveyance to another corporation of all, or substantially all, of the assets of the Corporation (collectively, the "Sale"), and such Merger or Sale becomes effective (x) while any shares of Series 8 Class H Preferred Stock are outstanding and prior to the date that the Corporation's Registration Statement covering up to 1,379,311 shares of Common Stock issuable upon the conversion of the Series 8 Class H Preferred Stock is declared effective by the U. S. Securities and Exchange Commission or (y) prior to the end of the restriction periods in Section 4.1, then, in such event, the Corporation or such successor corporation, as the case may be, shall make appropriate provision so that the holder of each share of Series 8 Class H Preferred Stock then outstanding shall have the right to convert such share of Series 8 Class H Preferred Stock into the kind and amount of shares of stock or other securities and property receivable upon such Merger or Sale by a holder of the number of shares of Common Stock into which such shares of Series 8 Class H Preferred Stock

could have been converted into

-5-

immediately prior to such Merger or Sale, subject to adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Part 4.

4.5 **Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock.** If the Corporation at any time or from time to time while shares of Series 8 Class H Preferred Stock are issued and outstanding shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

4.6 **Adjustments for Reclassification and Reorganization.** If the Common Stock issuable upon conversion of the Series 8 Class H Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section 4.4 hereof), the Conversion Price shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Series 8 Class H Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Series 8 Class H Preferred Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Series 8 Class H Preferred Stock immediately before that change.

4.7 **Common Stock Duly Issued.** All Common Stock which may be issued upon conversion of Series 8 Class H Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof.

4.8 **Notice of Adjustments.** Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Part 4, the Corporation, at its expense, within a reasonable period of time, shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series 8 Class H Preferred Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based.

-6-

4.9 **Issue Taxes.** The Corporation shall pay any and all issue and other taxes that may be

payable in respect of any issue or delivery of shares of Common Stock on conversion of the Series 8 Class H Preferred Stock pursuant thereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder of Series 8 Class H Preferred Stock in connection with such conversion.

4.10 **Reservation of Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series 8 Class H Preferred Stock, such number of its shares of Common Stock as shall, from time to time, be sufficient to effect the conversion of all outstanding shares of the Series 8 Class H Preferred stock, and, if at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series 8 Class H Preferred Stock, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

4.11 **Fractional Shares.** No fractional shares shall be issued upon the conversion of any share or shares of Series 8 Class H Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series 8 Class H Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fractional share of Common Stock, such fractional share shall be rounded up to the nearest whole share.

4.12 **Notices.** Any notices required by the provisions of this Part 4 to be given to the holders of shares of Series 8 Class H Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

4.13 **Business Day.** As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or a day when the federal and state banks located in the State of New York are required or is permitted to close.

Part 5 - Redemption.

5.1 **Redemption at Corporation's Option.** Except as otherwise provided in this Section 5.1, at any time, and from time to time, after the expiration of one (1) year from June 9, 1997, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole

or in part, at any time, and from time to time, the then outstanding Series 8 Class H Preferred Stock at the following cash redemption prices per share (the "Redemption Price") if redeemed during the following periods: (a) within four years from June 9, 1997 - \$1,300 per share, if at any time during such four year period the average of the closing bid price of the Common Stock for ten consecutive trading days shall be in excess of Four Dollars (\$4.00) per share, and (b) after

four years from June 9, 1997 - \$1,000 per share.

5.2 Mechanics of Redemption. Thirty days prior to any date stipulated by the Corporation for the redemption of Series 8 Class H Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 8 Class H Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 8 Class H Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 8 Class H Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 8 Class H Preferred Stock to be redeemed as provided in this Part 5 and, if the Redemption Notice is mailed to the Holder after the first 180 days from the date of issuance of the Series 8 Class H Preferred Stock, the number of shares to be converted into Common Stock as provided in Part 4 hereof.

5.3 Rights of Conversion Upon Redemption. If the redemption occurs after the first 180 days after the first issuance of Series 8 Class H Preferred Stock, then, upon receipt of the Redemption Notice, any holder of Series 8 Class H Preferred Stock shall have the option, at its sole election, to specify what portion of its Series 8 Class H Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 5 or converted into Common Stock in the manner provided in Part 4 hereof, except that, notwithstanding any provision of such Part 4 to the contrary, such holder shall have the right to convert into Common Stock that number of Series 8 Class H Preferred Stock called for redemption in the Redemption Notice.

5.4 Surrender of Certificates. On or before the Redemption Date in respect of any Series 8 Class H Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.6 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as

-8-

described below), the Corporation shall cause the Series 8 Class H Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

5.5 Payment. On the Redemption Date in respect of any Series 8 Class H Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series 8 Class H Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 8 Class H Preferred Stock into Common Stock),

with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates.

The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption Price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

Part 6 - Parity with Other Shares of Series 8 Class H Preferred Stock and Priority.

6.1 **Rateable Participation.** If any cumulative dividends or return of capital in respect of Series 8 Class H Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

6.2 **Ranking.** For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

6.2.1 Prior or senior to the shares of this Series 8 Class H Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series 8 Class H Preferred Stock;

-9-

6.2.2 On a parity with, or equal to, shares of this Series 8 Class H Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of this Series 8 Class H Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and over the other, as between the holders of such stock and the holders of shares of this Series 8 Class H Preferred Stock; and,

6.2.3 Junior to shares of this Series 8 Class H Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series 8 Class H Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up

of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

-10-

Part 7 - Amendment and Reissue.

7.1 **Amendment.** If any proposed amendment to the Corporation's Certificate of Incorporation (the "Articles") would alter or change the powers, preferences or special rights of the Series 8 Class H Preferred Stock so as to affect such adversely, then the Corporation must obtain the affirmative vote of such amendment to the Articles at a duly called and held series meeting of the holders of the Series 8 Class H Preferred Stock or written consent by the holders of a majority of the Series 8 Class H Preferred Stock then outstanding. Notwithstanding the above or the provisions of Section 242(b)(2) of the GCL, the number of authorized shares of any class or classes of stock of the Corporation may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of the provisions of this Section 7.1 or Section 242(b)(2) of the GCL.

7.2 **Authorized.** Any shares of Series 8 Class H Preferred Stock acquired by the Corporation by reason of purchase, conversion, redemption or otherwise shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred Stock hereafter created.

**CERTIFICATE OF DESIGNATIONS
OF SERIES 9 CLASS I CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 9 Class I Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 9 Class I Convertible Preferred Stock as set forth in the attached resolutions.

Dated: April 30, 1998

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

By /s/ Louis Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy

Richard T. Kelecy, Secretary

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")

**RESOLUTION OF THE BOARD OF DIRECTORS
FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 9 CLASS I CONVERTIBLE PREFERRED STOCK**

WHEREAS, the Corporation's capital includes preferred stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series by resolutions adopted by the directors, and with the directors being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences and relative, participating, optional or other special rights and privileges, restrictions and conditions attaching to the shares of each such series;

WHEREAS, it is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 9 Class I Convertible Preferred Stock, par value \$.001 per share (the "Series 9 Class I Preferred Stock");

NOW, THEREFORE, BE IT RESOLVED, that the Series 9 Class I Preferred Stock shall consist of three hundred (350) shares and no more and shall be designated as the Series 9 Class I Convertible Preferred Stock, and the preferences, rights, privileges, restrictions and conditions attaching to the Series 9 Class I Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 **Voting Rights.** Except as otherwise provided in Part 7 hereof or under Section 242(b)(2) of the General Corporation Law of the State of Delaware (the "GCL"), the holders of the Series 9 Class I Preferred Stock shall have no voting rights whatsoever. To the extent that under Section 242(b)(2) of the GCL or Part 7 hereof, the holders of the Series 9 Class I Preferred Stock are entitled to vote on a matter, each share of the Series 9 Class I Preferred Stock shall be entitled one (1) vote for each outstanding share of Series 9 Class I Preferred Stock. Holders of the Series 9 Class I Preferred Stock shall be entitled to notice of (and copies of proxy materials and other information sent to stockholders) for all shareholder meetings or written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's bylaws and applicable statutes. If the holders of the Series 9 Class I Preferred Stock are required to vote under Section 242(b)(2) of the GCL as a result of the number of authorized shares of any such class or classes of stock being increased or decreased, the number of authorized shares of any of such class or classes of stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, irrespective of the provisions of Section 242(b)(2) of the GCL.

1.2 **No Preemptive Rights.** The Series 9 Class I Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

Part 2 - Liquidation Rights.

2.1 **Liquidation.** If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any shares of the Series 9 Class I Preferred Stock shall be outstanding, the holders of the then outstanding Series 9 Class I Preferred Stock shall be entitled to receive out of the assets of the Corporation available for distribution to shareholders an amount equal to \$1,000 consideration per outstanding share of Series 9 Class I Preferred Stock, and no more, plus an amount equal to all unpaid dividends accrued thereon to the date of payment of such distribution ("Liquidation Preference"), whether or not declared by the Board of Directors, before any payment shall be made or any assets distributed to the holders of the Corporation's Common Stock.

2.2 **Payment of Liquidation Preferences.** Subject to the provisions of Part 6 hereof, all amounts to be paid as Liquidation Preference to the holders of Series 9 Class I Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of the Corporation's Common Stock, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 **No Rights After Payment.** After the payment to the holders of the shares of the Series 9 Class I Preferred Stock of the full Liquidation Preference amounts provided for in this Part 2, the holders of the Series 9 Class I Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 **Assets Insufficient to Pay Full Liquidation Preference.** In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 9 Class I Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 9 Class I Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series 9 Class I Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 9 Class I Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

Part 3 - Dividends.

3.1 The holders of the Series 9 Class I Preferred Stock are entitled to receive if, when and as declared by the Board of Directors of the Corporation (the "Board") out of funds legally available therefor, cumulative

cumulative annual dividends, payable in cash or Common Stock of the Corporation, par value \$.001 per share (the "Common Stock"), or any combination thereof, at the Corporation's election, at the rate of four percent (4%) per annum of the Liquidation Value (as defined below) of each issued and outstanding share of Series 9 Class I Preferred Stock (the "Dividend Rate"). The Liquidation Value of the Series 9 Class I Preferred Stock shall be \$1,000 per outstanding share of the Series 9 Class I Preferred Stock (the "Liquidation Value"). The dividend is payable semi-annually within seven (7) business days after each of December 31 and June 30 of each year, commencing June 30, 1998 (each, a "Dividend Declaration Date"). Dividends shall be paid only with respect to shares of Series 9 Class I Preferred Stock actually issued and outstanding on a Dividend Declaration Date and to holders of record of the Series 9 Class I Preferred Stock as of the Dividend Declaration Date. Dividends shall accrue from the first day of the semi-annual period in which such dividend may be payable, except with respect to the first semi-annual dividend which shall accrue from March 1, 1998. In the event that the Corporation elects to pay the accrued dividends due as of a Dividend Declaration Date on an outstanding share of the Series 9 Class I Preferred Stock in Common Stock of the Corporation, the holder of such share shall receive that number of shares of Common Stock of the Corporation equal to the product of (a) the quotient of (i) the Dividend Rate divided by (ii) the average of the closing bid quotation of the Corporation's Common Stock as reported on the National Association of Securities Dealers Automated Quotation system ("NASDAQ"), or the average closing sale price if listed on a national securities exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"), times (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid and the denominator of which is 365. Dividends on the Series 9 Class I Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Corporation's Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 9 Class I Preferred Stock shall have been paid or declared and set aside for payment.

Part 4 - Conversion. The holders of the Series 9 Class I Preferred Stock shall have rights to convert the shares of Series 9 Class I Preferred Stock into shares of the Corporation's Common Stock, as follows (the "Conversion Rights"):

4.1 **Right to Convert.** The Series 9 Class I Preferred Stock shall be convertible into shares of Common Stock at any time.

4.2 **Conversion Price.** Subject to the terms hereof, as used herein, the Conversion Price per outstanding share of Series 9 Class I Preferred Stock shall be \$1.8125, except that, in the event the average closing bid price per share of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days prior to the particular date of conversion shall be less than \$2.265, the Conversion Price for only such particular conversion shall be the product of the average closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately preceding the date of the Conversion Notice referred to in Section 4.3 below in connection with such conversion multiplied by eighty percent (80%). Notwithstanding the foregoing, the Conversion

Price shall not be less than a minimum of \$.75 per share ("Minimum Conversion Price"), which Minimum Conversion Price shall be eliminated from and after September 6, 1998. If any of the outstanding shares of Series 9 Class I Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Part 4, the number of shares of whole Common Stock to be issued to the holder as a result of such conversion shall be determined by dividing (a) the aggregate Liquidation Value of the Series 9 Class I Preferred Stock so surrendered for conversion by (b) the Conversion Price as of such conversion. At the time of conversion of shares of the Series 9 Class I Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of whole shares of Common Stock which is equal to the quotient of the amount of such unpaid and accrued dividends to the date of conversion on the shares of Series 9 Class I Preferred Stock so converted divided by the Stock Dividend Price, as defined in Part 3 hereof, in effect at the date of conversion.

4.3 **Mechanics of Conversion.** Any holder of the Series 9 Class I Preferred Stock who wishes to exercise its Conversion Rights pursuant to Section 4.1 of this Part 4 must surrender the certificate therefor at the principal executive office of the Corporation, and give written notice, which may be via facsimile transmission, to the Corporation at such office that it elects to convert the same (the "Conversion Notice"). The Corporation shall, within seven (7) business days after receipt of an appropriate and timely Conversion Notice (and certificate, if necessary), issue to such holder of Series 9 Class I Preferred Stock or its agent a certificate for the number of shares of Common Stock to which he shall be entitled; it being expressly agreed that until and unless the holder delivers written notice to the Corporation to the contrary, all shares of Common Stock issuable upon conversion of the Series 9 Class I Preferred Stock hereunder are to be delivered by the Corporation to a party designated in writing by the holder in the Conversion Notice for the account of the holder and such shall be deemed valid delivery to the holder of such shares of Common Stock. Such conversion shall be deemed to have been made only after both the certificate for the shares of Series 9 Class I Preferred Stock to be converted have been surrendered and the Conversion Notice is received by the Corporation (the "Conversion Documents"), and the person or entity whose name is noted on the certificate evidencing such shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock at and after such time. In the event that the Conversion Notice is sent via facsimile transmission, the Corporation shall be deemed to have received such Conversion Notice on the first business day on which such facsimile Conversion Notice is actually received.

4.4 **Merger or Consolidation.** In case of either (a) any merger or consolidation to which the Corporation is a party (collectively, the "Merger"), other than a Merger in which the Corporation is the surviving or continuing corporation, or (b) any sale or conveyance to another corporation of all, or substantially all, of the assets of the Corporation

(collectively, the "Sale"), and such Merger or Sale becomes effective (x) while any shares of Series 9 Class I Preferred Stock are outstanding and prior to the date that the Corporation's Registration Statement covering up to 200,000 shares of Common Stock issuable upon the conversion of the Series 9 Class I Preferred Stock is declared effective by the U. S. Securities and Exchange Commission or (y) prior to the end of the restriction periods in Section 4.1, then, in such event, the Corporation or such successor corporation, as the case may be, shall make appropriate provision so that the holder of each share of Series 9 Class I Preferred Stock then outstanding shall have the right to convert such share of Series 9 Class I Preferred Stock into the kind and amount of shares of stock or other securities and property receivable upon such Merger or Sale by a holder of the number of shares of Common Stock into which such shares of Series 9 Class I Preferred Stock could have been converted into immediately prior to such Merger or Sale, subject to adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Part 4.

4.5 Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock. If the Corporation at any time or from time to time while shares of Series 9 Class I Preferred Stock are issued and outstanding shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

4.6 Adjustments for Reclassification and Reorganization. If the Common Stock issuable upon conversion of the Series 9 Class I Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section 4.4 hereof), the Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Series 9 Class I Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Series 9 Class I Preferred Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Series 9 Class I Preferred Stock immediately before that change.

4.7 Common Stock Duly Issued. All Common Stock which may be issued upon conversion of Series 9 Class I Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof.

4.8 **Notice of Adjustments.** Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Part 4, the Corporation, at its expense, within a reasonable period of time, shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series 9 Class I Preferred Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based.

4.9 **Issue Taxes.** The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of the Series 9 Class I Preferred Stock pursuant thereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder of Series 9 Class I Preferred Stock in connection with such conversion.

4.10 **Reservation of Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series 9 Class I Preferred Stock, such number of its shares of Common Stock as shall, from time to time, be sufficient to effect the conversion of all outstanding shares of the Series 9 Class I Preferred stock, and, if at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series 9 Class I Preferred Stock, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

4.11 **Fractional Shares.** No fractional shares shall be issued upon the conversion of any share or shares of Series 9 Class I Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series 9 Class I Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fractional share of Common Stock, such fractional share shall be rounded up to the nearest whole share.

4.12 **Notices.** Any notices required by the provisions of this Part 4 to be given to the holders of shares of Series 9 Class I Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

4.13 **Business Day.** As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or a day when the federal and state banks located in the State of New York are required or is permitted to close.

5.1 Redemption at Corporation's Option. Except as otherwise provided in this Section 5.1, at any time, and from time to time, after the expiration of one (1) year from the date of the first issuance of the Series 9 Class I Preferred Stock, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, at any time, and from time to time, the then outstanding Series 9 Class I Preferred Stock at the following cash redemption prices per share (the "Redemption Price") if redeemed during the following periods: (a) within four (4) years from the date of the first issuance of Series 9 Class I Preferred Stock - -\$1,300 per share, if at any time during such four (4) year period the average of the closing bid price of the Common Stock for ten (10) consecutive trading days shall be in excess of Four U.S. Dollars (\$4.00) per share, and (b) after four (4) years from the date of the first issuance of Series 9 Class I Preferred Stock - \$1,000 per share.

5.2 Mechanics of Redemption. Thirty (30) days prior to any date stipulated by the Corporation for the redemption of Series 9 Class I Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 9 Class I Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 9 Class I Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 9 Class I Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 9 Class I Preferred Stock to be redeemed as provided in this Part 5.

5.3 Rights of Conversion Upon Redemption. If the redemption occurs after the first one hundred eighty (180) days after the first issuance of Series 9 Class I Preferred Stock, then, upon receipt of the Redemption Notice, any holder of Series 9 Class I Preferred Stock shall have the option, at its sole election, to specify what portion of its Series 9 Class I Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 5 or converted into Common Stock in the manner provided in Part 4 hereof.

5.4 Surrender of Certificates. On or before the Redemption Date in respect of any Series 9 Class I Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.6 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 9 Class I Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

5.5 **Payment.** On the Redemption Date in respect of any Series 9 Class I Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least U. S. \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series 9 Class I Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 9 Class I Preferred Stock into Common Stock), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption Price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

Part 6 - Parity with Other Shares of Series 9 Class I Preferred Stock and Priority.

6.1 **Rateable Participation.** If any cumulative dividends or return of capital in respect of Series 9 Class I Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

6.2 **Ranking.** For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

6.2.1 Prior or senior to the shares of this Series 9 Class I Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled

to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series 9 Class I Preferred Stock;

6.2.2 On a parity with, or equal to, shares of this Series 9 Class I Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of this Series 9 Class I Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, in proportion to their respective dividend rates

or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and over the other, as between the holders of such stock and the holders of shares of this Series 9 Class I Preferred Stock; and,

6.2.3 Junior to shares of this Series 9 Class I Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series 9 Class I Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

Part 7 - Reissue.

7.1 **Authorized.** Any shares of Series 9 Class I Preferred Stock acquired by the Corporation by reason of purchase, conversion, redemption or otherwise shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred Stock hereafter created.

-9-

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 12:30 PM 07/15/1999
991291288 - 2249849

**CERTIFICATE OF DESIGNATIONS
OF SERIES 11 CLASS K CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 11 Class K Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 11 Class K Convertible Preferred Stock as set forth in the attached resolutions.

Dated: July 15, 1999

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By /s/ Louis Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy

Richard T. Kelecy, Secretary

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")

RESOLUTION OF THE BOARD OF DIRECTORS
FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 11 CLASS K CONVERTIBLE PREFERRED STOCK

WHEREAS,

A. The Corporation's share capital includes Preferred Stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series by the Board of Directors of the Corporation (the "Board") being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences, and relative, participating, optional or other special rights, privileges, restrictions and conditions attaching to the shares of each such series; and

B. It is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 11 Class K Convertible Preferred Stock, par value \$.001.

NOW, THEREFORE, BE IT RESOLVED, THAT:

The Series 11 Class K Convertible Preferred Stock, par value \$.001 (the "Series 11 Class K Preferred Stock") of the Corporation shall consist of 1,769 shares and no more and shall be designated as the Series 11 Class K Convertible Preferred Stock, and the preferences, rights, privileges, restrictions and conditions attaching to the Series 11 Class K Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 **Voting Rights.** Except as otherwise provided herein, in the Corporation's Certificate of Incorporation (the "Articles") or the General Corporation Law of the State of Delaware (the "GCL"), the holders of the Series 11 Class K Preferred Stock shall have no voting rights whatsoever. To the extent that under the GCL the vote of the holders of the Series 11 Class K Preferred Stock, voting separately as a class or series as applicable, is required to authorize a given action of the Corporation, the affirmative vote or consent of the holders of at least a majority of the shares of the Series 11 Class K Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of a majority of the shares of Series 11 Class K Preferred Stock (except as otherwise may be required under the GCL) shall constitute the

approval of such

-2-

action by the series. To the extent that under the GCL the holders of the Series 11 Class K Preferred Stock are entitled to vote on a matter with holders of Corporation's Common Stock and/or any other class or series of the Corporation's voting securities, the Series 11 Class K Preferred Stock, the Corporation's Common Stock and all other classes or series of the Corporation's voting securities shall vote together as one class, with each share of Series 11 Class K Preferred Stock entitled to a number of votes equal to the number of shares of the Corporation's Common Stock into which it is then convertible using the record date for the taking of such vote of stockholders as the date as of which the Conversion Price (as defined in Section 4.2 hereof) is calculated and conversion is effected. Holders of the Series 11 Class K Preferred Stock shall be entitled to notice of (and copies of proxy materials and other information sent to stockholders) for all shareholder meetings or written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's bylaws and applicable statutes.

1.2 **No Preemptive Rights.** The Series 11 Class K Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

Part 2 - Liquidation Rights.

2.1 **Liquidation.** If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any shares of the Series 11 Class K Preferred Stock shall be outstanding, the holders of the then outstanding Series 11 Class K Preferred Stock shall have a preference in distribution of the Corporation's property available for distribution to the holders of the Corporation's Common Stock equal to \$1,000 consideration per outstanding share of Series 11 Class K Preferred Stock, plus an amount equal to all unpaid dividends accrued thereon to the date of payment of such distribution ("Liquidation Preference"), whether or not declared by the Board.

2.2 **Payment of Liquidation Preferences.** Subject to the provisions of Part 6 hereof, all amounts to be paid as Liquidation Preference to the holders of Series 11 Class K Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of the Corporation's Common Stock, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 **No Rights After Payment.** After the payment to the holders of the shares of the Series 11 Class K Preferred Stock of the full Liquidation Preference amounts provided for in this Part 2, the holders of the Series 11 Class K Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 **Assets Insufficient to Pay Full Liquidation Preference.** In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 11 Class K Preferred

Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be

-3-

insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 11 Class K Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series 11 Class K Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 11 Class K Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

Part 3 - Dividends.

3.1 The holders of the Series 11 Class K Preferred Stock are entitled to receive if, when and as declared by the Board out of funds legally available therefor, cumulative dividends, payable in cash or Common Stock of the Corporation, par value \$.001 per share (the "Common Stock"), at the Corporation's election, at the rate of six percent (6%) per annum of the Liquidation Value of the Series 11 Class K Preferred Stock. The Liquidation Value of the Series 11 Class K Preferred Stock shall be \$1,000.00 per share (the "Dividend Rate"). The dividend is payable semi-annually within seven (7) business days after each of December 31 and June 30 of each year, commencing December 31, 1996 (each, a "Dividend Declaration Date"). Dividends shall be paid only with respect to shares of Series 11 Class K Preferred Stock actually issued and outstanding on a Dividend Declaration Date and to holders of record as of the Dividend Declaration Date. Dividends shall accrue from the first day of the semi-annual period in which such dividend may be payable, except with respect to the first semi-annual dividend which shall accrue from the date of issuance of the Series 11 Class K Preferred Stock. In the event that the Corporation elects to pay dividends in Common Stock of the Corporation, each holder of the Series 11 Class K Preferred Stock shall receive shares of Common Stock of the Corporation equal to the quotient of (i) the Dividend Rate in effect on the applicable Dividend Declaration Date dividend by (ii) the average of the closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"). Dividends on the Series 11 Class K Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 11 Class K Preferred Stock shall have been paid or declared and set aside for payment.

Part 4 - Conversion. The holders of the Series 11 Class K Preferred Stock shall have rights to convert the shares of Series 11 Class K Preferred Stock into shares of the Corporation's Common Stock, par value \$.001 per share ("Common Stock"), as follows (the "Conversion Rights"):

4.1 **No Right to Convert.** The Series 11 Class K Preferred shall not be convertible into shares of Common Stock until after July 15, 2000.

4.2 **Right to Convert.** The Series 11 Class K Preferred Stock may be convertible into shares of Common Stock at any time on or after July 15, 2000.

4.3 **Conversion Price.** As used herein, the term Conversion Price shall be the product of (i) the average closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately preceding the date of the Conversion Notice referred to in Section 4.3 below multiplied by (ii) seventy-five percent (75%), subject to the provisions of this Section 4.3. Notwithstanding the foregoing, the Conversion Price shall not be (i) less than a minimum of \$1.50 per share for a period of twenty-four (24) months from the date of issuance of the Series 11 Class K Preferred Stock, or, after twenty-four (24) months from the date of issuance of the Series 11 Class K Preferred Stock, a minimum of \$.50 per share (as applicable, the "Minimum Conversion Price") or (ii) more than a maximum of \$1.50 per share ("Maximum Conversion Price"). If, after July 1, 1996, the Corporation sustains a net loss, on a consolidated basis, in each of two (2) consecutive quarters, as determined under generally accepted accounting principles, the Minimum Conversion Price shall be reduced \$.25 a share, but there shall be no change to, or reduction of, the Maximum Conversion Price. For the purpose of determining whether the Corporation has had a net loss in each of two (2) consecutive quarters, at no time shall a quarter that has already been considered in such determination be considered in any subsequent determination (as an example the third quarter of 1996 in which there is a net profit and the fourth quarter of 1996 in which there is a net loss shall be considered as two consecutive quarters, and, as a result, the fourth quarter of 1996 shall not be considered along with the first quarter of 1997 as two (2) consecutive quarters, but the first quarter of 1997 must be considered with the second quarter of 1997 for the purposes of such determination). For the purposes of this Section 4.2, a "quarter" is a three (3) month period ending on March 31, June 30, September 30, and December 31. If any of the outstanding shares of Series 11 Class K Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Part 4, the number of shares of whole Common Stock to be issued to the holder as a result of such conversion shall be determined by dividing (a) the aggregate Liquidation Value of the Series 11 Class K Preferred Stock so surrendered for conversion by (b) the Conversion Price in effect at the date of the conversion. At the time of conversion of shares of the Series 11 Class K Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of shares of whole Common Stock which is equal to the product of dividing the amount of such unpaid and accrued dividends to the date of conversion on the shares of Series 11 Class K Preferred Stock so converted by the Conversion Price in effect at the date of conversion.

4.4 **Mechanics of Conversion.** Any holder of the Series 11 Class K Preferred Stock who wishes to exercise its Conversion Rights pursuant to Section 4.1 of this Part 4 must, if such shares are not being held in escrow by the Corporation's attorneys, surrender the certificate therefor at the principal executive office of the Corporation, and give written notice, which may be via facsimile transmission, to the Corporation at such office that it elects to convert the same (the

"Conversion Notice"). In the event that the shares of Series 11 Class K Preferred Stock are being held in escrow by the Corporation's attorneys, no delivery of the certificates shall be required. No Conversion Notice with respect to any shares of Series 11 Class K Preferred Stock can be given prior to the time such shares of Series 11 Class K Preferred Stock are eligible for conversion in accordance with the provision of Section 4.1 above. Any such premature Conversion Notice shall automatically be null and void. The Corporation shall, within five (5) business days after receipt of an appropriate and timely Conversion Notice (and certificate, if necessary), issue to such holder of Series 11 Class K Preferred Stock or its agent a certificate for the number of shares of Common Stock to which he shall be entitled; it being expressly agreed that until and unless the holder delivers written notice to the Corporation to the contrary, all shares of Common Stock issuable upon conversion of the Series 11 Class K Preferred Stock hereunder are to be delivered by the Corporation to a party designated in writing by the holder in the Conversion Notice for the account of the holder and such shall be deemed valid delivery to the holder of such shares of Common Stock. Such conversion shall be deemed to have been made only after both the certificate for the shares of Series 11 Class K Preferred Stock to be converted have been surrendered and the Conversion Notice is received by the Corporation (or in the event that no surrender of the Certificate is required, then only upon the receipt by the Corporation of the Conversion Notice) (the "Conversion Documents"), and the person or entity whose name is noted on the certificate evidencing such shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock at and after such time. In the event that the Conversion Notice is sent via facsimile transmission, the Corporation shall be deemed to have received such Conversion Notice on the first business day on which such facsimile Conversion Notice is actually received. If the Corporation fails to deliver to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion within five (5) business days after receipt by the Corporation from the holder of an appropriate and timely Conversion Notice and certificates pursuant to the terms of this Section 4.3, the Corporation shall pay to the holder U.S. \$1,000 for each day that the Corporation is late in delivering such certificate to the holder or its agent.

4.5 Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock. If the Corporation at any time or from time to time while shares of Series 11 Class K Preferred Stock are issued and outstanding shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate. If the Corporation shall declare or pay, without consideration, any dividend on the Common Stock payable in any right to acquire Common stock for no consideration, then the Corporation shall

be deemed to have made a dividend payable in Common Stock in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Common Stock.

4.6. **Adjustments for Reclassification and Reorganization.** If the Common Stock issuable upon conversion of the Series 11 Class K Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section 4.4 hereof), the Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Series 11 Class K Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Series 11 Class K Preferred Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Series 11 Class K Preferred Stock immediately before that change.

4.7. **Common Stock Duly Issued.** All Common Stock which may be issued upon conversion of Series 11 Class K Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof.

4.8. **Notice of Adjustments.** Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Part 4, the Corporation, at its expense, within a reasonable period of time, shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series 11 Class K Preferred Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based.

4.9. **Issue Taxes.** The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of the Series 11 Class K Preferred Stock pursuant thereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder of Series 11 Class K Preferred Stock in connection with such conversion.

4.10. **Reservation of Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series 11 Class K Preferred Stock, such number of its shares of Common Stock as shall, from time to time, be sufficient to effect the conversion of all outstanding shares of the Series 11 Class K Preferred stock, and, if at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series 11 Class K Preferred Stock, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

4.11. **Fractional Shares.** No fractional share shall be issued upon the conversion of any share or shares of Series 11 Class K Preferred Stock. All shares of Common Stock (including fractions

thereof) issuable upon conversion of more than one share of Series 11 Class K Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fractional share of Common Stock, such fractional share shall be rounded up to the nearest whole share.

4.12 **Notices.** Any notices required by the provisions of this Part 4 to be given to the holders of shares of Series 11 Class K Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

4.13 **Business Day.** As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or a day when the federal and state banks located in the State of New York are required or permitted to close.

Part 5 - Redemption.

5.1 **Redemption at Corporation's Option.** Except as otherwise provided in this Section 5.1, at any time, and from time to time, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, at any time, and from time to time, the then outstanding Series 11 Class K Preferred Stock at the following cash redemption prices if redeemed during the following periods: (i) within one year from July 15, 1999 - \$1,100 per share, and (ii) after one year from July 15, 1999 - \$1,200 per share (as applicable, the redemption price of \$1,100 or \$1,200 is referred to herein as the "Redemption Price").

5.2 **Mechanics of Redemption.** Prior to any date stipulated by the Corporation for the redemption of Series 11 Class K Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 11 Class K Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 11 Class K Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 11 Class K Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 11 Class K Preferred Stock to be redeemed as provided in this Part 5 and, if the Redemption Notice is mailed to the Holder after the first year from the date of issuance of the Series 11 Class K Preferred Stock, the number of shares to be converted into Common Stock as provided in Part 4 hereof.

5.3 **Mechanics of Redemption.** Prior to any date stipulated by the Corporation for the redemption of Series 11 Class K Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 11 Class K Preferred Stock. The Redemption

Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 11 Class K Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 11 Class K Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the

Corporation the number of Series 11 Class K Preferred Stock to be redeemed as provided in this Part 5 and, if the Redemption Notice is mailed to the Holder after the first year from the date of issuance of the Series 11 Class K Preferred Stock, the number of shares to be converted into Common Stock as provided in Part 4 hereof.

5.4 Rights of Conversion Upon Redemption. If the redemption occurs during the first 12 months after the issuance of the Series 11 Class K Preferred Stock, the holder may not convert any redeemed shares. If the redemption occurs pursuant to Section 5.1 hereof, the Holder of the Series 11 Class K Preferred Stock shall not have the right to convert those outstanding shares of Series 11 Class K Preferred Stock that the Company is redeeming after receipt of the Redemption Notice. If the redemption occurs pursuant to Section 5.2 hereof, then, upon receipt of the Redemption Notice, any holder of Series 11 Class K Preferred Stock shall have the next five business days during which it may exercise the option, at its sole election, to specify what portion of its Series 11 Class K Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 5 or converted into Common Stock in the manner provided in Part 4 hereof, except that, notwithstanding any provision of such Part 4 to the contrary, after one year from the date of first issuance of the Series 11 Class K Preferred Stock, such holder shall have the right to convert into Common Stock that number of Series 11 Class K Preferred Stock called for redemption in the Redemption Notice.

5.5 Surrender of Certificates. On or before the Redemption Date in respect of any Series 11 Class K Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.5 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 11 Class K Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

5.6 Payment. On the Redemption Date in respect of any Series 11 Class K Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least U. S. \$50,000,000, as a trust fund, a sum equal to the aggregate First Year Redemption Price or the Redemption Price, whichever is applicable, of all such shares called from redemption (less the aggregate Redemption Price for those Series 11 Class K Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 11 Class K Preferred Stock

into Common Stock), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the First Year Redemption Price or the Redemption Price, whichever is applicable, to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no

rights with respect thereto except the rights to receive from the bank or trust company payments of the First Year Redemption Price or the Redemption Price, whichever is applicable, of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the First Year Redemption Price or the Redemption Price, whichever is applicable, in respect of their shares only from the Corporation.

Part 6 - Parity with Other Shares of Series 11 Class K Preferred Stock and Priority.

6.1 **Rateable Participation.** If any cumulative dividends or return of capital in respect of Series 11 Class K Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

6.2 **Ranking.** For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

- 6.2.1 Prior or senior to the shares of this Series 11 Class K Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series 11 Class K Preferred Stock;
- 6.2.2 On a parity with, or equal to, shares of this Series 11 Class K Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of this Series 3 Class C Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and over the other, as between the holders of such stock and the holders of shares of this Series 11 Class K Preferred Stock; and,

-10-

- 6.2.3 Junior to shares of this Series 11 Class K Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series 11 Class K Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

Part 7 - Amendment and Reissue.

7.1 **Amendment.** If any proposed amendment to the Corporation's Certificate of Incorporation would alter or change the powers, preferences or special rights of the Series 11 Class K Preferred Stock so as to affect such adversely, then the Corporation must obtain the affirmative

vote of such amendment to the Certificate of Incorporation at a duly called and held series meeting of the holders of the Series 11 Class K Preferred Stock or written consent by the holders of a majority of the Series 11 Class K Preferred Stock then outstanding. Notwithstanding the above, the number of authorized shares of any class or classes of stock may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of this Section 7.1 or the requirements of Section 242 of the GCL.

7.2 **Authorized.** Any shares of Series 11 Class K Preferred Stock acquired by the Corporation by reason of purchase, conversion, redemption or otherwise shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred Stock hereafter created.

-11-

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 12:31 PM 07/15/1999
991291289 - 2249849

**CERTIFICATE OF DESIGNATIONS
OF SERIES 12 CLASS L CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 12 Class L Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 12 Class L Convertible Preferred Stock as set forth in the attached resolutions.

Dated: July 15, 1999

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By /s/ Louis Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy

Richard T. Kelecy, Secretary

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")

RESOLUTION OF THE BOARD OF DIRECTORS
FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 12 CLASS L CONVERTIBLE PREFERRED STOCK

WHEREAS, the Corporation's capital includes preferred stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series by resolutions adopted by the directors, and with the directors being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences and relative, participating, optional or other special rights and privileges, restrictions and conditions attaching to the shares of each such series;

WHEREAS, it is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 12 Class L Convertible Preferred Stock, par value \$.001 per share (the "Series 12 Class L Preferred Stock");

NOW, THEREFORE, BE IT RESOLVED, that the Series 12 Class L Preferred Stock shall consist of nine hundred sixteen (916) shares and no more and shall be designated as the Series 12 Class L Convertible Preferred Stock, and the preferences, rights, privileges, restrictions and conditions attaching to the Series 12 Class L Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 **Voting Rights.** Except as otherwise provided in Part 7 hereof or under Section 242(b)(2) of

the General Corporation Law of the State of Delaware (the "GCL"), the holders of the Series 12 Class L Preferred Stock shall have no voting rights whatsoever. To the extent that under Section 242(b)(2) of the GCL or Part 7 hereof, the holders of the Series 12 Class L Preferred Stock are entitled to vote on a matter, each share of the Series 12 Class L Preferred Stock shall be entitled one (1) vote for each outstanding share of Series 12 Class L Preferred Stock. Holders of the Series 12 Class L Preferred Stock shall be entitled to notice of (and copies of proxy materials and other information sent to stockholders) for all shareholder meetings or written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's bylaws and applicable statutes.

1.2 **No Preemptive Rights.** The Series 12 Class L Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

-1-

Part 2 - Liquidation Rights.

2.1 **Liquidation.** If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any shares of the Series 12 Class L Preferred Stock shall be outstanding, the holders of the then outstanding Series 12 Class L Preferred Stock shall have a preference in distribution of the Corporation's property available for distribution to the holders of the Corporation's Common Stock equal to \$1,000 consideration per outstanding share of Series 12 Class L Preferred Stock, plus an amount equal to all unpaid dividends accrued thereon to the date of payment of such distribution ("Liquidation Preference"), whether or not declared by the Board.

2.2 **Payment of Liquidation Preferences.** Subject to the provisions of Part 6 hereof, all amounts to be paid as Liquidation Preference to the holders of Series 12 Class L Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of the Corporation's Common Stock, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 **No Rights After Payment.** After the payment to the holders of the shares of the Series 12 Class L Preferred Stock of the full Liquidation Preference amounts provided for in this Part 2, the holders of the Series 12 Class L Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 **Assets Insufficient to Pay Full Liquidation Preference.** In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 12 Class L Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 12 Class L Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive

amounts shall be paid on account of the shares of this Series 12 Class L Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 12 Class L Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

Part 3 - Dividends. The holders of the Series 12 Class L Preferred Stock are entitled to receive if, when and as declared by the Board out of funds legally available therefor, cumulative dividends, payable in cash or Common Stock of the Corporation, par value \$.001 per share (the "Common Stock"), or any combination thereof, at the Corporation's election, at the rate of four percent (4%)

-2-

per annum of the Liquidation Value (as defined below) of each issued and outstanding share of Series 12 Class L Preferred Stock (the "Dividend Rate"). The Liquidation Value of the Series 12 Class L Preferred Stock shall be \$1,000 per outstanding share of the Series 12 Class L Preferred Stock (the "Liquidation Value"). The dividend is payable semi-annually within seven (7) business days after each of December 31 and June 30 of each year, commencing June 30, 1998 (each, a "Dividend Declaration Date"). Dividends shall be paid only with respect to shares of Series 12 Class L Preferred Stock actually issued and outstanding on a Dividend Declaration Date and to holders of record of the Series 12 Class L Preferred Stock as of the Dividend Declaration Date. Dividends shall accrue from the first day of the semi-annual period in which such dividend may be payable, except with respect to the first semi-annual dividend which shall accrue from March 1, 1998. In the event that the Corporation elects to pay the accrued dividends due as of a Dividend Declaration Date on an outstanding share of the Series 12 Class L Preferred Stock in Common Stock of the Corporation, the holder of such share shall receive that number of shares of Common Stock of the Corporation equal to the product of (a) the quotient of (i) the Dividend Rate divided by (ii) the average of the closing bid quotation of the Corporation's Common Stock as reported on the National Association of Securities Dealers Automated Quotation system ("NASDAQ"), or the average closing sale price if listed on a national securities exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"), times (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid and the denominator of which is 365. Dividends on the Series 12 Class L Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Corporation's Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 12 Class L Preferred Stock shall have been paid or declared and set aside for payment.

Part 4 - Conversion. The holders of the Series 12 Class L Preferred Stock shall have rights to convert the shares of Series 12 Class L Preferred Stock into shares of the Corporation's Common Stock, par value \$.001 per share ("Common Stock"), as follows (the "Conversion Rights"):

4.1 **No Right to Convert.** The Series 12 Class L Preferred shall not be convertible into shares of Common Stock until after July 15, 2000.

4.2 **Right to Convert.** The Series 12 Class L Preferred Stock may be convertible into shares of

Common Stock at any time after July 15, 2000.

4.3 Conversion Price. Subject to the terms hereof, as used herein, the Conversion Price per outstanding share of Series 12 Class L Preferred Stock shall be \$1.8125, except that, in the event the average closing bid price per share of the Common Stock as reported on the over-the-counter

-3-

market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days prior to the particular date of conversion shall be less than \$2.265, the Conversion Price for only such particular conversion shall be the product of the average closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately preceding the date of the Conversion Notice referred to in Section 4.3 below in connection with such conversion multiplied by eighty percent (80%), subject to the provisions of this Section 4.3. Notwithstanding the foregoing, the Conversion Price shall not be less than a minimum of \$1.50 per share ("Minimum Conversion Price") for a period of twenty-four (24) months from the date of issuance of the Series 12 Class L Preferred Stock. If any of the outstanding shares of Series 12 Class L Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Part 4, the number of shares of whole Common Stock to be issued to the holder as a result of such conversion shall be determined by dividing (a) the aggregate Liquidation Value of the Series 12 Class L Preferred Stock so surrendered for conversion by (b) the Conversion Price as of such conversion. At the time of conversion of shares of the Series 12 Class L Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of whole shares of Common Stock which is equal to the quotient of the amount of such unpaid and accrued dividends to the date of conversion on the shares of Series 12 Class L Preferred Stock so converted divided by the Stock Dividend Price, as defined in Part 3 hereof, in effect at the date of conversion.

4.3 Mechanics of Conversion. Any holder of the Series 12 Class L Preferred Stock who wishes to exercise its Conversion Rights pursuant to Section 4.1 of this Part 4 must, if such shares are not being held in escrow by the Corporation's attorneys, surrender the certificate therefor at the principal executive office of the Corporation, and give written notice, which may be via facsimile transmission, to the Corporation at such office that it elects to convert the same (the "Conversion Notice"). In the event that the shares of Series 12 Class L Preferred Stock are being held in escrow by the Corporation's attorneys, no delivery of the certificates shall be required. The Corporation shall, within five (5) business days after receipt of an appropriate and timely Conversion Notice (and certificate, if necessary), issue to such holder of Series 12 Class L Preferred Stock or its agent a certificate for the number of shares of Common Stock to which he shall be entitled; it being expressly agreed that until and unless the holder delivers written notice to the Corporation to the contrary, all shares of Common Stock issuable upon conversion of the Series 12 Class L Preferred Stock hereunder are to be delivered by the Corporation to a party designated in writing by the holder in the Conversion Notice for the account of the holder and

such shall be deemed valid delivery to the holder of such shares of Common Stock. Such conversion shall be deemed to have been

-4-

made only after both the certificate for the shares of Series 12 Class L Preferred Stock to be converted have been surrendered and the Conversion Notice is received by the Corporation (or in the event that no surrender of the Certificate is required, then only upon the receipt by the Corporation of the Conversion Notice) (the "Conversion Documents"), and the person or entity whose name is noted on the certificate evidencing such shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock at and after such time. In the event that the Conversion Notice is sent via facsimile transmission, the Corporation shall be deemed to have received such Conversion Notice on the first business day on which such facsimile Conversion Notice is actually received. If the Corporation fails to deliver to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion of the Series 12 Class L Preferred Stock within seven (7) business days after receipt by the Corporation from the holder of an appropriate and timely Conversion Notice and certificates pursuant to the terms of this Section 4.3 ("Seven (7) Business Day Period"), then, upon the written demand of RBB Bank Aktiengesellschaft ("RBB Bank"), the holder of the Series 12 Class L Preferred Stock, for payment of the penalty described below in this Section 4.3, which demand must be received by the Corporation no later than ten (10) calendar days after the expiration of such Seven (7) Business Day Period, the Corporation shall pay to RBB Bank the following penalty for each business day after the Seven (7) Business Day Period until the Corporation delivers to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion: business day eight (8) - U.S. \$1,000; business day nine (9) - U.S. \$2,000, and each business day thereafter an amount equal to the penalty due on the immediately preceding business day times two (2) until the Corporation delivers to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion.

4.4 **Merger or Consolidation.** In case of either (a) any merger or consolidation to which the Corporation is a party (collectively, the "Merger"), other than a Merger in which the Corporation is the surviving or continuing corporation, or (b) any sale or conveyance to another corporation of all, or substantially all, of the assets of the Corporation (collectively, the "Sale"), and such Merger or Sale becomes effective (x) while any shares of Series 12 Class L Preferred Stock are outstanding and prior to the date that the Corporation's Registration Statement covering up to 1,379,311 shares of Common Stock issuable upon the conversion of the Series 12 Class L Preferred Stock is declared effective by the U. S. Securities and Exchange Commission or (y) prior to the end of the restriction periods in Section 4.1, then, in such event, the Corporation or such successor corporation, as the case may be, shall make appropriate provision so that the holder of each share of Series 12 Class L Preferred Stock then outstanding shall have the right to convert such share of

-5-

Series 12 Class L Preferred Stock into the kind and amount of shares of stock or other securities and property receivable upon such Merger or Sale by a holder of the number of shares of Common Stock into which such shares of Series 12 Class L Preferred Stock could have been converted into immediately prior to such Merger or Sale, subject to adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Part 4.

4.5 **Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock.** If the Corporation at any time or from time to time while shares of Series 12 Class L Preferred Stock are issued and outstanding shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

4.6 **Adjustments for Reclassification and Reorganization.** If the Common Stock issuable upon conversion of the Series 12 Class L Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section 4.4 hereof), the Conversion Price shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Series 12 Class L Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Series 12 Class L Preferred Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Series 12 Class L Preferred Stock immediately before that change.

4.7 **Common Stock Duly Issued.** All Common Stock which may be issued upon conversion of Series 12 Class L Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof.

4.8 **Notice of Adjustments.** Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Part 4, the Corporation, at its expense, within a reasonable period of time, shall compute such adjustment or readjustment in accordance with the terms hereof and

prepare and furnish to each holder of Series 12 Class L Preferred Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based.

4.9 **Issue Taxes.** The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of the Series 12 Class L Preferred Stock pursuant thereto; provided, however, that the Corporation shall

not be obligated to pay any transfer taxes resulting from any transfer requested by any holder of Series 12 Class L Preferred Stock in connection with such conversion.

4.10 **Reservation of Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series 12 Class L Preferred Stock, such number of its shares of Common Stock as shall, from time to time, be sufficient to effect the conversion of all outstanding shares of the Series 12 Class L Preferred stock, and, if at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series 12 Class L Preferred Stock, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

4.11 **Fractional Shares.** No fractional shares shall be issued upon the conversion of any share or shares of Series 12 Class L Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series 12 Class L Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fractional share of Common Stock, such fractional share shall be rounded up to the nearest whole share.

4.12 **Notices.** Any notices required by the provisions of this Part 4 to be given to the holders of shares of Series 12 Class L Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

4.13 **Business Day.** As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or a day when the federal and state banks located in the State of New York are required or is permitted to close.

-7-

Part 5 - Redemption.

5.1 **Redemption at Corporation's Option.** Except as otherwise provided in this Section 5.1, at any time, and from time to time, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, at any time, and from time to time, (i) for a period of 120 days from the date of issuance of the Series 12 Class L Preferred Stock up to an aggregate of 300 shares of the Series 12 Class L Preferred Stock at the cash redemption price of \$1,000 per share, and (ii) the then outstanding Series 12 Class L Preferred Stock at the following cash redemption prices if redeemed during the following periods: (a) within one year from July 15, 1999 - \$1,100 per share, except as otherwise provided in (i) above and (b) after one year from July 15, 1999 - \$1,200 per share (as applicable, the redemption price of \$1,000, \$1,100 or \$1,200 is referred to herein as the "Redemption Price").

5.2 **Mechanics of Redemption.** Prior to any date stipulated by the Corporation for the

redemption of Series 12 Class L Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 12 Class L Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 12 Class L Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 12 Class L Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 12 Class L Preferred Stock to be redeemed as provided in this Part 5 and, if the Redemption Notice is mailed to the Holder after the first year from the date of issuance of the Series 12 Class L Preferred Stock, the number of shares to be converted into Common Stock as provided in Part 4 hereof.

5.3 Rights of Conversion Upon Redemption. If the redemption occurs during the first 12 months after the issuance of the Series 12 Class L Preferred Stock, the holder may not convert any redeemed shares. If the redemption occurs after the first twelve months after the first issuance of Series 12 Class L Preferred Stock, then, upon receipt of the Redemption Notice, any holder of Series 12 Class L Preferred Stock shall have five business days during which it may exercise the option, at its sole election, to specify what portion of its Series 12 Class L Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 5 or converted into Common Stock in the manner provided in Part 4 hereof, except that, notwithstanding any provision of such Part 4 to the contrary, after one year from the date of first issuance of the Series 12 Class L Preferred Stock, such holder shall have the right to convert into Common Stock that number of Series 12 Class L Preferred Stock called for redemption in the Redemption Notice.

-8-

5.4 Surrender of Certificates. On or before the Redemption Date in respect of any Series 12 Class L Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.6 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 12 Class L Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

5.5 Payment. On the Redemption Date in respect of any Series 12 Class L Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series 12 Class L Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 12 Class L Preferred Stock into Common Stock), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and

from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption Price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

Part 6 - Parity with Other Shares of Series 12 Class L Preferred Stock and Priority.

6.1 **Rateable Participation.** If any cumulative dividends or return of capital in respect of Series 12 Class L Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

-9-

6.2 **Ranking.** For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

6.2.1 Prior or senior to the shares of this Series 12 Class L Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series 12 Class L Preferred Stock;

6.2.2 On a parity with, or equal to, shares of this Series 12 Class L Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of this Series 12 Class L Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and over the other, as between the holders of such stock and the holders of shares of this Series 12 Class L Preferred Stock; and,

6.2.3 Junior to shares of this Series 12 Class L Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series 12 Class L Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

Part 7 - Amendment and Reissue.

7.1 **Amendment.** If any proposed amendment to the Corporation's Certificate of Incorporation

(the "Articles") would alter or change the powers, preferences or special rights of the Series 12 Class L Preferred Stock so as to affect such adversely, then the Corporation must obtain the affirmative vote of such amendment to the Articles at a duly called and held series meeting of the holders of the Series 12 Class L Preferred Stock or written consent by the holders of a majority of the Series 12 Class L Preferred Stock then outstanding. Notwithstanding the above or the provisions of Section 242(b)(2) of the GCL, the number

-10-

of authorized shares of any class or classes of stock of the Corporation may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of the provisions of this Section 7.1 or Section 242(b)(2) of the GCL.

7.2 **Authorized.** Any shares of Series 12 Class L Preferred Stock acquired by the Corporation by reason of purchase, conversion, redemption or otherwise shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred Stock hereafter created.

-11-

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 12:32 PM 07/15/1999
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**CERTIFICATE OF DESIGNATIONS
OF SERIES 13 CLASS M CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and

existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 13 Class M Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 13 Class M Convertible Preferred Stock as set forth in the attached resolutions.

Dated: July 15, 1999

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By /s/ Louis F. Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy

Richard T. Kelecy, Secretary

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")

**RESOLUTION OF THE BOARD OF DIRECTORS
FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 13 CLASS M CONVERTIBLE PREFERRED STOCK**

RE: DESIGNATION OF SERIES 13 CLASS M PREFERRED STOCK.

RESOLVED: That the designations, powers, preferences and rights of the Series 13 Class M Convertible Preferred Stock be, and they hereby are, as set forth below:

1. Number of Shares of Common Stock of Series 13 Class M Convertible Preferred Stock

The Corporation hereby authorizes the issuance of up to two thousand two hundred fifty-two

(2,252) shares of Series 13 Class M Convertible Preferred Stock par value \$.001 per share (the "Preferred Stock"). This Preferred Stock shall pay an annual dividend based on a 365 day calendar year of 4% of the Liquidation Value (as defined in Section 3 hereof) ("Dividend Rate"), payable semiannually within ten (10) business days after each subsequent June 30th and December 31st (each a "Dividend Declaration Date"), and shall be payable in cash or shares of the Corporation's par value \$.001 per share common stock (Common Stock) at the Corporation's option. The first Dividend Declaration Date shall be December 31st, 1998.

In the event that the Corporation elects to pay the accrued dividends due as of a Dividend Declaration Date on the outstanding shares of Preferred Stock in Common Stock of the Corporation, the Holder of each share of Preferred Stock shall receive that number of shares of Common Stock equal to the product of (a) the quotient of (i) the Dividend Rate divided by (ii) the average of the closing bid quotation of the Corporation's Common Stock as reported on the National Association of Securities Dealers Automated Quotation system ("NASDAQ"), or if the Common Stock is not listed for trading on the NASDAQ but is listed for trading on a national securities exchange, the average closing bid price of the Common Stock as quoted on such national exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"), times (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid, and the denominator of which is 365. Dividends on the Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Corporation's Common Stock until all accrued and unpaid dividends on all outstanding shares of Preferred Stock shall have been paid or declared and set aside for payment.

-1-

2. Voting.

Except as provided under Section 242 of the GCL, holders of Preferred Stock (the "Holders") shall not have the right to vote on any matter. Notwithstanding the provisions of Section 242 of the GCL or Section 4 hereof, the number of authorized shares of any class or classes of stock of the Corporation may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of the provisions of Section 242 of the GCL.

3. Liquidation.

In the event of a voluntary or involuntary dissolution, liquidation, or winding up of the Corporation, the Holders of Preferred Stock shall be entitled to receive out of the assets of the Corporation legally available for distribution to holders of its capital stock, before any payment or distribution shall be made to holders of shares of Common Stock or any other class of stock ranking junior to the Preferred Stock, an amount per share of Preferred Stock equal to \$1,000 (the "Liquidation Value") plus any accrued and unpaid dividends on the Preferred Stock. If upon such liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, the assets to be distributed among the Holders of Preferred Stock shall be insufficient to permit payment to the Holders of Preferred Stock of the amount distributable as aforesaid, then the entire assets of the Corporation to be so distributed shall be distributed ratably among the Holders of Preferred Stock and shares of such other classes or series ranking on a parity with the shares of this Preferred Stock in proportion to the full distributable amounts for which holders of all such parity shares are

entitled upon such distribution, liquidation, or winding up. Upon any such liquidation, dissolution or winding up of the Corporation, after the Holders of Preferred Stock shall have been paid in full the amounts to which they shall be entitled, the remaining net assets of the Corporation may be distributed to the holders of stock ranking on liquidation junior to the Preferred Stock and the Holders of the Preferred Stock shall have no right or claim to any of the remaining assets of the Corporation. Written notice of such liquidation, dissolution or winding up, stating a payment date, the amount of the liquidation payments and the place where said liquidation payments shall be payable, shall be given by mail, postage prepaid or by telex or facsimile to non-U.S. residents, not less than 10 days prior to the payment date stated therein, to the Holders of record of Preferred Stock, such notice to be addressed to each such Holder at its address as shown by the records of the Corporation. For purposes hereof the shares of Common Stock, shall rank on liquidation junior to the Preferred Stock.

4. Restrictions.

The Corporation will not amend or modify the terms of its Restated Certificate of Incorporation so as to adversely alter or change the Preferred Stock at any time when shares of Preferred Stock are outstanding, without the approval of the Holders of at least a majority of the then outstanding shares of Preferred Stock given in writing or

-2-

by vote at a meeting, consenting or voting (as the case may be) separately as a series, except where the vote or written consent of the Holders of a greater number of shares of Common Stock of the Corporation is required by law or by the Corporation's Certificate of Incorporation, as amended.

5. Optional Conversion.

The Holders of shares of Preferred Stock shall have the following conversion rights to convert the shares of Preferred Stock into shares of Common Stock of the Corporation:

(a) No Right to Convert. The Preferred Stock shall not be convertible into shares of Common Stock until after July 15, 2000.

(b) Conversion Dates. The Preferred Stock may be convertible into shares of Common Stock at any time after July 15, 2000.

(c) Right to Convert; Conversion Price. Subject to the terms hereof, as used herein, the term Conversion Price per outstanding share of Preferred Stock shall be One Dollar and 875/100 (\$1.875); except that after the expiration of one hundred and eighty (180) days after the Closing Date if the average of the closing bid price per share of Common Stock quoted on the NASDAQ (or the closing bid price of the Common Stock as quoted on the national securities exchange if the Common Stock is not listed for trading on the NASDAQ but is listed for trading on a national securities exchange) for the five (5) trading days immediately prior to the particular date of each Conversion Notice (as defined below) is less than Two Dollars and 34/100 (\$2.34), then the Conversion Price for that particular conversion shall be eighty percent (80%) of the average of the closing bid price of the Common Stock on the NASDAQ (or if the Common Stock is not listed for trading on the NASDAQ but is listed for trading on a national securities exchange then eighty percent (80%) of the average of the closing bid price of the Common Stock on the national

securities exchange) for the five (5) trading days immediately prior to the particular date of the Conversion Notice. Notwithstanding the foregoing, the Conversion Price shall not be less than a minimum of \$1.50 per share ("Minimum Conversion Price") for a period of twenty-four (24) months from the date of issuance of the Preferred Stock.

If any of the outstanding shares of Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Section 5(b), the number of shares of whole Common Stock to be issued to the Holder as a result of such conversion shall be determined by dividing (a) the aggregate Stated Value of the Preferred Stock so surrendered for conversion by (b) the Conversion Price in effect on the date of that particular Conversion Notice relating to such conversion. At the time of conversion of shares of the Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon on the shares of Preferred so converted to the date of the Conversion Notice relating to such conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of shares of whole Common Stock which is equal to the quotient of the amount of such unpaid and accrued dividends to the date of the Conversion Notice

-3-

relating to such conversion of the shares of Preferred Stock so converted divided by the Stock Dividend Price, in effect at the date of the Conversion Notice relating to such conversion.

(c) Conversion Notice. The right of conversion shall be exercised by the Holder thereof by telecopying or faxing an executed and completed written notice signed by an authorized representative of the Holder, ("Conversion Notice") to the Corporation that the Holder elects to convert a specified number of shares of Preferred Stock representing a specified Stated Value thereof into shares of Common Stock and by delivering by express courier the certificate or certificates of Preferred Stock being converted to the Corporation at its principal office (or such other office or agency of the Corporation as the Corporation may designate by notice in writing to the Holders of the Preferred Stock). The business date indicated on a Conversion Notice which is telecopied to and received by the Corporation in accordance with the provisions hereof shall be deemed a Conversion Date. The Conversion Notice shall include therein the Stated Value of shares of Preferred Stock to be converted, and a calculation (a) of the Stock Dividend Price, (b) the Conversion Price, and (c) the number of Shares of Common Stock to be issued in connection with such conversion. The Corporation shall have the right to review the calculations included in the Conversion Notice, and shall provide notice of any discrepancy or dispute therewith within three (3) business days of the receipt thereof. The Holder shall deliver to the Corporation an original Conversion Notice and the original Preferred to be converted within three (3) business days from the date of the Conversion Notice.

(d) Issuance of Certificates - Time Conversion Effected. Promptly, but in no event more than six (6) business days, after the receipt by facsimile of the Conversion Notice referred to in Subparagraph (5)(c); and provided within the six (6) business days the Corporation receives the certificate or certificates for the shares of Preferred Stock to be converted, the Corporation shall issue and deliver, or cause to be issued and delivered, to the Holder, registered in the name of the Holder, a certificate or certificates for the number of whole shares of Common Stock into which such shares of Preferred Stock are converted. Such conversion shall be deemed to have been effected as of the close of business on the date on which the telecopy or facsimile Conversion Notice shall have been received by the Corporation, and the rights of the Holder of

such share or shares of Preferred Stock shall cease, at such time, and the Holder or Holders shall be deemed to have become the Holder or Holders of record of the shares of Common Stock represented thereby.

In the event that the shares of Common Stock issuable upon conversion of the Preferred, is not delivered within six (6) business days of the date the Company receives the Conversion Notice, the Company shall pay to the Buyer, by wire transfer, as liquidated damages for such failure and not as a penalty, for each \$100,000 of Preferred sought to be converted, \$500 for each of the first five (5) calendar days and \$1,000 per calendar day thereafter that the shares of Common Stock are not delivered, which liquidated damages shall begin to run from the seventh (7th) business day after the Conversion Date. Any and all payments required pursuant to this paragraph shall be payable only in cash. Notwithstanding the above, liquidated damages shall not exceed \$2,000.00 per day. In addition to the liquidated damages set forth herein, in the event the Company fails to deliver the shares of Common Stock within six (6) business days after the Conversion date, the

-4-

Company agrees to issue the larger number of shares of Common Stock derived from (i) the original Conversion Notice, or (ii) utilizing the five lowest closing bid prices of the Company's shares of Common Stock beginning on the Conversion Date and ending on the day the shares of Common Stock are delivered. The Company understands that a delay in the issuance of the shares of Common Stock could result in economic loss to the Holder. Nothing contained herein, or in the Preferred shall limit the Holder's rights to pursue actual damages for the Company's failure to issue and deliver shares of Common Stock to the Holder in accordance with the terms of the Certificate of Designations, and this Agreement.

(e) Fractional Shares of Common Stock. No fractional shares of Common Stock shall be issued upon conversion of any Preferred Stock into shares of Common Stock. All fractional shares of Common Stock shall be aggregated and then rounded down to the nearest whole share of Common Stock. In case the number of shares of Preferred Stock represented by the certificate or certificates surrendered pursuant to Subparagraph 5(b) exceeds the number of shares of Common Stock converted, the Corporation shall, upon such conversion, execute and deliver to the Holder, at the expense of the Corporation, a new certificate or certificates for the number of shares of Preferred Stock represented by the certificate or certificates surrendered which are not to be converted.

(f) Merger or Consolidation. In case of either (a) any merger or consolidation to which the Corporation is a party (collectively, the "Merger"), other than a Merger in which the Corporation is the surviving or continuing corporation, or (b) any sale or conveyance to another corporation of all, or substantially all, of the assets of the Corporation (collectively, the "Sale"), and such Merger or Sale becomes effective (x) while any shares of Preferred Stock are outstanding and prior to the date that the Corporation's Registration Statement covering all the shares of Common Stock issuable upon the conversion of the Preferred Stock is declared effective by the U.S. Securities and Exchange Commission ("Commission"), the Corporation or such successor corporation as the case may be, shall make appropriate provision so that the Holder of each share of Preferred Stock then outstanding shall have the right to convert such share of Preferred Stock into the kind and amount of shares of stock or other securities and property receivable upon such Merger or Sale by a holder of the number of shares of Common Stock into which such shares of Preferred Stock could have been converted into immediately prior to such Merger or Sale, subject to

adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5.

In the event of a Merger or Sale, where the Corporation is not the surviving Corporation, the Holder shall have the right to redeem all of the outstanding shares of Preferred Stock at 120% of the Liquidation Value of each share of Preferred Stock then outstanding plus all accrued and unpaid dividends (the "Redemption Amount"). The Corporation shall pay this Redemption Amount in cash within ten (10) business days of receipt by the Corporation of notice from the Holder, and receipt by the Corporation of all outstanding shares of Preferred Stock duly endorsed by the Holder to the Corporation.

-5-

(g) Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock. If the Corporation at any time or from time to time while shares of Preferred Stock are issued and outstanding shall declare or pay, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

(h) Adjustments for Reclassification and Reorganization. If the Common Stock issuable upon conversion of the Preferred Stock shall be changed into the same or a different number of shares of Common Stock of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination or shares of Common Stock provided for in Section 5(g) hereof), the Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Preferred Stock would otherwise have been entitled to receive, a number of shares of Common Stock of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Preferred Stock immediately before that change.

6 Redemption.

(a) Redemption at Corporation's Option. Except as otherwise provided in this Section 6, at any time, and from time to time, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, at any time, and from time to time (i) for a period of 120 days from the date of issuance of the Preferred Stock up to an aggregate of 450 shares of Series 13 Class M Preferred Stock at the cash redemption price of \$1,000 per share and (ii) the then outstanding Series 13 Class M Preferred Stock at the following cash redemption prices if redeemed during the following periods: (a) within one year from July 15, 1999 - \$1,100 per share, except as otherwise provided in (i) above, and (b) after one year from July 15, 1999 - \$1,200 per share (as applicable, the redemption price of \$1,000, \$1,100 or \$1,200 is referred to herein as the "Redemption Price").

(b) Mechanics of Redemption. Prior to any date stipulated by the Corporation for the

redemption of Series 13 Class M Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 13 Class M Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 13 Class M Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 13 Class M Preferred Stock to be redeemed from such holder, and (iv)

-6-

instructions as to how to specify to the Corporation the number of Series 13 Class M Preferred Stock to be redeemed as provided in this Part 6 and, if the Redemption Notice is mailed to the Holder after the first year from the date of issuance of the Series 13 Class M Preferred Stock, the number of shares to be converted into Common Stock as provided in Part 5 hereof.

(c) **Rights of Conversion Upon Redemption.** If the redemption occurs during the first 12 months after the issuance of the Preferred Stock, the holder may not convert any redeemed shares. If the redemption occurs after the first year after the first issuance of Series 13 Class M Preferred Stock, then, upon receipt of the Redemption Notice, any holder of Series 13 Class M Preferred Stock shall have five business days during which it may exercise the option, at its sole election, to specify what portion of its Series 13 Class M Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 6 or converted into Common Stock in the manner provided in Part 5 hereof, except that, notwithstanding any provision of such Part 5 to the contrary, after one year from the date of first issuance of the Preferred Stock, such holder shall have the right to convert into Common Stock that number of Series 13 Class M Preferred Stock called for redemption in the Redemption Notice.

(d) **Surrender of Certificates.** On or before the Redemption Date in respect of any Series 13 Class M Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 13 Class M Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

(e) **Payment.** On the Redemption Date in respect of any Series 13 Class M Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series 13 Class M Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 13 Class M Preferred Stock into Common Stock), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and

shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption Price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid

-7-

to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

7. Assignment.

Subject to all applicable restrictions on transfer, the rights and obligations of the Corporation and the Holder of the Preferred Stock shall be binding upon and benefit the successors, assigns, heirs, administrators, and transferees of the parties.

8. Shares of Common Stock to be Reserved.

The Corporation, upon the effective date of this Certificate of Designations, has a sufficient number of shares of Common Stock available to reserve for issuance upon the conversion of all outstanding shares of Preferred Stock, pursuant to the terms and conditions set forth in Section 5, and exercise of the Warrants as defined in Section 12. The Corporation will at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the conversion of Preferred Stock, and exercise of the Warrants, as herein provided, such number of shares of Common Stock as shall then be issuable upon the conversion of all outstanding shares of Preferred Stock, and exercise of the Warrants. The Corporation covenants that all shares of Common Stock which shall be so issued shall be duly and validly issued, fully paid and non assessable. The Corporation will take such action as may be required, if the total number of shares of Common Stock issued and issuable after such action upon conversion of the Preferred Stock, and exercise of the Warrants would exceed the total number of shares of Common Stock then authorized by the Corporation's Certificate of Incorporation, as amended, or would exceed 19.99% of the shares of Common Stock then outstanding if required by law or the Rules and Regulations of NASDAQ or the National Securities Exchange applicable to the Corporation to take such action as a result of exceeding such 19.99%, in order to increase the number of shares of Common Stock to permit the Corporation to issue the number of shares of Common Stock required to effect conversion of the Preferred, and exercise of the Warrants, to a number sufficient to permit conversion of the Preferred Stock, and exercise of the Warrants, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to the Corporation's Restated Certificate of Incorporation, and to obtain shareholders approval in order to effect conversion of the Preferred Stock, and exercise of the Warrants, if required by law or the rules or regulations of the NASDAQ or National Securities Exchange applicable to the Corporation.

8(a) Shareholder Approval. In connection with the issuance to the Holder of the shares of Preferred Stock, pursuant to this Certificate of Designations, the Corporation is also issuing (i) certain warrants ("RBB Warrants") to the Holder pursuant to the terms of that certain Private Securities Subscription Agreement dated June 30, 1998 (the "Agreement"), providing for the purchase of up to 150,000 shares of Common Stock at an exercise price of \$2.50 per share and (ii) certain warrants (collectively, the "Liviakis Warrants") to Liviakis Financial Communication,

Inc. ("Liviakis") and Robert B. Prag providing for the

-8-

purchase of up to an aggregate of 2,500,000 shares of Common Stock at an exercise price of \$1.875 per share pursuant to the terms of that Liviakis Agreement dated June 30, 1998, between Liviakis and the Corporation.

If (i) the aggregate number of shares of Common Stock issued by the Corporation as a result of any or all of the following: (a) conversion of the Preferred Stock, (b) payment of dividends accrued on the Preferred Stock (c) exercise of the RBB Warrants, and (d) exercise of the Liviakis Warrants exceeds 2,388,347 shares of Common Stock (which equals 19.9% of the outstanding shares of Common Stock of the Corporation as of the date of this Certificate of Designations) and (ii) the Holder has converted or elects to convert any of the then outstanding shares of Preferred Stock pursuant to the terms of Section 5 at a Conversion Price less than \$ 1.875 (\$1.875 being the market value per share of Common Stock as quoted on the NASDAQ as of the close of business on June 30, 1998) pursuant to the terms of Section 5(b) hereof, other than if the Conversion Price is less than \$ 1.875 solely as a result of the anti-dilution provisions of Section 5(g) and (h) hereof, then, notwithstanding anything in Section 5 to the contrary, the Corporation shall not issue any shares of Common Stock as a result of receipt of a Conversion Notice unless and until the Corporation shall have obtained approval of its shareholders entitled to vote on the transactions in accordance with subparagraphs (25)(H)(i)d, (iv) and (v) of Rule 4310 of the NASDAQ Marketplace Rules ("Shareholder Approval").

If Shareholder Approval is required as set forth in the above paragraph, the Corporation shall take all necessary steps to obtain such Shareholder Approval upon receipt of the Conversion Notice triggering the need for Shareholder Approval ("Current Conversion Notice"). If the Corporation has not received from the Holder a Current Conversion Notice, the Holder, subsequent to January 1st, 1999 may, if the Corporation's shares of Common Stock trade, subsequent to January 1st, 1999, at a five (5) day average closing bid price below Two Dollars and 34/100 (\$2.34), upon written notice to the Corporation, require the Corporation to obtain Shareholder Approval ("Holder's Notice"). The Holder and the Corporation's officers and directors covenant to vote all shares of Common Stock over which they have voting control in favor of Shareholder Approval. If the Corporation does not obtain Shareholder Approval within ninety (90) days of the earlier of the Corporation's receipt of (i) the Current Conversion Notice or (ii) the Holder's Notice, and the Holder has not breached its covenant to vote all shares of Common Stock over which they have voting control in favor of Shareholder Approval, the Corporation shall pay in cash to the Holder liquidated damages, in an amount of 4% per month of the Liquidation Value of each share of Preferred Stock then outstanding, commencing on the 91st day of the Corporation's receipt of the Holder's Current Conversion Notice, and continuing every thirty (30) days pro-rata until such time the Corporation receives Shareholder Approval.

9. No Reissuance of Series 13 Class M Convertible Preferred Stock.

Shares of Preferred Stock which are converted into shares of Common Stock as provided herein shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred stock hereafter created.

10. Closing of Books.

The Corporation will at no time close its transfer books against the transfer of any Preferred Stock or of any shares of Common Stock issued or issuable upon the conversion of any shares of Common Stock of Preferred Stock in any manner which interferes with the timely conversion of such Preferred Stock, except as may otherwise be required to comply with applicable securities laws.

11. No Preemptive Rights.

The Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

12. Definition of Shares.

As used in this Certificate of Designations, the term "shares of Common Stock" shall mean and include the Corporation's authorized common stock, par value \$.001, as constituted on the date of filing of these terms of the Preferred Stock, or in case of any reorganization, reclassification, or stock split of the outstanding shares of Common Stock thereof, the stock, securities or assets provided for hereof. The term "Warrants" as used herein shall have the same meaning as defined in Section 1 of the Private Securities Subscription Agreement, dated June 30, 1998, between the Company and RBB Bank Aktiengesellschaft.

The said determination of the designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, relating to the Preferred Stock was duly made by the Board of Directors pursuant to the provisions of the Corporation's Restated Certificate of Incorporation and in accordance with the provisions of the Delaware General Corporation Law.

AND
SERIES 8 CLASS H CONVERTIBLE PREFERRED STOCK
AND
SERIES 10 CLASS J CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.

PERMA-FIX ENVIRONMENTAL SERVICES, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies the following:

1. That the Certificate of Designations of Series 3 Class C Convertible Preferred Stock, par value \$.001 per share, of the Corporation (the "Series 3 Preferred") was filed with the Delaware Secretary of State on July 19, 1996 (the "Series 3 Certificate of Designations").

2. That all outstanding shares of the Series 3 Preferred have been delivered to the Company and exchanged pursuant to an agreement with the holder thereof in accordance with the terms and conditions of a certain Exchange Agreement between the Company and RBB Bank Aktiengesellschaft, dated as of July 15, 1999.

3. That no shares of Series 3 Preferred remain outstanding.

4. That all shares of the Series 3 Preferred which have been exchanged have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.

5. That effective July 15, 1999, the Board of Directors of the Company duly adopted the following resolutions:

RESOLVED, that upon completion of the exchange with the holder of the Series 3 Class C Convertible Preferred Stock, no authorized shares of Series 3 Class C Convertible Preferred Stock will remain outstanding and no shares of Series 3 Class C Convertible Preferred Stock will be issued subject to the Certificate of Designations previously filed with respect to the Series 3 Class C Convertible Preferred Stock.

FURTHER RESOLVED, that upon completion of the exchange, the officers of the Company are hereby authorized and directed, for and on behalf of the Company, to execute and deliver an appropriate Certificate of Elimination to the Secretary of State of Delaware regarding the Series 3 Class C Convertible Preferred Stock.

6. That the Certificate of Designations of the Series 8 Class H Convertible Preferred Stock, par value \$.001 per share, of the Corporation (the "Series 8 Preferred") was filed on July 16, 1998 (the "Series 8 Certificate of Designations").

7. That all outstanding shares of the Series 8 Preferred have been delivered to the Company and exchanged pursuant to an agreement with the holder thereof in accordance with the terms and conditions of a certain Exchange Agreement between the Company and RBB

Bank, dated as of July 15, 1999.

8. That no shares of Series 8 Preferred remain outstanding.

9. That all shares of the Series 8 Preferred which have been exchanged have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.

10. That effective July 15, 1999, the Board of Directors of the Company duly adopted the following resolutions:

RESOLVED, that upon completion of the exchange with the holder of the Series 8 Class H Convertible Preferred Stock, no authorized shares of Series 8 Class H Convertible Preferred Stock will remain outstanding and no shares of Series 8 Class H Convertible Preferred Stock will be issued subject to the Certificate of Designations previously filed with respect to the Series 8 Class H Convertible Preferred Stock.

FURTHER RESOLVED, that upon completion of the exchange, the officers of the Company are hereby authorized and directed, for and on behalf of the Company, to execute and deliver an appropriate Certificate of Elimination to the Secretary of State of Delaware regarding the Series 8 Class H Convertible Preferred Stock.

11. That the Certificate of Designations of the Series 10 Class J Convertible Preferred Stock, par value \$.001 per share, of the Corporation (the "Series 10 Preferred") was filed on July 10, 1998 (the "Series 10 Certificate of Designations").

12. That all outstanding shares of the Series 10 Preferred have been delivered to the Company and exchanged pursuant to an agreement with the holder thereof in accordance to the terms and conditions of a certain Exchange Agreement between the Company and RBB Bank, dated as of July 15, 1999.

-2-

13. That no shares of Series 10 Preferred remain outstanding.

14. That all shares of the Series 10 Preferred which have been exchanged have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.

15. That effective July 15, 1999, the Board of Directors of the Company duly adopted the following resolutions:

RESOLVED, that upon completion of the exchange with the holder of the Series 10 Class J Convertible Preferred Stock, no authorized shares of Series 10 Class J Convertible Preferred Stock will remain outstanding and no shares of Series 10 Class J Convertible Preferred Stock will be issued subject to the Certificate of Designations previously filed with respect to the Series 10 Class J Convertible

Preferred Stock.

FURTHER RESOLVED, that upon completion of the exchange, the officers of the Company are hereby authorized and directed, for and on behalf of the Company, to execute and deliver an appropriate Certificate of Elimination to the Secretary of State of Delaware regarding the Series 10 Class J Convertible Preferred Stock.

16. That pursuant to the provisions of Section 151(g) of the Delaware General Corporation Law, upon the effective date of the filing of this Certificate, this Certificate will have the effect of eliminating from the Restated Certificate of Incorporation only those matters set forth in the Restated Certificate of Incorporation with respect to the Series 3 Class C Convertible Preferred Stock, the Series 8 Class H Convertible Preferred Stock, and the Series 10 Class J Convertible Preferred Stock

IN WITNESS WHEREOF, this Certificate of Elimination has been executed this 15th day of July, 1999, by the President of the Company.

ATTEST: PERMA-FIX ENVIRONMENTAL SERVICES, INC.

/s/ Richard T. Kelecy

By /s/ Louis Centofanti

Richard T. Kelecy, Secretary

Dr. Louis F. Centofanti, President

(SEAL)

-3-

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 12:33 PM 07/15/1999
991331578 - 2249849

**CERTIFICATE OF DESIGNATIONS
OF SERIES 14 CLASS N CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 14 Class N Convertible Preferred Stock and has

established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 14 Class N Convertible Preferred Stock as set forth in the attached resolutions.

Dated: August 10, 1999

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

By /s/ Louis Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy

Richard T. Kelecy, Secretary

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")

**RESOLUTION OF THE BOARD OF DIRECTORS
FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 14 CLASS N CONVERTIBLE PREFERRED STOCK**

WHEREAS,

- A. The Corporation's share capital includes Preferred Stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series by the Board of Directors of the Corporation (the "Board") being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences, and relative, participating, optional or other special rights, privileges, restrictions and conditions attaching to the shares of each such series; and
- B. It is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 14 Class N Convertible Preferred Stock, par value \$.001.

NOW, THEREFORE, BE IT RESOLVED, THAT:

The Series 14 Class N Convertible Preferred Stock, par value \$.001 (the "Series 14

Class N Preferred Stock") of the Corporation shall consist of 1,769 shares and no more and shall be designated as the Series 14 Class N Convertible Preferred Stock, and the preferences, rights, privileges, restrictions and conditions attaching to the Series 14 Class N Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 **Voting Rights.** Except as otherwise provided herein, in the Corporation's Certificate of Incorporation (the "Articles") or the General Corporation Law of the State of Delaware (the "GCL"), the holders of the Series 14 Class N Preferred Stock shall have no voting rights whatsoever. To the extent that under the GCL the vote of the holders of the Series 14 Class N Preferred Stock, voting separately as a class or series as applicable, is required to authorize a given action of the Corporation, the affirmative vote or consent of the holders of at least a majority of the shares of the Series 14 Class N Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of a majority of the shares of Series 14 Class N Preferred Stock (except as otherwise may be required under the GCL) shall constitute the approval of such action by the series. To the extent that under the GCL the holders of the

-2-

Series 14 Class N Preferred Stock are entitled to vote on a matter with holders of Corporation's Common Stock and/or any other class or series of the Corporation's voting securities, the Series 14 Class N Preferred Stock, the Corporation's Common Stock and all other classes or series of the Corporation's voting securities shall vote together as one class, with each share of Series 14 Class N Preferred Stock entitled to a number of votes equal to the number of shares of the Corporation's Common Stock into which it is then convertible using the record date for the taking of such vote of stockholders as the date as of which the Conversion Price (as defined in Section 4.3 hereof) is calculated and conversion is effected. Holders of the Series 14 Class N Preferred Stock shall be entitled to notice of (and copies of proxy materials and other information sent to stockholders) for all shareholder meetings or written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's bylaws and applicable statutes.

1.2 **No Preemptive Rights.** The Series 14 Class N Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

Part 2 - Liquidation Rights.

2.1 **Liquidation.** If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any shares of the Series 14 Class N Preferred Stock shall be outstanding, the holders of the then outstanding Series 14 Class N Preferred Stock shall have a preference in distribution of the Corporation's property available for distribution to the holders of the Corporation's Common Stock equal to \$1,000 consideration per outstanding share of Series 14 Class N Preferred Stock, plus an amount equal to all unpaid dividends accrued thereon to the date of payment of such distribution ("Liquidation Preference"), whether or not declared by the Board.

2.2 **Payment of Liquidation Preferences.** Subject to the provisions of Part 6 hereof, all amounts to be paid as Liquidation Preference to the holders of Series 14 Class N Preferred

Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of the Corporation's Common Stock, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 No Rights After Payment. After the payment to the holders of the shares of the Series 14 Class N Preferred Stock of the full Liquidation Preference amounts provided for in this Part 2, the holders of the Series 14 Class N Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 Assets Insufficient to Pay Full Liquidation Preference. In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 14 Class N Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be

-3-

insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 14 Class N Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series 14 Class N Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 14 Class N Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

Part 3 - Dividends.

3.1 The holders of the Series 14 Class N Preferred Stock are entitled to receive if, when and as declared by the Board out of funds legally available therefor, cumulative dividends, payable in cash or Common Stock of the Corporation, par value \$.001 per share (the "Common Stock"), at the Corporation's election, at the rate of six percent (6%) per annum of the Liquidation Value of the Series 14 Class N Preferred Stock. The Liquidation Value of the Series 14 Class N Preferred Stock shall be \$1,000.00 per share (the "Dividend Rate"). The dividend is payable semi-annually within seven (7) business days after each of December 31 and June 30 of each year, commencing December 31, 1999 (each, a "Dividend Declaration Date"). Dividends shall be paid only with respect to shares of Series 14 Class N Preferred Stock actually issued and outstanding on a Dividend Declaration Date and to holders of record as of the Dividend Declaration Date. Dividends shall accrue from the first day of the semi-annual period in which such dividend may be payable, except with respect to the first semi-annual dividend which shall accrue from August 3, 1999. In the event that the Corporation elects to pay dividends in Common Stock of the Corporation, each holder of the Series 14 Class N Preferred Stock shall receive shares of Common Stock of the Corporation equal to the quotient of (i) the Dividend Rate in effect on the applicable Dividend Declaration Date dividend by (ii) the average of the closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"). Dividends on the Series 14 Class N Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 14 Class N Preferred Stock shall have been paid or declared and set aside for payment.

Part 4 - Conversion. The holders of the Series 14 Class N Preferred Stock shall have rights to convert the shares of Series 14 Class N Preferred Stock into shares of the Corporation's Common Stock, par value \$.001 per share ("Common Stock"), as follows (the "Conversion Rights"):

4.1 **No Right to Convert.** The Series 14 Class N Preferred shall not be convertible into shares of Common Stock until after April 20, 2000.

-4-

4.2 **Right to Convert.** The Series 14 Class N Preferred Stock may be convertible into shares of Common Stock at any time on or after April 20, 2000.

4.3 **Conversion Price.** As used herein, the term Conversion Price shall be the product of (i) the average closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately preceding the date of the Conversion Notice referred to in Section 4.4 below multiplied by (ii) seventy-five percent (75%), subject to the provisions of this Section 4.3. Notwithstanding the foregoing, the Conversion Price shall not be (i) less than a minimum of \$1.50 per share for a period of twenty-four (24) months from April 20, 1999, or, after twenty-four (24) months from April 20, 1999, a minimum of \$.50 per share (as applicable, the "Minimum Conversion Price") or (ii) more than a maximum of \$1.50 per share ("Maximum Conversion Price"). If, after July 1, 1996, the Corporation sustains a net loss, on a consolidated basis, in each of two (2) consecutive quarters, as determined under generally accepted accounting principles, the Minimum Conversion Price shall be reduced \$.25 a share, but there shall be no change to, or reduction of, the Maximum Conversion Price. For the purpose of determining whether the Corporation has had a net loss in each of two (2) consecutive quarters, at no time shall a quarter that has already been considered in such determination be considered in any subsequent determination (as an example the third quarter of 1996 in which there is a net profit and the fourth quarter of 1996 in which there is a net loss shall be considered as two consecutive quarters, and, as a result, the fourth quarter of 1996 shall not be considered along with the first quarter of 1997 as two (2) consecutive quarters, but the first quarter of 1997 must be considered with the second quarter of 1997 for the purposes of such determination). For the purposes of this Section 4.3, a "quarter" is a three (3) month period ending on March 31, June 30, September 30, and December 31. If any of the outstanding shares of Series 14 Class N Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Part 4, the number of shares of whole Common Stock to be issued to the holder as a result of such conversion shall be determined by dividing (a) the aggregate Liquidation Value of the Series 14 Class N Preferred Stock so surrendered for conversion by (b) the Conversion Price in effect at the date of the conversion. At the time of conversion of shares of the Series 14 Class N Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of shares of whole Common Stock which is equal to the product of dividing the amount of such unpaid and accrued dividends to the date of conversion on the shares of Series 14 Class N Preferred Stock so converted by the Conversion Price in effect at the date of conversion.

4.4 **Mechanics of Conversion.** Any holder of the Series 14 Class N Preferred Stock who wishes to exercise its Conversion Rights pursuant to the terms of this Part 4 must, if such shares are not being held in escrow by the Corporation's attorneys, surrender the certificate therefor at

the principal executive office of the Corporation, and give written notice, which may be via facsimile transmission, to the Corporation at such office that it elects to convert the same (the "Conversion Notice"). In the event that the shares of Series 14

-5-

Class N Preferred Stock are being held in escrow by the Corporation's attorneys, no delivery of the certificates shall be required. No Conversion Notice with respect to any shares of Series 14 Class N Preferred Stock can be given prior to the time such shares of Series 14 Class N Preferred Stock are eligible for conversion in accordance with the provision of Section 4.1 above. Any such premature Conversion Notice shall automatically be null and void. The Corporation shall, within five (5) business days after receipt of an appropriate and timely Conversion Notice (and certificate, if necessary), issue to such holder of Series 14 Class N Preferred Stock or its agent a certificate for the number of shares of Common Stock to which he shall be entitled; it being expressly agreed that until and unless the holder delivers written notice to the Corporation to the contrary, all shares of Common Stock issuable upon conversion of the Series 14 Class N Preferred Stock hereunder are to be delivered by the Corporation to a party designated in writing by the holder in the Conversion Notice for the account of the holder and such shall be deemed valid delivery to the holder of such shares of Common Stock. Such conversion shall be deemed to have been made only after both the certificate for the shares of Series 14 Class N Preferred Stock to be converted have been surrendered and the Conversion Notice is received by the Corporation (or in the event that no surrender of the Certificate is required, then only upon the receipt by the Corporation of the Conversion Notice) (the "Conversion Documents"), and the person or entity whose name is noted on the certificate evidencing such shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock at and after such time. In the event that the Conversion Notice is sent via facsimile transmission, the Corporation shall be deemed to have received such Conversion Notice on the first business day on which such facsimile Conversion Notice is actually received. If the Corporation fails to deliver to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion within five (5) business days after receipt by the Corporation from the holder of an appropriate and timely Conversion Notice and certificates pursuant to the terms of this Section 4.4, the Corporation shall pay to the holder U.S. \$1,000 for each day that the Corporation is late in delivering such certificate to the holder or its agent.

4.5 Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock. If the Corporation at any time or from time to time while shares of Series 14 Class N Preferred Stock are issued and outstanding shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate. If the Corporation shall declare or pay, without consideration, any dividend on the Common Stock payable in any right to acquire Common stock for no consideration, then the Corporation shall be deemed to have made a dividend payable in Common Stock in an amount of shares equal to the maximum number of shares issuable upon

exercise of such rights to acquire Common Stock.

-6-

4.6. **Adjustments for Reclassification and Reorganization.** If the Common Stock issuable upon conversion of the Series 14 Class N Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section 4.5 hereof), the Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Series 14 Class N Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Series 14 Class N Preferred Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Series 14 Class N Preferred Stock immediately before that change.

4.7. **Common Stock Duly Issued.** All Common Stock which may be issued upon conversion of Series 14 Class N Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof.

4.8. **Notice of Adjustments.** Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Part 4, the Corporation, at its expense, within a reasonable period of time, shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series 14 Class N Preferred Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based.

4.9. **Issue Taxes.** The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of the Series 14 Class N Preferred Stock pursuant thereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder of Series 14 Class N Preferred Stock in connection with such conversion.

4.10. **Reservation of Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series 14 Class N Preferred Stock, such number of its shares of Common Stock as shall, from time to time, be sufficient to effect the conversion of all outstanding shares of the Series 14 Class N Preferred stock, and, if at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series 14 Class N Preferred Stock, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

4.11. **Fractional Shares.** No fractional share shall be issued upon the conversion of any share or shares of Series 14 Class N Preferred Stock.

All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series 14 Class N Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fractional share of Common Stock, such fractional share shall be rounded up to the nearest whole share.

4.12 **Notices.** Any notices required by the provisions of this Part 4 to be given to the holders of shares of Series 14 Class N Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

4.13 **Business Day.** As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or a day when the federal and state banks located in the State of New York are required or permitted to close.

Part 5 - Redemption.

5.1 **Redemption at Corporation's Option.** Except as otherwise provided in this Section 5.1, at any time, and from time to time, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, at any time, and from time to time, the then outstanding Series 14 Class N Preferred Stock at the following cash redemption prices if redeemed during the following periods: (i) within twelve (12) months from April 20, 1999 - \$1,100 per share, and (ii) after twelve (12) months from April 20, 1999 - \$1,200 per share (as applicable, the redemption price of \$1,100 or \$1,200 is referred to herein as the "Redemption Price").

5.2 **Mechanics of Redemption.** Prior to any date stipulated by the Corporation for the redemption of Series 14 Class N Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 14 Class N Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 14 Class N Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 14 Class N Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 14 Class N Preferred Stock to be redeemed as provided in this Part 5 and, if the Redemption Notice is mailed to the Holder after the first twelve (12) months from April 20, 1999, the number of shares to be converted into Common Stock as provided in Part 4 hereof.

5.3 **Mechanics of Redemption.** Prior to any date stipulated by the Corporation for the redemption of Series 14 Class N Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 14 Class N Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 14 Class N

Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed,

(iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 14 Class N Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 14 Class N Preferred Stock to be redeemed as provided in this Part 5 and, if the Redemption Notice is mailed to the Holder after the first 12 months from April 20, 1999, the number of shares to be converted into Common Stock as provided in Part 4 hereof.

5.4 Rights of Conversion Upon Redemption. If the redemption occurs during the first 12 months after April 20, 1999, the holder may not convert any redeemed shares. If the redemption occurs pursuant to Section 5.1 (i) hereof, the Holder of the Series 14 Class N Preferred Stock shall not have the right to convert those outstanding shares of Series 14 Class N Preferred Stock that the Company is redeeming after receipt of the Redemption Notice. If the redemption occurs pursuant to Section 5.1 (ii) hereof, then, upon receipt of the Redemption Notice, any holder of Series 14 Class N Preferred Stock shall have the next five business days during which it may exercise the option, at its sole election, to specify what portion of its Series 14 Class N Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 5 or converted into Common Stock in the manner provided in Part 4 hereof, except that, notwithstanding any provision of such Part 4 to the contrary, after twelve (12) months from April, 20, 1999, such holder shall have the right to convert into Common Stock that number of Series 14 Class N Preferred Stock called for redemption in the Redemption Notice.

5.5 Surrender of Certificates. On or before the Redemption Date in respect of any Series 14 Class N Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.6 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 14 Class N Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

5.6 Payment. On the Redemption Date in respect of any Series 14 Class N Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least U. S. \$50,000,000, as a trust fund, a sum equal to the aggregate First Year Redemption Price or the Redemption Price, whichever is applicable, of all such shares called from redemption (less the aggregate Redemption Price for those Series 14 Class N Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 14 Class N Preferred Stock into Common Stock), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares

to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the First Year Redemption Price or the Redemption Price,

whichever is applicable, of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the First Year Redemption Price or the Redemption Price, whichever is applicable, in respect of their shares only from the Corporation.

Part 6 - Parity with Other Shares of Series 14 Class N Preferred Stock and Priority.

6.1 **Rateable Participation.** If any cumulative dividends or return of capital in respect of Series 14 Class N Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

6.2 **Ranking.** For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

6.2.1 Prior or senior to the shares of this Series 14 Class N Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled

to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series 14 Class N Preferred Stock;

6.2.2 On a parity with, or equal to, shares of this Series 14 Class N Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend

payment dates, or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of this Series 14 Class N Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the

Corporation,

whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and over the other, as between the holders of such stock and the holders of shares of this Series 14 Class N Preferred Stock; and,

6.2.3 Junior to shares of this Series 14 Class N Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series 14 Class N Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

Part 7 - Amendment and Reissue.

7.1 **Amendment.** If any proposed amendment to the Corporation's Certificate of Incorporation would alter or change the powers, preferences or special rights of the Series 14 Class N Preferred Stock so as to affect such adversely, then the Corporation must obtain the affirmative vote of such amendment to the Certificate of Incorporation at a duly called and held series meeting of the holders of the Series 14 Class N Preferred Stock or written consent by the holders of a majority of the Series 14 Class N Preferred Stock then outstanding. Notwithstanding the above, the number of authorized shares of any class or classes of stock may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of this Section 7.1 or the requirements of Section 242 of the GCL.

7.2 **Authorized.** Any shares of Series 14 Class N Preferred Stock acquired by the Corporation by reason of purchase, conversion, redemption or otherwise shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred Stock hereafter created.

-11-

**CERTIFICATE OF DESIGNATIONS
OF SERIES 15 CLASS O CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 15 Class O Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 15 Class O Convertible Preferred Stock as set forth in the attached resolutions.

Dated: August 10, 1999

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By /s/ Louis Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy

Richard T. Kelecy, Secretary

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 12:31 PM 08/10/1999
991331579 - 2249849

**PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")**

**RESOLUTION OF THE BOARD OF DIRECTORS
FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 15 CLASS O CONVERTIBLE PREFERRED STOCK**

WHEREAS, the Corporation's capital includes preferred stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series by resolutions adopted by the directors, and with the directors being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences and relative, participating, optional or other special rights and privileges, restrictions and conditions attaching to the shares of each such series;

WHEREAS, it is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 15 Class O Convertible Preferred Stock, par value \$.001 per share (the "Series 15 Class O Preferred Stock");

NOW, THEREFORE, BE IT RESOLVED, that the Series 15 Class O Preferred Stock shall consist of six hundred sixteen (616) shares and no more and shall be designated as the Series 15 Class O Convertible Preferred Stock, and the preferences, rights, privileges, restrictions and conditions attaching to the Series 15 Class O Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 **Voting Rights.** Except as otherwise provided in Part 7 hereof or under Section 242(b)(2) of the General Corporation Law of the State of Delaware (the "GCL"), the holders of the Series 15 Class O Preferred Stock shall have no voting rights whatsoever. To the extent that under Section 242(b)(2) of the GCL or Part 7 hereof, the holders of the Series 15 Class O Preferred Stock are entitled to vote on a matter, each share of the Series 15 Class O Preferred Stock shall be entitled one (1) vote for each outstanding share of Series 15 Class O Preferred Stock. Holders of the Series 15 Class O Preferred Stock shall be entitled to notice of (and copies of proxy materials and other information sent to stockholders) for all shareholder meetings or written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the

Corporation's bylaws and applicable statutes.

1.2 **No Preemptive Rights.** The Series 15 Class O Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

-1-

Part 2 - Liquidation Rights.

2.1 **Liquidation.** If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any shares of the Series 15 Class O Preferred Stock shall be outstanding, the holders of the then outstanding Series 15 Class O Preferred Stock shall have a preference in distribution of the Corporation's property available for distribution to the holders of the Corporation's Common Stock equal to \$1,000 consideration per outstanding share of Series 15 Class O Preferred Stock, plus an amount equal to all unpaid dividends accrued thereon to the date of payment of such distribution ("Liquidation Preference"), whether or not declared by the Board.

2.2 **Payment of Liquidation Preferences.** Subject to the provisions of Part 6 hereof, all amounts to be paid as Liquidation Preference to the holders of Series 15 Class O Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of the Corporation's Common Stock, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 **No Rights After Payment.** After the payment to the holders of the shares of the Series 15 Class O Preferred Stock of the full Liquidation Preference amounts provided for in this Part 2, the holders of the Series 15 Class O Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 **Assets Insufficient to Pay Full Liquidation Preference.** In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 15 Class O Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 15 Class O Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series 15 Class O Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 15 Class O Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

Part 3 - Dividends. The holders of the Series 15 Class O Preferred Stock are entitled to receive if, when and as declared by the Board out of funds legally available therefor, cumulative dividends, payable in cash or Common Stock of the Corporation, par value \$.001 per share (the "Common Stock"), or any combination thereof, at the Corporation's election, at the rate of four percent (4%) per annum of the Liquidation

Value (as defined below) of each issued and outstanding share of Series 15 Class O Preferred Stock (the "Dividend Rate"). The Liquidation Value of the Series 15 Class O Preferred Stock shall be \$1,000 per outstanding share of the Series 15 Class O Preferred Stock (the "Liquidation Value"). The dividend is payable semi-annually within seven (7) business days after each of December 31 and June 30 of each year, commencing December 31, 1999 (each, a "Dividend Declaration Date"). Dividends shall be paid only with respect to shares of Series 15 Class O Preferred Stock actually issued and outstanding on a Dividend Declaration Date and to holders of record of the Series 15 Class O Preferred Stock as of the Dividend Declaration Date. Dividends shall accrue from the first day of the semi-annual period in which such dividend may be payable, except with respect to the first semi-annual dividend which shall accrue from August 3, 1999. In the event that the Corporation elects to pay the accrued dividends due as of a Dividend Declaration Date on an outstanding share of the Series 15 Class O Preferred Stock in Common Stock of the Corporation, the holder of such share shall receive that number of shares of Common Stock of the Corporation equal to the product of (a) the quotient of (i) the Dividend Rate divided by (ii) the average of the closing bid quotation of the Corporation's Common Stock as reported on the National Association of Securities Dealers Automated Quotation system ("NASDAQ"), or the average closing sale price if listed on a national securities exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"), times (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid and the denominator of which is 365. Dividends on the Series 15 Class O Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Corporation's Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 15 Class O Preferred Stock shall have been paid or declared and set aside for payment.

Part 4 - Conversion. The holders of the Series 15 Class O Preferred Stock shall have rights to convert the shares of Series 15 Class O Preferred Stock into shares of the Corporation's Common Stock, par value \$.001 per share ("Common Stock"), as follows (the "Conversion Rights"):

4.1 **No Right to Convert.** The Series 15 Class O Preferred shall not be convertible into shares of Common Stock until after April 20, 2000.

4.2 **Right to Convert.** The Series 15 Class O Preferred Stock may be convertible into shares of Common Stock at any time after April 20, 2000.

4.3 **Conversion Price.** Subject to the terms hereof, as used herein, the Conversion Price per outstanding share of Series 15 Class O Preferred Stock shall be \$1.8125, except that, in the event the average closing bid price per share of the Common Stock as reported on the over-the-counter market, or

the closing sale price if listed on a national securities exchange, for the five (5) trading days prior to the particular date of conversion shall be less than \$2.265, the Conversion Price for only such particular conversion shall be the product of the average closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately preceding the date of the

Conversion Notice referred to in Section 4.4 below in connection with such conversion multiplied by eighty percent (80%), subject to the provisions of this Section 4.2. Notwithstanding the foregoing, the Conversion Price shall not be less than a minimum of \$1.50 per share ("Minimum Conversion Price") for a period of twenty-four (24) months from April 20, 1999. If any of the outstanding shares of Series 15 Class O Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Part 4, the number of shares of whole Common Stock to be issued to the holder as a result of such conversion shall be determined by dividing (a) the aggregate Liquidation Value of the Series 15 Class O Preferred Stock so surrendered for conversion by (b) the Conversion Price as of such conversion. At the time of conversion of shares of the Series 15 Class O Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of whole shares of Common Stock which is equal to the quotient of the amount of such unpaid and accrued dividends to the date of conversion on the shares of Series 15 Class O Preferred Stock so converted divided by the Stock Dividend Price, as defined in Part 3 hereof, in effect at the date of conversion.

4.4 **Mechanics of Conversion.** Any holder of the Series 15 Class O Preferred Stock who wishes to exercise its Conversion Rights pursuant to the terms of this Part 4 must, if such shares are not being held in escrow by the Corporation's attorneys, surrender the certificate therefor at the principal executive office of the Corporation, and give written notice, which may be via facsimile transmission, to the Corporation at such office that it elects to convert the same (the "Conversion Notice"). In the event that the shares of Series 15 Class O Preferred Stock are being held in escrow by the Corporation's attorneys, no delivery of the certificates shall be required. The Corporation shall, within five (5) business days after receipt of an appropriate and timely Conversion Notice (and certificate, if necessary), issue to such holder of Series 15 Class O Preferred Stock or its agent a certificate for the number of shares of Common Stock to which he shall be entitled; it being expressly agreed that until and unless the holder delivers written notice to the Corporation to the contrary, all shares of Common Stock issuable upon conversion of the Series 15 Class O Preferred Stock hereunder are to be delivered by the Corporation to a party designated in writing by the holder in the Conversion Notice for the account of the holder and such shall be deemed valid delivery to the holder of such shares of Common Stock. Such conversion shall be deemed to have been made only after both the certificate for the shares of Series 15 Class O Preferred Stock to be converted have been

surrendered and the Conversion Notice is received by the Corporation (or in the event that no surrender of the Certificate is required, then only upon the receipt by the Corporation of the Conversion Notice) (the "Conversion Documents"), and the person or entity whose name is noted on the certificate evidencing such shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock at and after such time. In the event that the Conversion Notice is sent via facsimile transmission, the Corporation shall be deemed to have received such Conversion Notice on the first business day on which such facsimile Conversion Notice is actually received. If the Corporation fails to deliver to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion of the Series

15 Class O Preferred Stock within seven (7) business days after receipt by the Corporation from the holder of an appropriate and timely Conversion Notice and certificates pursuant to the terms of this Section 4.4 ("Seven (7) Business Day Period"), then, upon the written demand of RBB Bank Aktiengesellschaft ("RBB Bank"), the holder of the Series 15 Class O Preferred Stock, for payment of the penalty described below in this Section 4.4, which demand must be received by the Corporation no later than ten (10) calendar days after the expiration of such Seven (7) Business Day Period, the Corporation shall pay to RBB Bank the following penalty for each business day after the Seven (7) Business Day Period until the Corporation delivers to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion: business day eight (8) - U.S. \$1,000; business day nine (9) - U.S. \$2,000, and each business day thereafter an amount equal to the penalty due on the immediately preceding business day times two (2) until the Corporation delivers to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion.

4.5 Merger or Consolidation. In case of either (a) any merger or consolidation to which the Corporation is a party (collectively, the "Merger"), other than a Merger in which the Corporation is the surviving or continuing corporation, or (b) any sale or conveyance to another corporation of all, or substantially all, of the assets of the Corporation (collectively, the "Sale"), and such Merger or Sale becomes effective (x) while any shares of Series 15 Class O Preferred Stock are outstanding and prior to the date that the Corporation's Registration Statement covering up to 1,379,311 shares of Common Stock issuable upon the conversion of the Series 15 Class O Preferred Stock is declared effective by the U. S. Securities and Exchange Commission or (y) prior to the end of the restriction periods in Section 4.3, then, in such event, the Corporation or such successor corporation, as the case may be, shall make appropriate provision so that the holder of each share of Series 15 Class O Preferred Stock then outstanding shall have the right to convert such share of Series 15 Class O Preferred Stock into the kind and amount of shares of stock or other securities and property receivable upon such Merger or Sale by a holder of the number

-5-

of shares of Common Stock into which such shares of Series 15 Class O Preferred Stock could have been converted into immediately prior to such Merger or Sale, subject to adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Part 4.

4.6 Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock. If the Corporation at any time or from time to time while shares of Series 15 Class O Preferred Stock are issued and outstanding shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

4.7 Adjustments for Reclassification and Reorganization. If the Common Stock issuable upon conversion of the Series 15 Class O Preferred Stock shall be changed into the same or a

different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section 4.6 hereof), the Conversion Price shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Series 15 Class O Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Series 15 Class O Preferred Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Series 15 Class O Preferred Stock immediately before that change.

4.8 **Common Stock Duly Issued.** All Common Stock which may be issued upon conversion of Series 15 Class O Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof.

4.9 **Notice of Adjustments.** Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Part 4, the Corporation, at its expense, within a reasonable period of time, shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series 15 Class O Preferred

-6-

Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based.

4.10 **Issue Taxes.** The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of the Series 15 Class O Preferred Stock pursuant thereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder of Series 15 Class O Preferred Stock in connection with such conversion.

4.11 **Reservation of Stock Issuable Upon Conversion.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series 15 Class O Preferred Stock, such number of its shares of Common Stock as shall, from time to time, be sufficient to effect the conversion of all outstanding shares of the Series 15 Class O Preferred stock, and, if at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series 15 Class O Preferred Stock, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

4.12 **Fractional Shares.** No fractional shares shall be issued upon the conversion of any share or shares of Series 15 Class O Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series 15 Class O Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fractional share of Common Stock, such fractional share shall be rounded up to the nearest whole share.

4.13 **Notices.** Any notices required by the provisions of this Part 4 to be given to the holders of shares of Series 15 Class O Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

4.14 **Business Day.** As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or a day when the federal and state banks located in the State of New York are required or is permitted to close.

-7-

Part 5 - Redemption.

5.1 **Redemption at Corporation's Option.** Except as otherwise provided in this Section 5.1, at any time, and from time to time, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, at any time, and from time to time, the then outstanding Series 15 Class O Preferred Stock at the following cash redemption prices if redeemed during the following periods: (i) within twelve (12) months from April 20, 1999 - \$1,100 per share and (ii) after twelve (12) months from April 20, 1999 - \$1,200 per share (as applicable, the redemption price of \$1,100 or \$1,200 is referred to herein as the "Redemption Price").

5.2 **Mechanics of Redemption.** Prior to any date stipulated by the Corporation for the redemption of Series 15 Class O Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 15 Class O Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 15 Class O Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 15 Class O Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 15 Class O Preferred Stock to be redeemed as provided in this Part 5 and, if the Redemption Notice is mailed to the Holder after the first twelve (12) months from April 20, 1999, the number of shares to be converted into Common Stock as provided in Part 4 hereof.

5.3 **Rights of Conversion Upon Redemption.** If the redemption occurs during the first twelve (12) months after April 20, 1999, the holder may not convert any redeemed shares. If the redemption occurs after the first twelve (12) months after April 20, 1999, then, upon receipt of the Redemption Notice, any holder of Series 15 Class O Preferred Stock shall have five business days during which it may exercise the option, at its sole election, to specify what portion of its Series 15 Class O Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 5 or converted into Common Stock in the manner provided in Part 4 hereof, except that, notwithstanding any provision of such Part 4 to the contrary, after twelve (12) months from April 20, 1999, such holder shall have the right to convert into Common Stock that number of Series 15 Class O Preferred Stock called for redemption in the Redemption Notice.

5.4 **Surrender of Certificates.** On or before the Redemption Date in respect of any Series 15 Class O Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the

Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.5 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 15 Class O Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

5.5 **Payment.** On the Redemption Date in respect of any Series 15 Class O Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series 15 Class O Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 15 Class O Preferred Stock into Common Stock), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption Price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

Part 6 - Parity with Other Shares of Series 15 Class O Preferred Stock and Priority.

6.1 **Rateable Participation.** If any cumulative dividends or return of capital in respect of Series 15 Class O Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

6.2 **Ranking.** For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

- 6.2.1 Prior or senior to the shares of this Series 15 Class O Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be

entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series 15 Class O Preferred Stock;

- 6.2.2 On a parity with, or equal to, shares of this Series 15 Class O Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of this Series 15 Class O Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and over the other, as between the holders of such stock and the holders of shares of this Series 15 Class O Preferred Stock; and,
- 6.2.3 Junior to shares of this Series 15 Class O Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series 15 Class O Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

Part 7 - Amendment and Reissue.

7.1 **Amendment.** If any proposed amendment to the Corporation's Certificate of Incorporation (the "Articles") would alter or change the powers, preferences or special rights of the Series 15 Class O Preferred Stock so as to affect such adversely, then the Corporation must obtain the affirmative vote of such amendment to the Articles at a duly called and held series meeting of the holders of the Series 15 Class O Preferred Stock or written consent by the holders of a majority of the Series 15 Class O Preferred Stock then outstanding. Notwithstanding the above or the provisions of Section 242(b)(2) of the GCL, the number of authorized shares of any class or classes of stock of the Corporation may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of the provisions of this Section 7.1 or Section 242(b)(2) of the GCL.

-10-

7.2 **Authorized.** Any shares of Series 15 Class O Preferred Stock acquired by the Corporation by reason of purchase, conversion, redemption or otherwise shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred Stock hereafter created.

**CERTIFICATE OF DESIGNATIONS
OF SERIES 16 CLASS P CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 16 Class P Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 16 Class P Convertible Preferred Stock as set forth in the attached resolutions.

Dated: August 10, 1999

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By /s/ Louis Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy

Richard T. Kelecy, Secretary

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")

**RESOLUTION OF THE BOARD OF DIRECTORS
FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 16 CLASS P CONVERTIBLE PREFERRED STOCK**

RE: DESIGNATION OF SERIES 16 CLASS P PREFERRED STOCK.

RESOLVED: That the designations, powers, preferences and rights of the Series 16 Class P Convertible Preferred Stock be, and they hereby are, as set forth below:

1. Number of Shares of Common Stock of Series 16 Class P Convertible Preferred Stock

The Corporation hereby authorizes the issuance of up to one thousand eight hundred two (1,802) shares of Series 16 Class P Convertible Preferred Stock par value \$.001 per share (the "Preferred Stock"). This Preferred Stock shall pay an annual dividend based on a 365 day calendar year of 4% of the Liquidation Value (as defined in Section 3 hereof) ("Dividend Rate"), payable semiannually within ten (10) business days after each subsequent June 30th and December 31st (each a "Dividend Declaration Date"), and shall be payable in cash or shares of the Corporation's par value \$.001 per share common stock (Common Stock) at the Corporation's option. The first Dividend Declaration Date shall be December 31st, 1999.

In the event that the Corporation elects to pay the accrued dividends due as of a Dividend Declaration Date on the outstanding shares of Preferred Stock in Common Stock of the Corporation, the Holder of each share of Preferred Stock shall receive that number of shares of Common Stock equal to the product of (a) the quotient of (i) the Dividend Rate divided by (ii) the average of the closing bid quotation of the Corporation's Common Stock as reported on the National Association of Securities Dealers Automated Quotation system ("NASDAQ"), or if the Common Stock is not listed for trading on the NASDAQ but is listed for trading on a national securities exchange, the average closing bid price of the Common Stock as quoted on such national exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"), times (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid, and the denominator of which is 365. Dividends on the Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Corporation's Common Stock until all accrued and unpaid dividends on all outstanding shares of Preferred Stock shall have been paid or declared and set aside for payment.

2. Voting.

Except as provided under Section 242 of the GCL, holders of Preferred Stock (the "Holders") shall not have the right to vote on any matter. Notwithstanding the provisions of Section 242 of the GCL or Section 4 hereof, the number of authorized shares of any class or classes of stock of the Corporation may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of the provisions of Section 242 of the GCL.

3. Liquidation.

In the event of a voluntary or involuntary dissolution, liquidation, or winding up of the Corporation, the Holders of Preferred Stock shall be entitled to receive out of the assets of the Corporation legally available for distribution to holders of its capital stock, before any payment or distribution shall be made to holders of shares of Common Stock or any other class of stock ranking junior to the Preferred Stock, an amount per share of Preferred Stock equal to \$1,000 (the "Liquidation Value") plus any accrued and unpaid dividends on the Preferred Stock. If upon such liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, the assets to be distributed among the Holders of Preferred Stock shall be insufficient to permit payment to the Holders of Preferred Stock of the amount distributable as aforesaid, then the entire assets of the Corporation to be so distributed shall be distributed ratably among the Holders of Preferred Stock and shares of such other classes or series ranking on a parity with the shares of this Preferred Stock in proportion to the full distributable amounts for which holders of all such parity shares are entitled upon such distribution, liquidation, or winding up. Upon any such liquidation, dissolution or winding up of the Corporation, after the Holders of Preferred Stock shall have been paid in full the amounts to which they shall be entitled, the remaining net assets of the Corporation may be distributed to the holders of stock ranking on liquidation junior to the Preferred Stock and the Holders of the Preferred Stock shall have no right or claim to any of the remaining assets of the Corporation. Written notice of such liquidation, dissolution or winding up, stating a payment date, the amount of the liquidation payments and the place where said liquidation payments shall be payable, shall be given by mail, postage prepaid or by telex or facsimile to non-U.S. residents, not less than 10 days prior to the payment date stated therein, to the Holders of record of Preferred Stock, such notice to be addressed to each such Holder at its address as shown by the records of the Corporation. For purposes hereof the shares of Common Stock, shall rank on liquidation junior to the Preferred Stock.

4. Restrictions.

The Corporation will not amend or modify the terms of its Restated Certificate of Incorporation so as to adversely alter or change the Preferred Stock at any time when shares of Preferred Stock are outstanding, without the approval of the Holders of at least a majority of the then outstanding shares of Preferred Stock given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a series, except where the vote or written consent of the

Holders of a greater number of shares of Common Stock of the Corporation is required by law or by the Corporation's Certificate of Incorporation, as amended.

5. Optional Conversion.

The Holders of shares of Preferred Stock shall have the following conversion rights to convert the shares of Preferred Stock into shares of Common Stock of the Corporation:

- (a) **No Right to Convert.** The Preferred Stock shall not be convertible into shares of Common Stock until after April 20, 2000.
- (b) **Conversion Dates.** The Preferred Stock may be convertible into shares of Common Stock at any time after April 20, 2000.
- (c) **Right to Convert; Conversion Price.** Subject to the terms hereof, as used herein, the term Conversion Price per outstanding share of Preferred Stock shall be One Dollar and 875/100 (\$1.875); except that after the expiration of one hundred and eighty (180) days after the Closing Date if the average of the closing bid price per share of Common Stock quoted on the NASDAQ (or the closing bid price of the Common Stock as quoted on the national securities exchange if the Common Stock is not listed for trading on the NASDAQ but is listed for trading on a national securities exchange) for the five (5) trading days immediately prior to the particular date of each Conversion Notice (as defined below) is less than Two Dollars and 34/100 (\$2.34), then the Conversion Price for that particular conversion shall be eighty percent (80%) of the average of the closing bid price of the Common Stock on the NASDAQ (or if the Common Stock is not listed for trading on the NASDAQ but is listed for trading on a national securities exchange then eighty percent (80%) of the average of the closing bid price of the Common Stock on the national securities exchange) for the five (5) trading days immediately prior to the particular date of the Conversion Notice. Notwithstanding the foregoing, the Conversion Price shall not be less than a minimum of \$1.50 per share ("Minimum Conversion Price") for a period of twenty-four (24) months from April 20, 1999.

If any of the outstanding shares of Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Section 5(c), the number of shares of whole Common Stock to be issued to the Holder as a result of such conversion shall be determined by dividing (a) the aggregate Stated Value of the Preferred Stock so surrendered for conversion by (b) the Conversion Price in effect on the date of that particular Conversion Notice relating to such conversion. At the time of conversion of shares of the Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon on the shares of Preferred so converted to the date of the Conversion Notice relating to such conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of shares of whole Common Stock which is equal to the quotient of the amount of such unpaid and accrued dividends to the date of the Conversion Notice relating to such conversion of the shares of Preferred Stock so converted divided by the Stock Dividend Price, in effect at the date of the Conversion Notice relating to such conversion.

- (d) **Conversion Notice.** The right of conversion shall be exercised by the Holder thereof by telecopying or faxing an executed and completed written notice signed by an authorized representative of the Holder, ("Conversion Notice") to the Corporation that the Holder elects to convert a specified number of shares of Preferred Stock representing a specified Stated Value thereof into shares of Common Stock and by delivering by express courier the certificate or certificates of Preferred Stock being converted to the Corporation at its principal office (or such

other office or agency of the Corporation as the Corporation may designate by notice in writing to the Holders of the Preferred Stock). The business date indicated on a Conversion Notice which is telecopied to and received by the Corporation in accordance with the provisions hereof shall be deemed a Conversion Date. The Conversion Notice shall include therein the Stated Value of shares of Preferred Stock to be converted, and a calculation (a) of the Stock Dividend Price, (b) the Conversion Price, and (c) the number of Shares of Common Stock to be issued in connection with such conversion. The Corporation shall have the right to review the calculations included in the Conversion Notice, and shall provide notice of any discrepancy or dispute therewith within three (3) business days of the receipt thereof. The Holder shall deliver to the Corporation an original Conversion Notice and the original Preferred to be converted within three (3) business days from the date of the Conversion Notice.

(e) Issuance of Certificates - Time Conversion Effected. Promptly, but in no event more than six (6) business days, after the receipt by facsimile of the Conversion Notice referred to in Subparagraph (5)(c); and provided within the six (6) business days the Corporation receives the certificate or certificates for the shares of Preferred Stock to be converted, the Corporation shall issue and deliver, or cause to be issued and delivered, to the Holder, registered in the name of the Holder, a certificate or certificates for the number of whole shares of Common Stock into which such shares of Preferred Stock are converted. Such conversion shall be deemed to have been effected as of the close of business on the date on which the telecopy or facsimile Conversion Notice shall have been received by the Corporation, and the rights of the Holder of such share or shares of Preferred Stock shall cease, at such time, and the Holder or Holders shall be deemed to have become the Holder or Holders of record of the shares of Common Stock represented thereby.

In the event that the shares of Common Stock issuable upon conversion of the Preferred, are not delivered within six (6) business days of the date the Corporation receives the Conversion Notice, the Corporation shall pay to the Holder, by wire transfer, as liquidated damages for such failure and not as a penalty, for each \$100,000 of Preferred sought to be converted, \$500 for each of the first five (5) calendar days and \$1,000 per calendar day thereafter that the shares of Common Stock are not delivered, which liquidated damages shall begin to run from the seventh (7th) business day after the Conversion Date. Any and all payments required pursuant to this paragraph shall be payable only in cash. Notwithstanding the above, liquidated damages shall not exceed \$2,000.00 per day. In addition to the liquidated damages set forth herein, in the event the Corporation fails to deliver the shares of Common Stock within six (6) business days after the Conversion date, the Corporation agrees to issue the larger number of shares of Common Stock derived from (i) the original Conversion Notice, or (ii) utilizing the five lowest closing bid prices of the Corporation's shares of Common Stock beginning on the Conversion Date and ending on the day the shares of Common Stock are delivered. The Corporation

-4-

understands that a delay in the issuance of the shares of Common Stock could result in economic loss to the Holder. Nothing contained herein, or in the Preferred shall limit the Holder's rights to pursue actual damages for the Corporation's failure to issue and deliver shares of Common Stock to the Holder in accordance with the terms of the Certificate of Designations, and this Agreement.

(f) Fractional Shares of Common Stock. No fractional shares of Common Stock shall be issued upon conversion of any Preferred Stock into shares of Common Stock. All fractional

shares of Common Stock shall be aggregated and then rounded down to the nearest whole share of Common Stock. In case the number of shares of Preferred Stock represented by the certificate or certificates surrendered pursuant to Subparagraph 5(d) exceeds the number of shares of Common Stock converted, the Corporation shall, upon such conversion, execute and deliver to the Holder, at the expense of the Corporation, a new certificate or certificates for the number of shares of Preferred Stock represented by the certificate or certificates surrendered which are not to be converted.

(g) Merger or Consolidation. In case of either (a) any merger or consolidation to which the Corporation is a party (collectively, the "Merger"), other than a Merger in which the Corporation is the surviving or continuing corporation, or (b) any sale or conveyance to another corporation of all, or substantially all, of the assets of the Corporation (collectively, the "Sale"), and such Merger or Sale becomes effective while any shares of Preferred Stock are outstanding and prior to the date that the Corporation's Registration Statement covering all the shares of Common Stock issuable upon the conversion of the Preferred Stock is declared effective by the U.S. Securities and Exchange Commission ("Commission"), the Corporation or such successor corporation as the case may be, shall make appropriate provision so that the Holder of each share of Preferred Stock then outstanding shall have the right to convert such share of Preferred Stock into the kind and amount of shares of stock or other securities and property receivable upon such Merger or Sale by a holder of the number of shares of Common Stock into which such shares of Preferred Stock could have been converted into immediately prior to such Merger or Sale, subject to adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5.

In the event of a Merger or Sale, where the Corporation is not the surviving Corporation, the Holder shall have the right to redeem all of the outstanding shares of Preferred Stock at 120% of the Liquidation Value of each share of Preferred Stock then outstanding plus all accrued and unpaid dividends (the "Redemption Amount"). The Corporation shall pay this Redemption Amount in cash within ten (10) business days of receipt by the Corporation of notice from the Holder, and receipt by the Corporation of all outstanding shares of Preferred Stock duly endorsed by the Holder to the Corporation.

(h) Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock. If the Corporation at any time or from time to time while shares of Preferred Stock are issued and outstanding shall declare or pay, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by

-5-

reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

(i) Adjustments for Reclassification and Reorganization. If the Common Stock issuable upon conversion of the Preferred Stock shall be changed into the same or a different number of shares of Common Stock of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination or shares of

Common Stock provided for in Section 5(h) hereof), the Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Preferred Stock would otherwise have been entitled to receive, a number of shares of Common Stock of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Preferred Stock immediately before that change.

6 Redemption.

(a) **Redemption at Corporation's Option.** Except as otherwise provided in this Section 6, at any time, and from time to time, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, at any time, and from time to time the then outstanding Series 16 Class P Preferred Stock at the following cash redemption prices if redeemed during the following periods: (i) within twelve (12) months from April 20, 1999 - \$1,100 per share, and (ii) after twelve (12) months from April 20, 1999 - \$1,200 per share (as applicable, the redemption price of \$1,100 or \$1,200 is referred to herein as the "Redemption Price").

(b) **Mechanics of Redemption.** Prior to any date stipulated by the Corporation for the redemption of Series 16 Class P Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 16 Class P Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 16 Class P Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 16 Class P Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 16 Class P Preferred Stock to be redeemed as provided in this Part 6 and, if the Redemption Notice is mailed to the Holder after the first twelve (12) months from April 20, 1999, the number of shares to be converted into Common Stock as provided in Part 5 hereof.

(c) **Rights of Conversion Upon Redemption.** If the redemption occurs during the first twelve (12) months after April 20, 1999, the holder may not convert any redeemed shares. If the redemption occurs after the first twelve (12) months after April 20, 1999, then, upon receipt of the Redemption Notice, any holder of Series 16 Class P Preferred Stock shall have five business days during which it may exercise the

-6-

option, at its sole election, to specify what portion of its Series 16 Class P Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 6 or converted into Common Stock in the manner provided in Part 5 hereof, except that, notwithstanding any provision of such Part 5 to the contrary, after twelve (12) months from April 20, 1999, such holder shall have the right to convert into Common Stock that number of Series 16 Class P Preferred Stock called for redemption in the Redemption Notice.

(d) **Surrender of Certificates.** On or before the Redemption Date in respect of any Series 16 Class P Preferred Stock, each holder of such shares shall surrender the required certificate or

certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 16 Class P Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

(e) **Payment.** On the Redemption Date in respect of any Series 16 Class P Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series 16 Class P Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 16 Class P Preferred Stock into Common Stock), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption Price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

7. Assignment.

Subject to all applicable restrictions on transfer, the rights and obligations of the Corporation and the Holder of the Preferred Stock shall be binding upon and benefit the successors, assigns, heirs, administrators, and transferees of the parties.

-7-

8. Shares of Common Stock to be Reserved.

The Corporation, upon the effective date of this Certificate of Designations, has a sufficient number of shares of Common Stock available to reserve for issuance upon the conversion of all outstanding shares of Preferred Stock, pursuant to the terms and conditions set forth in Section 5, and exercise of the Warrants as defined in Section 12. The Corporation will at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the conversion of Preferred Stock, and exercise of the Warrants, as herein provided, such number of shares of Common Stock as shall then be issuable upon the conversion of all outstanding shares of Preferred Stock, and exercise of the Warrants. The Corporation covenants that all shares of Common Stock which shall be so issued shall be duly and validly issued, fully paid and non assessable. The Corporation will take such action as may be required, if the total number of shares of Common Stock issued and issuable after such action upon conversion of the Preferred Stock, and exercise of the Warrants would exceed the total

number of shares of Common Stock then authorized by the Corporation's Certificate of Incorporation, as amended, or would exceed 19.99% of the shares of Common Stock then outstanding if required by law or the Rules and Regulations of NASDAQ or the National Securities Exchange applicable to the Corporation to take such action as a result of exceeding such 19.99%, in order to increase the number of shares of Common Stock to permit the Corporation to issue the number of shares of Common Stock required to effect conversion of the Preferred, and exercise of the Warrants, to a number sufficient to permit conversion of the Preferred Stock, and exercise of the Warrants, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to the Corporation's Restated Certificate of Incorporation, and to obtain shareholders approval in order to effect conversion of the Preferred Stock, and exercise of the Warrants, if required by law or the rules or regulations of the NASDAQ or National Securities Exchange applicable to the Corporation.

8(a) Shareholder Approval. In connection with the issuance to the Holder of the shares of Preferred Stock, pursuant to this Certificate of Designations, the Corporation is also issuing (i) certain warrants ("RBB Warrants") to the Holder pursuant to the terms of that certain Private Securities Subscription Agreement dated June 30, 1998 (the "Agreement"), providing for the purchase of up to 150,000 shares of Common Stock at an exercise price of \$2.50 per share and (ii) certain warrants (collectively, the "Liviakis Warrants") to Liviakis Financial Communication, Inc. ("Liviakis") and Robert B. Prag providing for the purchase of up to an aggregate of 2,500,000 shares of Common Stock at an exercise price of \$1.875 per share pursuant to the terms of that Liviakis Agreement dated June 30, 1998, between Liviakis and the Corporation.

If (i) the aggregate number of shares of Common Stock issued by the Corporation as a result of any or all of the following: (a) conversion of the Preferred Stock, (b) payment of dividends accrued on the Preferred Stock (c) exercise of the RBB Warrants, and (d) exercise of the Liviakis Warrants exceeds 2,388,347 shares of Common Stock (which equals 19.9% of the outstanding shares of Common Stock of the Corporation as of the date of this Certificate of Designations) and (ii) the Holder has converted or elects to convert any of the then outstanding shares of Preferred Stock pursuant to the terms of Section 5 at a Conversion Price less than \$ 1.875 (\$1.875 being the market value per share of Common Stock as

-8-

as quoted on the NASDAQ as of the close of business on June 30, 1998) pursuant to the terms of Section 5(c) hereof, other than if the Conversion Price is less than \$ 1.875 solely as a result of the anti-dilution provisions of Section 5(h) and (i) hereof, then, notwithstanding anything in Section 5 to the contrary, the Corporation shall not issue any shares of Common Stock as a result of receipt of a Conversion Notice unless and until the Corporation shall have obtained approval of its shareholders entitled to vote on the transactions in accordance with subparagraphs (25)(H)(i)d, (iv) and (v) of Rule 4310 of the NASDAQ Marketplace Rules ("Shareholder Approval").

If Shareholder Approval is required as set forth in the above paragraph, the Corporation shall take all necessary steps to obtain such Shareholder Approval upon receipt of the Conversion Notice triggering the need for Shareholder Approval ("Current Conversion Notice"). If the Corporation has not received from the Holder a Current Conversion Notice, the Holder, subsequent to January 1st, 1999 may, if the Corporation's shares of Common Stock trade, subsequent to January 1st, 1999, at a five (5) day average closing bid price below Two Dollars

and 34/00 (\$2.34), upon written notice to the Corporation, require the Corporation to obtain Shareholder Approval ("Holder's Notice"). The Holder and the Corporation's officers and directors covenant to vote all shares of Common Stock over which they have voting control in favor of Shareholder Approval. If the Corporation does not obtain Shareholder Approval within ninety (90) days of the earlier of the Corporation's receipt of (i) the Current Conversion Notice or (ii) the Holder's Notice, and the Holder has not breached its covenant to vote all shares of Common Stock over which they have voting control in favor of Shareholder Approval, the Corporation shall pay in cash to the Holder liquidated damages, in an amount of 4% per month of the Liquidation Value of each share of Preferred Stock then outstanding, commencing on the 91st day of the Corporation's receipt of the Holder's Current Conversion Notice, and continuing every thirty (30) days pro-rata until such time the Corporation receives Shareholder Approval.

9. No Reissuance of Series 16 Class P Convertible Preferred Stock.

Shares of Preferred Stock which are converted into shares of Common Stock as provided herein shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred stock hereafter created.

10. Closing of Books.

The Corporation will at no time close its transfer books against the transfer of any Preferred Stock or of any shares of Common Stock issued or issuable upon the conversion of any shares of Common Stock of Preferred Stock in any manner which interferes with the timely conversion of such Preferred Stock, except as may otherwise be required to comply with applicable securities laws.

-9-

11. No Preemptive Rights.

The Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

12. Definition of Shares.

As used in this Certificate of Designations, the term "shares of Common Stock" shall mean and include the Corporation's authorized common stock, par value \$.001, as constituted on the date of filing of these terms of the Preferred Stock, or in case of any reorganization, reclassification, or stock split of the outstanding shares of Common Stock thereof, the stock, securities or assets provided for hereof. The term "Warrants" as used herein shall have the same meaning as defined in Section 1 of the Private Securities Subscription Agreement, dated June 30, 1998, between the Company and RBB Bank Aktiengesellschaft.

The said determination of the designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, relating to the Preferred Stock was duly made by the Board of Directors pursuant to the provisions of the Corporation's Restated Certificate of Incorporation and in accordance with the provisions of the Delaware General Corporation Law.

**CERTIFICATE OF ELIMINATION
OF
SERIES 11 CLASS K CONVERTIBLE PREFERRED STOCK
AND
SERIES 12 CLASS L CONVERTIBLE PREFERRED STOCK
AND
SERIES 13 CLASS M CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

PERMA-FIX ENVIRONMENTAL SERVICES, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies the following:

1. That the Certificate of Designations of Series 11 Class K Convertible Preferred Stock, par value \$.001 per share, of the Corporation (the "Series 11 Preferred") was filed with the Delaware Secretary of State on July 15, 1999 (the "Series 11 Certificate of Designations").
2. That all outstanding shares of the Series 11 Preferred have been delivered to the Company and exchanged pursuant to an agreement with the holder thereof in accordance with the terms and conditions of a certain Exchange Agreement between the Company and RBB Bank Aktiengesellschaft, dated as of August 3, 1999.
3. That no shares of Series 11 Preferred remain outstanding.
4. That all shares of the Series 11 Preferred which have been exchanged have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.

5. That effective August 3, 1999, the Board of Directors of the Company duly adopted the following resolutions:

RESOLVED, that upon completion of the exchange with the holder of the Series 11 Class K Convertible Preferred Stock, no authorized shares of Series 11 Class K Convertible Preferred Stock will remain outstanding and no shares of Series 11 Class K Convertible Preferred Stock will be issued subject to the Certificate of Designations previously filed with respect to the Series 11 Class K Convertible Preferred Stock.

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 12:33 PM 08/10/1999
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FURTHER RESOLVED, that upon completion of the exchange, the officers of the Company are hereby authorized and directed, for and on behalf of the Company, to execute and deliver an appropriate Certificate of Elimination to the Secretary of State of Delaware regarding the Series 11 Class K Convertible Preferred Stock.

6. That the Certificate of Designations of the Series 12 Class L Convertible Preferred Stock, par value \$.001 per share, of the Corporation (the "Series 12 Preferred") was filed on July 15, 1999 (the "Series 12 Certificate of Designations").

7. That all outstanding shares of the Series 12 Preferred have been delivered to the Company and exchanged pursuant to an agreement with the holder thereof in accordance with the terms and conditions of a certain Exchange Agreement between the Company and RBB Bank, dated as of August 3, 1999.

8. That no shares of Series 12 Preferred remain outstanding.

9. That all shares of the Series 12 Preferred which have been exchanged have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.

10. That effective August 3, 1999, the Board of Directors of the company duly adopted the following resolutions:

RESOLVED, that upon completion of the exchange with the holder of the Series 12 Class L Convertible Preferred Stock, no authorized shares of Series 12 Class L Convertible Preferred Stock will remain outstanding and no shares of Series 12 Class L Convertible Preferred Stock will be issued subject to the Certificate of Designations previously filed with respect to the Series 12 Class L Convertible Preferred Stock.

FURTHER RESOLVED, that upon completion of the exchange, the officers of the Company are hereby authorized and directed, for and on behalf of the Company, to execute and deliver an appropriate Certificate of Elimination to the Secretary of State of Delaware regarding the Series 12 Class L Convertible Preferred Stock.

11. That the Certificate of Designations of the Series 13 Class M Convertible Preferred Stock, par value \$.001 per share, of the Corporation (the "Series 13 Preferred") was filed on July 15, 1999 (the "Series 13 Certificate of Designations").

12. That all outstanding shares of the Series 13 Preferred have been delivered to the Company and exchanged pursuant to an agreement with the holder thereof in accordance with the terms and conditions of a certain Exchange Agreement between the Company and RBB Bank, dated as of August 3, 1999.

-2-

13. That no shares of Series 13 Preferred remain outstanding.

14. That all shares of the Series 13 Preferred which have been exchanged have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.

15. That effective August 3, 1999, the Board of Directors of the company duly adopted the following resolutions:

Series
shares
the
Class M

RESOLVED, that upon completion of the exchange with the holder of the Series 13 Class M Convertible Preferred Stock, no authorized shares of Series 13 Class M Convertible Preferred Stock will remain outstanding and no of Series 13 Class M Convertible Preferred Stock will be issued subject to the Certificate of Designations previously filed with respect to the Series 13 Convertible Preferred Stock.

FURTHER RESOLVED, that upon completion of the exchange, the officers of the Company are hereby authorized and directed, for and on behalf of the Company, to execute and deliver an appropriate Certificate of Elimination to the Secretary of State of Delaware regarding the Series 13 Class M Convertible Preferred Stock.

16. That pursuant to the provisions of Section 151(g) of the Delaware General Corporation Law, upon the effective date of the filing of this Certificate, this Certificate will have the effect of eliminating from the Restated Certificate of Incorporation only those matters set forth in the Restated Certificate of Incorporation with respect to the Series 11 Class K Convertible Preferred Stock, the Series 12 Class L Convertible Preferred Stock, and the Series 13 Class M

Convertible Preferred Stock

IN WITNESS WHEREOF, this Certificate of Elimination has been executed this 10th day of August, 1999, by the President of the Company.

ATTEST:

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

/s/ Richard T. Kelecy
Richard T. Kelecy, Secretary
(SEAL)

By /s/ Louis Centofanti
Dr. Louis F. Centofanti, President

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 10:00 AM 06/14/2001
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**CERTIFICATE OF DESIGNATIONS
OF SERIES 17 CLASS Q CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 17 Class Q Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 17 Class Q Convertible Preferred Stock as set forth in the attached resolutions.

Dated: May 25, 2001.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By /s/ Louis Centofanti
Dr. Louis F. Centofanti

ATTEST:

/s/ Richard T. Kelecy

Richard T. Kelecy, Secretary

**PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")**

RESOLUTION OF THE BOARD OF DIRECTORS

**FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 17 CLASS Q CONVERTIBLE PREFERRED STOCK**

RE: DESIGNATION OF SERIES 17 CLASS Q CONVERTIBLE PREFERRED STOCK.

RESOLVED: That the designations, powers, preferences and rights of the Series 17 Class Q Convertible Preferred Stock be, and they hereby are, as set forth below:

**1. Designation, Number of Shares of Preferred Stock of Series 17 Class Q
Convertible
Preferred Stock and Dividends.**

The Corporation hereby authorizes the issuance of up to two thousand five hundred (2,500) shares of Series 17 Class Q Convertible Preferred Stock, par value \$.001 per share (the "Preferred Stock"). The holders of the Preferred Stock (individually, the "Holder," and collectively, the "Holders") are entitled to receive if, when and as declared by the Board of Directors of the Corporation (the "Board") out of funds legally available therefore, cumulative dividends at an annual dividend rate, based on a 365 day calendar year, of 5% of the Liquidation Value (as defined in Section 3 hereof) ("Dividend Rate") for each share of the Preferred Stock then issued and outstanding as of the acceptable declaration of such dividend, payable semiannually within ten (10) business days after each subsequent June 30th and December 31st (each a "Dividend Declaration Date"), and shall be payable in cash or shares of the Corporation's common stock, par value \$.001 per share ("Common Stock"), at the Corporation's option. The first Dividend Declaration Date shall be December 31st, 2001. Dividends shall be paid only with respect to the shares of Preferred Stock actually issued and outstanding on the Dividend Declaration Date and to Holders of record on the Dividend Declaration Date. Dividends shall accrue from the first day of the semi-annual dividend period in which such dividend may be payable, except with respect to the first semi-annual dividend which shall accrue from the date of the issuance of the Preferred Stock.

In the event that the Board elects to pay the accrued dividends due as of a Dividend

Declaration Date on the outstanding shares of Preferred Stock in Common Stock of the Corporation, the Holder of each share of Preferred Stock shall receive that number of shares of Common Stock equal to the product of (a) the quotient of (i) the Dividend Rate divided by (ii) the average of the average closing bid quotation of the Corporation's Common Stock as reported on the National Association of Securities Dealers Automated

-1-

Quotation system ("NASDAQ"), or if the Common Stock is not listed for trading on the NASDAQ but is listed for trading on a national securities exchange, the average closing price of the Common Stock as quoted on such national exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"), times (b) a fraction, the numerator of which is the number of days elapsed during the period for which the dividend is to be paid, and the denominator of which is 365. Dividends on the Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Corporation's Common Stock until all accrued and unpaid dividends on all outstanding shares of Preferred Stock shall have been paid or declared and set aside for payment.

2. Voting.

Except as provided under Section 242(2) of the Delaware General Corporation Law ("GCL"), the Preferred Stock shall not have any voting rights and the Holders of the Preferred Stock shall not have the right to vote on any matter. Notwithstanding the provisions of Section 242 of the GCL, the number of authorized shares of any class or classes of stock of the Corporation may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of the provisions of Section 242 of the GCL.

3. Liquidation.

In the event of a voluntary or involuntary dissolution, liquidation, or winding up of the Corporation, the Holders of the Preferred Stock shall be entitled to receive out of the assets of the Corporation legally available for distribution to holders of its capital stock, before any payment or distribution shall be made to holders of shares of Common Stock or any other class of stock ranking junior to the Preferred Stock, an amount per share of the Preferred Stock equal to \$1,000 (the "Liquidation Value"), plus any accrued and unpaid dividends on the Preferred Stock. If upon such liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, the assets to be distributed among the Holders of the Preferred Stock shall be insufficient to permit payment to the Holders of the Preferred Stock of the amount distributable as aforesaid, then the entire assets of the Corporation to be so distributed shall be distributed ratably among the Holders of the Preferred Stock and shares of such other classes or series ranking on a parity with the shares of the Preferred Stock in proportion to the full distributable amounts for which holders of all such parity shares are entitled upon such distribution, liquidation, or winding up. Upon any such liquidation, dissolution or winding up of the Corporation, after the Holders of Preferred Stock shall have been paid in full the amounts to which they shall be entitled, the remaining net assets of the Corporation may be distributed to the holders of stock ranking on liquidation junior to

the Preferred Stock and the Holders of the Preferred Stock shall have no right or claim to any of the remaining assets of the Corporation. Written notice of such liquidation, dissolution or winding up, stating a payment date, the amount of the liquidation payments and the place where said liquidation payments shall be payable, shall be given by mail, postage

-2-

prepaid or by telex or facsimile to non-U.S. residents, not less than 10 days prior to the payment date stated therein, to the Holders of record of the Preferred Stock, such notice to be addressed to each such Holder at its address as shown by the records of the Corporation. For purposes hereof, the shares of Common Stock shall rank on liquidation junior to the Preferred Stock.

4. Optional Conversion.

The Holders of shares of Preferred Stock shall have the following conversion rights to convert the shares of Preferred Stock into shares of Common Stock of the Corporation as follows:

(a) Intentionally left blank.

(b) Right to Convert; Conversion Price. Subject to the terms hereof, as used herein, the term Conversion Price per outstanding share of Preferred Stock shall be One Dollar and 50/100 (\$1.50). If any of the outstanding shares of Preferred Stock are converted, in whole or in part, into Common Stock pursuant to the terms of this Section 4, the number of shares of whole Common Stock to be issued as a result of such conversion shall be determined by dividing (a) the aggregate Liquidation Value of the Preferred Stock so surrendered for conversion by (b) the Conversion Price in effect on the date of that particular Conversion Notice relating to such conversion. At the time of conversion of shares of the Preferred Stock, the Corporation shall pay in cash to the Holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon on the shares of the Preferred Stock so converted to the date of the Conversion Notice relating to the shares of Preferred Stock so converted under such conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of shares of whole Common Stock which is equal to the quotient of the amount of such unpaid and accrued dividends to the date of the Conversion Notice relating to such conversion of the shares of Preferred Stock so converted divided by the Stock Dividend Price in effect at the date of the Conversion Notice relating to such conversion.

(c) Conversion Notice. The right of conversion shall be exercised by the Holder thereof by telecopying or faxing an executed and completed written notice signed by an authorized representative of the Holder ("Conversion Notice"), to the Corporation that the Holder elects to convert a specified number of shares of Preferred Stock representing a specified Liquidation Value thereof into shares of Common Stock and by delivering by express courier the certificate or certificates of Preferred Stock being converted to the Corporation at its principal office (or such other office or agency of the Corporation as the Corporation may designate by notice in writing to the Holders of the Preferred Stock). The business date indicated on a Conversion Notice which is telecopied to and received by the Corporation in accordance with the provisions hereof

shall be deemed a Conversion Date. The Conversion Notice shall include therein the Liquidation Value of the shares of Preferred Stock to be converted, and a calculation (a) of the Stock Dividend Price, (b) the Conversion Price, and (c) the number of shares of Common Stock to be issued in connection with such conversion. The Corporation shall have the right to review the calculations included in the Conversion Notice, and shall provide notice of any discrepancy or dispute therewith within five (5)

-3-

business days of the receipt thereof. The Holder shall deliver to the Corporation an original Conversion Notice and the original Preferred to be converted within three (3) business days from the date of the Conversion Notice.

(d) Issuance of Certificates - Time Conversion Effected. Promptly, but in no event more than fifteen (15) business days, after the receipt by facsimile of the Conversion Notice referred to in Section 4(c); and provided within the ten (10) business days the Corporation receives the certificate or certificates for the shares of Preferred Stock to be converted, the Corporation shall issue and deliver, or cause to be issued and delivered, to the Holder, registered in the name of the Holder, a certificate or certificates for the number of whole shares of Common Stock into which such shares of Preferred Stock are converted. Such conversion shall be deemed to have been effected as of the close of business on the date on which the telecopy or facsimile Conversion Notice shall have been received by the Corporation, and the rights of the Holder of such share or shares of Preferred Stock shall cease at such time, and the Holder or Holders shall be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby.

(e) Fractional Shares of Common Stock. No fractional shares of Common Stock shall be issued upon conversion of any Preferred Stock into shares of Common Stock. All fractional shares of Common Stock shall be aggregated and then rounded down to the nearest whole share of Common Stock. In case the number of shares of Preferred Stock represented by the certificate or certificates surrendered pursuant to this Section 4(e) exceeds the number of shares of Common Stock converted, the Corporation shall, upon such conversion, execute and deliver to the Holder, at the expense of the Corporation, a new certificate or certificates for the number of shares of Preferred Stock represented by the certificate or certificates surrendered which are not to be converted.

(f) Merger or Consolidation. In case of either (a) any merger or consolidation to which the Corporation is a party (collectively, the "Merger"), other than a Merger in which the Corporation is the surviving or continuing corporation, or (b) any sale or conveyance to another corporation of all, or substantially all, of the assets of the Corporation (collectively, the "Sale"), and such Merger or Sale becomes effective while any shares of Preferred Stock are outstanding and prior to the date that the Corporation's Registration Statement covering all the Conversion Shares is declared effective by the U. S. Securities and Exchange Commission ("SEC"), the Corporation or such successor corporation as the case may be, shall make appropriate provision so that the Holder of each share of Preferred Stock then outstanding shall have the right to convert such share of Preferred Stock into the kind and amount of shares of stock or other securities and property receivable upon such Merger or Sale by a holder of the

number of shares of Common Stock into which such shares of Preferred Stock could have been converted into immediately prior to such Merger or Sale, subject to adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 4.

(g) Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock. If the Corporation, at any time or from time to time while shares of Preferred Stock are issued and outstanding, shall declare or pay, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of

-4-

shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

(h) Adjustments for Reclassification and Reorganization. If the Common Stock issuable upon conversion of the Preferred Stock shall be changed into the same or a different number of shares of common stock of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination or shares of Common Stock provided for in Section 5(g) hereof), the Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the Holders of Preferred Stock would otherwise have been entitled to receive, a number of shares of common stock of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the Holders upon conversion of the Preferred Stock immediately before that change.

(i) Other Adjustments to Conversion Price. Except as provided in subsection 4(j), if, after the Closing Date and during the period that any of the Preferred Stock is issued and outstanding, the Corporation shall sell (a) any shares of Common Stock for a consideration per share less than the Conversion Price in effect immediately prior to such sale, or (b) any rights, warrants or other securities entitling the holders thereof to convert such securities into Common Stock at a price per share (determined by dividing (i) the total amount, if any, received or receivable by the Corporation in consideration of the sale of such rights, warrants or other securities plus the total amount, if any, payable to the Corporation upon exercise or conversion thereof by (ii) the number of additional shares of Common Stock issuable upon exercise or conversion of such securities) which is less than the Conversion Price in effect on the date of such sale, the Conversion Price shall be adjusted as of the date of such sale to the amount per share received and to be received by the Corporation in connection with such sale, conversion and exercise as determined above. The Holders may, if approved by the Holders of record representing a majority of the then issued and outstanding shares of Preferred Stock, waive their rights to any adjustment to the Conversion Price in

connection with a particular sale covered by this Section 4(i), and, in the event of such waiver, no adjustment to the Conversion Price shall be made under this Section 4(i) as a result of such sale.

(j) No Adjustments. No adjustment in the Conversion Price shall be required in the case of (i) the grant by the Corporation of stock options to employees of the Corporation under a Stock Option Plan approved by the stockholders of the Company or (ii) the issuance of shares of Common Stock upon the exercise of stock options (a) referred to in clause (i) hereof and (b) granted by the Corporation which grant had triggered an adjustment in the Conversion Price.

-5-

5. Redemption.

(a) Redemption at Corporation's Option. Except as otherwise provided in this Section 5, at any time, and from time to time, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, at any time, and from time to time the then outstanding Preferred Stock at the following cash redemption prices if redeemed during the following periods: (i) within twelve (12) months from June 1, 2001 - \$1,100 per share, and (ii) after June 1, 2002 - \$1,200 per share (as applicable, the redemption price of \$1,100 or \$1,200 is referred to herein as the "Redemption Price").

(b) Mechanics of Redemption. Prior to any date stipulated by the Corporation for the redemption of Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each Holder of record on such notice date of the Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Preferred Stock to be redeemed from such Holder, and (iv) instructions as to how to specify to the Corporation the number of Preferred Stock to be redeemed as provided in this Section 5.

(c) Rights of Conversion Upon Redemption. If the redemption occurs, then, upon receipt of the Redemption Notice, any Holder of Preferred Stock shall have five business days during which it may exercise the option, at its sole election, to specify what portion of its Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Section 5 or converted into Common Stock in the manner provided in Section 4 hereof.

(d) Surrender of Certificates. On or before the Redemption Date in respect of any Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose

names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

(e) **Payment.** On the Redemption Date in respect of any Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Preferred Stock into Common Stock), with

-6-

irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption Price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

6. Assignment.

Subject to all applicable restrictions on transfer, the rights and obligations of the Corporation and the Holder of the Preferred Stock shall be binding upon and benefit the successors, assigns, heirs, administrators, and transferees of the parties.

7. Shares of Common Stock to be Reserved.

The Corporation, upon the effective date of this Certificate of Designations, has a sufficient number of shares of Common Stock available to reserve for issuance upon the conversion of all outstanding shares of Preferred Stock, pursuant to the terms and conditions set forth in Section 4. The Corporation will at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the conversion of Preferred Stock, as herein provided, such number of shares of Common Stock as shall then be issuable upon the conversion of all outstanding shares of Preferred Stock. The Corporation covenants that all shares of Common Stock which shall be so issued shall be duly and validly issued, fully paid and non assessable. The Corporation will take such action as may be required, if the total number of shares of Common Stock issued and issuable after such action upon conversion of the Preferred Stock would exceed the total number of shares of Common Stock then authorized by the Corporation's Certificate of Incorporation, as amended, in order to increase the number of shares of Common Stock to permit the Corporation to issue the number of shares of Common Stock required to effect conversion of the Preferred Stock, and exercise of the Warrants, to a number sufficient to permit conversion of the Preferred Stock.

8. No Reissuance of Preferred Stock.

Shares of Preferred Stock which are converted into shares of Common Stock as provided herein shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of preferred stock hereafter created.

-7-

9. Closing of Books.

The Corporation will at no time close its transfer books against the transfer of any Preferred Stock or of any shares of Common Stock issued or issuable upon the conversion of any shares of Common Stock of Preferred Stock in any manner which interferes with the timely conversion of such Preferred Stock, except as may otherwise be required to comply with applicable securities laws.

10. No Preemptive Rights.

The Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

11. Definition of Shares.

As used in this Certificate of Designations, the term "shares of Common Stock" shall mean and include the Corporation's authorized common stock, par value \$.001, as constituted on the date of filing of these terms of the Preferred Stock, or in case of any reorganization, reclassification, or stock split of the outstanding shares of Common Stock thereof, the stock, securities or assets provided for hereof.

The said determination of the designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, relating to the Preferred Stock was duly made by the Board of Directors pursuant to the provisions of the Corporation's Restated Certificate of Incorporation and in accordance with the provisions of the Delaware General Corporation Law.

-8-

**CERTIFICATE OF ELIMINATION
OF
SERIES 14 CLASS N CONVERTIBLE PREFERRED STOCK
AND
SERIES 15 CLASS O CONVERTIBLE PREFERRED STOCK
AND
SERIES 16 CLASS P CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies the following:

1. That the Certificate of Designations of Series 14 Class N Convertible Preferred Stock, par value \$.001 per share, of the Corporation (the "Series 14 Preferred") was filed with the Delaware Secretary of State on August 10, 1999 (the "Series 14 Certificate of Designations").
2. That a portion of the outstanding shares of the Series 14 Preferred have been converted into common stock of the Corporation and all of the remaining balance have been delivered to the Company and exchanged pursuant to an agreement with the holder thereof in accordance with the terms and conditions of a certain Conversion and Exchange Agreement between the Company and RBB Bank Aktiengesellschaft, dated as of May 25, 2001 ("Exchange Agreement").
3. That no shares of Series 14 Preferred remain outstanding.
4. That all shares of the Series 14 Preferred which have been exchanged have the status of authorized and unissued shares of the preferred stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.
5. That effective May 25, 2001, the Board of Directors of the Company duly adopted the following resolutions:

RESOLVED, that upon completion of the conversion and exchange with
the
holder of the Series 14 Class N Convertible Preferred Stock, no authorized
shares of Series 14 Class N Convertible Preferred Stock will remain
outstanding and no shares of Series 14 Class N Convertible Preferred
Stock
will be issued subject to the Certificate of Designations previously filed with
respect to the Series 14 Class N Convertible Preferred Stock.

the
to
Convertible

FURTHER RESOLVED, that upon completion of the exchange, the officers of the Company are hereby authorized and directed, for and on behalf of the Company, to execute and deliver an appropriate Certificate of Elimination to the Secretary of State of Delaware regarding the Series 14 Class N Preferred Stock.

6. That the Certificate of Designations of the Series 15 Class O Convertible Preferred Stock, par value \$.001 per share, of the Corporation (the "Series 15 Preferred") was filed on August 10, 1999 (the "Series 15 Certificate of Designations").

7. That all outstanding shares of the Series 15 Preferred have been delivered to the Company and exchanged pursuant to the Exchange Agreement.

8. That no shares of Series 15 Preferred remain outstanding.

9. That all shares of the Series 15 Preferred which have been exchanged have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.

10. That effective May 25, 2001, the Board of Directors of the Company duly adopted the following resolutions:

Series 15
Class O
15
of
Convertible

RESOLVED, that upon completion of the exchange with the holder of the Series 15 Class O Convertible Preferred Stock no authorized shares of Series 15 Convertible Preferred Stock will remain outstanding and no shares of Series 15 Class O Convertible Preferred Stock will be issued subject to the Certificate of Designations previously filed with respect to the Series 15 Class O Preferred Stock.

of
the

FURTHER RESOLVED, that upon completion of the exchange, the officers of the Company are hereby authorized and directed, for and on behalf of the Company, to execute and deliver an appropriate Certificate of Elimination to the Secretary of State of Delaware regarding the Series 15 Class O Convertible Preferred Stock.

11. That the Certificate of Designations of the Series 16 Class P Convertible Preferred Stock, par value \$.001 per share, of the Corporation (the "Series 16 Preferred") was filed on August 10, 1999 (the "Series 16 Certificate of Designations").

12. That all outstanding shares of the Series 16 Preferred have been delivered to the Company and exchanged pursuant to the Exchange Agreement.

13. That no shares of Series 16 Preferred remain outstanding.

14. That all shares of the Series 16 Preferred which have been exchanged have the status of authorized and unissued shares of the Preferred Stock of the Corporation without designation as to series, until such shares are once more designated as part of a particular series by the Board of Directors.

15. That effective May 25, 2001, the Board of Directors of the Company duly adopted the following resolutions:

RESOLVED, that upon completion of the exchange with the holder of the Series 16 Class P Convertible Preferred Stock, no authorized shares of Series 16 Class P Convertible Preferred Stock will remain outstanding and no shares of Series 16 Class P Convertible Preferred Stock will be issued subject to the Certificate of Designations previously filed with respect to the Series 16 Class P Convertible Preferred Stock.

FURTHER RESOLVED, that upon completion of the exchange, the officers of the Company are hereby authorized and directed, for and on behalf of the Company, to execute and deliver an appropriate Certificate of Elimination to the Secretary of State of Delaware regarding the Series 16 Class P Convertible Preferred Stock.

16. That pursuant to the provisions of Section 151(g) of the Delaware General Corporation Law, upon the effective date of the filing of this Certificate, this Certificate will have the effect of eliminating from the Restated Certificate of Incorporation only those matters set forth in the Restated Certificate of Incorporation with respect to the Series 14 Class N Convertible Preferred Stock, the Series 15 Class O Convertible Preferred Stock, and the Series 16 Class P Convertible Preferred Stock

IN WITNESS WHEREOF, this Certificate of Elimination has been executed this 25th day of May, 2001, by the President of the Company.

ATTEST:

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

/s/ Richard T. Kelecyc
Richard T. Kelecyc, Secretary
President

By: /s/ Louis Centofanti
Dr. Louis F. Centofanti,

(SEAL)

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "PERMA-FIX ENVIRONMENTAL SERVICES, INC.," FILED IN THIS OFFICE ON THE TWENTIETH DAY OF JUNE, A.D. 2002, AT 10 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

Windsor

Secretary of State

2249849 8100
1842415

020398062
06-20-02

/s/ Harriet Smith

Harriet Smith Windsor,

AUTHENTICATION:

DATE:

**CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION,
AS AMENDED,
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

Perma-Fix Environmental Services, Inc., a Delaware corporation (the "Corporation"), for purposes of amending its Restated Certificate of Incorporation, as amended, filed January 7, 1997 ("Restated Certificate of Incorporation"), as provided by Section 242 of the Delaware General Corporation Law, does hereby certify:

1. The amendment set forth below to the Restated Certificate of Incorporation was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware:

The first paragraph of Article Fourth of the Corporation's Restated Certificate of Incorporation, as amended, is hereby deleted and replaced in its entirety by the following:

FOURTH: The total number of shares of capital stock that the Corporation shall have authority to issue is 77,000,000, of which 75,000,000 shall be designated as common stock, par value \$.001 per share ("Common Stock"), and 2,000,000 shall be designated as preferred stock, par value \$.001 per share ("Preferred Stock").

2. Only the first paragraph of Article Fourth is amended by this Amendment, and the remainder of Article Fourth shall remain in full force and effect. No other provision, paragraph or article of the Restated Certificate of Incorporation is amended or changed by this Amendment. The Restated Certificate of Incorporation, as expressly amended by paragraph 1 of this Amendment, shall be in full force and effect.

3. The Board of Directors, on March 13, 2002, unanimously adopted the foregoing proposed amendment to the first paragraph of Article Fourth of the Restated Certificate of Incorporation declared such amendment to be advisable, and set a Special Meeting of Stockholders for consideration thereof. A Special Meeting of Stockholders was duly called and held on June 14, 2002, at which meeting the necessary number of shares as required by law and the Restated Certificate of Incorporation were voted in favor of such amendment.

IN WITNESS whereof, Perma-Fix Environmental Services, Inc. has caused this Certificate

of Amendment to be signed and attested to by its duly authorized officers as of this 19th day of June, 2002.

Perma-Fix Environmental Services, Inc.,
a Delaware corporation

By: /s/ Richard T. Kelecy
Richard T. Kelecy,
Vice President and Chief Financial
Officer

AMENDMENT NO. 1

TO

REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT

THIS AMENDMENT NO. 1 ("Amendment") is entered into as of June 10, 2002 by and among PERMA-FIX ENVIRONMENTAL SERVICES, INC., a corporation organized under the laws of the State of Delaware ("Borrower,"), PNC BANK, NATIONAL ASSOCIATION ("PNC"), the various other financial institutions (together with PNC, collectively the "Lenders") named in or which hereafter become a party to the Loan Agreement (as hereafter defined) and PNC as agent for Lenders (in such capacity, "Agent") and as Issuing Bank.

BACKGROUND

Borrower, Agent and Lenders are parties to a Revolving Credit, Term Loan and Security Agreement dated as of December 22, 2000 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") pursuant to which Lenders provides Borrower with certain financial accommodations.

Borrower has requested that Lenders amend certain provisions of the Loan Agreement and Agent, on behalf of Lenders is willing to do so on the terms and conditions hereafter set forth.

NOW, THEREFORE, in consideration of any loan or advance or grant of credit heretofore or hereafter made to or for the account of Borrower by Lenders, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

2. Amendment to Loan Agreement. Subject to satisfaction of the conditions precedent set forth in Section 3 below, the Loan Agreement is hereby amended as follows:

(a) Section 1.2 of the Loan Agreement is hereby amended by inserting the following defined terms in their appropriate alphabetical order:

"Amendment No. 1" shall mean Amendment No. 1 to Revolving Credit, Term Loan and Security Agreement dated as of June 10, 2002.

"Amendment No. 1 Effective Date" shall mean the date when the conditions of effectiveness set forth in Section 3 of Amendment No. 1 have been met to Agent's satisfaction.

"Amortizing Availability" shall mean \$4,000,000, less \$66,666.67, on the fifteenth day of each month commencing with July 15, 2002 and reducing to \$0 upon the end of the Term. In the event (x) any

Equipment of East Tennessee Materials & Energy Corporation is sold on or after the Amendment No. 1 Effective Date, the Amortizing Availability shall be further reduced by the greater of (i) 75% of the fair market value of such Equipment or (ii) 45% of the liquidation in place value of such Equipment, in each case as set forth in the appraisal dated March 2, 2002 conducted by Marshall and Stevens Valuation Consulting, or (y) the face amount of the Standby UC is reduced by an amendment thereto, then the Amortizing Availability shall be reduced (but not increased) to the amended face amount and the monthly amortization amount shall be the quotient obtained by dividing (1) the amended face amount of the Standby L/C by (2) the number of months remaining from the date of such reduction until June 15, 2007 (the intent being that the revised Amortizing Availability would be reduced to \$0 by June 15, 2007 in equal monthly amounts if the Term was extended to such date).

"Revised Article 9" shall mean Revised Article 9 of UCC.

"Standby UC" shall mean a standby letter of credit in the original face amount of \$4,000,000, which secures surety bond obligations which Borrower is required to cause to be issued.

"UCC" shall mean the Uniform Commercial Code as adopted in the State of New York.

(b) Section 1.2 of the Loan Agreement is hereby amended by amending the following defined terms to provide as follows:

"Collateral" shall mean and include all of the following assets, properties, rights and interests of each Credit Party, whether now owned and existing or hereafter arising, acquired or created, and wherever located:

- (a) all Receivables;
- (b) all Equipment;
- (c) all General Intangibles;
- (d) all Inventory;
- (e) all Investment Property;
- (f) all Real Property and fixtures and improvements, including Leasehold Interests;
- (g) all Subsidiary Stock as listed on Schedule 1.2(b);
- (h) any and all balances, credits, deposits, accounts or moneys of or in such Person's name in the possession or control of, or in transit to, Agent or any other financial institution (including, without limitation,

instruments and accounts in which such sums are invested from time to time);

- (j) all of such Person's right, title and interest in and to (i) its respective goods and other property including, but not limited to, all merchandise returned or rejected by Customers, relating to or securing any of the Receivables; (ii) all of such Person's rights as a consignor, a consignee, an unpaid vendor, mechanic, artisan, or other lienor, including stoppage in transit, setoff, detinue, replevin, reclamation and repurchase; (iii) all additional amounts due to such Person from any Customer relating to the Receivables; (iv) other property, including warranty claims, relating to any goods securing this Agreement; (v) all of such Person's contract rights, rights of payment that have been earned under a contract right, instruments (including promissory notes), documents, chattel paper (including electronic chattel paper), warehouse receipts, deposit accounts, letters of credit (whether or not such Person, as beneficiary, has demanded or is entitled to demand payment or performance thereof), Investment Property and money; (vi) all commercial tort claims (as defined under Revised Article 9) (whether now existing or hereafter arising); (vii) all real and personal Property of third parties in which such Person has been granted a lien or security interest as security for the payment or enforcement of Receivables; and (viii) any other goods, personal property or real property now owned or hereafter acquired in which such Person has expressly granted a security interest or may in the future grant a security interest to Agent hereunder, or in any amendment or supplement hereto or thereto, or under any other agreement between Agent and such Person;
- (j) all of such Person's ledger sheets, ledger cards, files, correspondence, records, books of account, business papers, computers, computer software (owned by such Person or in which it has an interest), computer programs, tapes, disks and documents relating to (a), (b), (c), (d), (e), (f), (g), (h) or (i) of this Paragraph; and
- (k) all proceeds and products of (a), (b), (c), (d), (c), (f), (g), (h), (i) and j) in whatever form, including, but not limited to: cash, deposit accounts (whether or not comprised solely of proceeds), certificates of deposit, insurance proceeds (including hazard, flood and credit insurance), negotiable instruments and other instruments for the payment of money, chattel paper, security agreements, documents, eminent domain proceeds, condemnation proceeds and tort claim proceeds

intangibles, whether now owned or hereafter acquired including, without limitation, all payment intangibles, all choses in action, causes of action, corporate or other business records, inventions, designs, patents, patent applications, equipment formulations, manufacturing procedures, quality control procedures, trademarks, trademark applications, service marks, trade secrets, goodwill, copyrights, design - - rights, permits, software, computer information, source codes, object codes, records and dates, registrations, licenses, franchises, customer lists, tax refunds, tax refund claims, computer programs, all claims under guaranties, security interests or other security held by or granted to Borrower to secure payment of any of the Receivables by a Customer (other than to the extent covered by Receivables), all other intellectual property or proprietary rights, all rights of indemnification and all other intangible Property of every kind and nature (other than Receivables).

"Inventory" shall mean and include all of each Credit Party's now owned or hereafter acquired goods, merchandise and other personal property, wherever located, to be furnished under any consignment arrangement, contract of service or held for sale or lease, all raw materials, work in process, finished goods and materials and supplies of any kind, nature or description which are or might be used or consumed in any Credit Party's business or used in selling or furnishing such goods, merchandise and other personal property, and all documents of title or other documents representing them.

"L/C Commitment" means the commitment of the Issuing Bank to Issue, and the commitment of the Lenders severally to participate in, Letters of Credit from time to time Issued or outstanding as provided herein, in an aggregate amount not to exceed on any date the sum of \$4,500,000, less any reduction to the face amount of the Standby UC; provided that the L/C Commitment is part of the Revolving Commitment Facility, rather than a separate independent commitment.

"Letter of Credit" means any commercial documentary Letter of Credit issued by the Issuing Bank pursuant to Section 2.14 as well as the Standby L/C.

"Receivables" shall mean and include, as to any Credit Party, all of such Credit Party's accounts, contract rights, instruments (including those evidencing indebtedness owed to such Credit Party by its Affiliates), documents, chattel paper (including electronic chattel paper), general intangibles relating to accounts, drafts and acceptances, credit card receivables and all other forms of obligations owing to such Credit Party arising out of or in connection with the sale or lease of Inventory or the rendition of services pursuant to term contracts or otherwise or the licensing of any general intangible rights, all supporting obligations, guarantees and other security therefor, whether secured or unsecured, now existing or hereafter created, and whether or not specifically sold or assigned to Agent hereunder.

(c) Section 1.3 of the Loan Agreement is hereby amended by inserting the following sentence at the end thereof to provide as follows:

"To the extent the definition of any category or type of Collateral is expanded by any amendment, modification or revision to Revised Article 9, such expanded definition will apply automatically as of the date of such amendment, modification or revision."

(d) Section 2.2(a)(y) of the Loan Agreement is hereby amended in its entirety to provide as follows:

"(y) an amount up to the sum (without duplication) of (i) up to 85% of Commercial Receivables aged 60 days or less from invoice date, (ii) up to 85% of Commercial Broker Receivables aged up to 90 days from the due date, up to 120 days from invoice date, (iii) up to 85% of Acceptable Government Agency Receivables aged 60 days or less from the due date, UP to 150 days from invoice date, (iv) up to 50% of Acceptable Unbilled Amounts aged 60 days (the foregoing applicable percentages being referred to as the "Advance Rates") subject, in each case, to clause (b) of the definition of "Eligible Receivables," and (v) Amortizing Availability, minus (vi) such reserves as Agent may reasonably deem proper and necessary from time to time. The amount determined pursuant to this Section 2.2(a)(y) at any time and from time to time shall be referred to as the "Formula Amount." For purposes of this Section 2.2, reserves shall include all L/C Obligations from time to time outstanding.

(e) Section 2.14(i)(i) of the Loan Agreement is hereby amended by amending the first sentence thereof in its entirety to provide as follows:

"Borrower shall pay to the Agent for the account of the Lenders a letter of credit fee (x) with respect to the Letters of Credit (other than the Standby UC) equal to the rate per annum equal to three percent (3%) per annum, and (y) with respect to the Standby L/C equal to the rate per annum equal to four percent (4%) per annum, in each case calculated on the average daily maximum amount available to be drawn of the outstanding Letters of Credit (other than the Standby L/C) with respect to clause (x) and of the Standby L/C with respect to clause (y) (each of which rates shall be increased by 2% per annum at any time when an Event of Default shall have occurred and be continuing), computed on a quarterly basis in arrears on the last Business Day of each calendar quarter based upon the applicable Letters of Credit outstanding for that quarter as calculated by Agent, such computation be made on the basis of actual days elapsed in a 360-day year."

(f) Section 4.1 of the Loan Agreement is hereby amended by inserting a new sentence at the end thereof to provide as follows:

"Borrower shall promptly provide Agent with written notice of all commercial tort claims, such notice to contain the case title

together with the applicable court and a brief description of the claim(s). Upon delivery each such notice, Borrower shall be deemed to hereby grant to Agent, for its benefit and for the ratable benefit of the Lenders, a security interest and lien in and to such commercial tort claims and all proceeds thereof."

(g) A new subsection is hereby added to Article 4 at the end thereof to provide as follows:

"4.22. Filing, of Financing Statements. By its signature hereto, Borrower, hereby authorizes Agent to file against Borrower, one or more initial financing, continuation or amendment statements pursuant to the UCC in m and substance satisfactory to Agent that (a) indicate the Collateral (i) all assets of Borrower or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Revised Article 9, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Revised Article 9 for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether Borrower is an organization, the type of organization and any organization identification number issued to Borrower, and (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates.

(h) Section 5.2 of the Loan Agreement is hereby amended by inserting the following subsection at the conclusion thereof:

"(c) Each Credit Party's (i) organizational identification number issued by each Credit Party's state of incorporation or organization or a statement that no such number has been issued and (ii) federal tax identification number, are listed on Schedule 5.2(c)."

(i) Section 7. 1 (a) of the Loan Agreement is hereby amended by inserting the following sentence at the end thereof:

Without limiting the foregoing, no Credit Party shall reincorporate or organize itself under the laws of any jurisdiction other than the laws of state of organization as of the date hereof without the prior written consent of Agent."

(j) Section I7.1 of the Loan Agreement is hereby amended by deleting the phrase "five (5) days" appearing therein and inserting the phrase "ten (10) days" in substitution therefor.

3. Conditions of Effectiveness. This Amendment shall become effective upon satisfaction of the following conditions precedent: Agent shall have received (i) four (4) copies of this Amendment executed by Borrower and consented and agreed to by Guarantors, (ii) four copies of an Amendment No. 1 to Secured Subsidiaries Guaranty dated as of the date of this Amendment among Agent and Subsidiary, (iii) an amendment fee of \$50,000 (which fee shall be charged to Borrower's Account), and (iv) such other

6

certificates, instruments, documents, agreements and opinions of counsel as may be required by Agent or its counsel, each of which shall be in form and substance satisfactory to Agent and its counsel.

4. Representations and Warranties. Borrower hereby represents and warrants as follows:

(a) This Amendment and the Loan Agreement, as amended hereby, constitute legal, valid and binding obligations of Borrower and are enforceable against Borrower in accordance with their respective terms.

(b) Upon the effectiveness of this Amendment, Borrower hereby reaffirms all covenants, representations and warranties made in the Loan Agreement to the extent the same are not amended hereby and agrees that all such covenants, representations and warranties shall be deemed to have been remade as of the effective date of this Amendment, except that such representations and warranties shall be qualified by the matters set forth on Schedule A attached hereto and made a part hereof

(c) No Event of Default or Default has occurred and is continuing or would exist after giving effect to this Amendment.

(d) Borrower has no defense, counterclaim or offset with respect to the Loan Agreement.

(e) Borrower is incorporated in the State of Delaware.

5. Effect on the Loan Agreement.

(a) Upon the effectiveness of Section 2 hereof, each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Loan Agreement as amended hereby.

(b) Except as specifically amended herein, the Loan Agreement, and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Agent or any Lender, nor constitute a waiver of any provision of the Loan Agreement, or any other documents, instruments or agreements executed and/or delivered under or in connection therewith.

6. Governing Law. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and shall be governed by and construed in accordance with the laws of the State of New York.

7

7. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

8. Counterparts. This Amendment may be executed by the parties hereto in one or more counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first written above.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By: /s/Richard T. Kelecy
Name: Richard T. Kelecy
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION, as
Agent and Lender

By: /s/Susanne Raschner
Name: Susanne Raschner
Title: Vice President

(SIGNATURES CONTINUED ON FOLLOWING PAGE)

8

CONSENTED AND AGREED TO:

SCHREIBER, YONLEY AND ASSOCIATES, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

PERMA-FIX TREATMENT SERVICES, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

PERMA-FIX, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

PERMA-FIX OF NEW MEXICO, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

PERMA-FIX OF FLORIDA, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

PERMA-FIX OF MEMPHIS, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

PERMA-FIX OF DAYTON, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

PERMA-FIX OF FT. LAUDERDALE, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

PERMA-FIX OF ORLANDO, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

PERMA-FIX OF SOUTH GEORGIA, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

PERMA-FIX OF MICHIGAN, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

DIVERSIFIED SCIENTIFIC SERVICES, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

INDUSTRIAL WASTE MANAGEMENT, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

MINTECH, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

RECLAMATION SYSTEMS, INC.

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

EAST TENNESSEE MATERIALS & ENERGY CORPORATION

By: /s/Richard T. Kelecy

Name: Richard T. Kelecy

Title: Vice President

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Perma-Fix Environmental Services, Inc. ("PESI") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Louis F. Centofanti, President and Chief Executive Officer of PESI, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of PESI.

 /s/ Louis Centofanti
Louis F. Centofanti
President and
Chief Executive Officer

August 14, 2002

This certification is made solely for purpose of 18 U.S.C. Section 1350 subject to the knowledge standard contained therein, and not for any other purpose.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Perma-Fix Environmental Services, Inc. ("PESI") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard T. Kelecy, Chief Financial Officer of PESI, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of PESI.

/s/ Richard T. Kelecy
Richard T. Kelecy
Chief Financial Officer

August 14, 2002

This certification is made solely for purpose of 18 U.S.C. Section 1350 subject to the knowledge standard contained therein, and not for any other purpose.