

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) March 17, 2011

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

1-11596

(Commission
File Number)

58-1954497

(IRS Employer
Identification No.)

8302 Dunwoody Place, Suite 250, Atlanta, Georgia

(Address of principal executive offices)

30350

(Zip Code)

Registrant's telephone number, including area code: (770) 587-9898

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

Section 5 – Corporate Governance and Management

Item 5.02 – Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Management Incentive Plans (“MIP”)

On March 17, 2011, the Company’s Compensation and Stock Option Committee (“Compensation Committee”) approved individual management incentive plans (“MIPs”) for Dr. Louis F. Centofanti, our Chief Executive Officer (“CEO”), and Ben Naccarato, our Chief Financial Officer (“CFO”). The MIPs are effective as of January 1, 2011. Each MIP provides guidelines for the calculation of annual cash incentive based compensation, subject to Compensation Committee oversight and modification. Each MIP awards cash compensation based on achievement of performance thresholds, with the amount of such compensation established as a percentage of base salary. The potential target performance compensation ranges from 50% to 87% or \$131,608 to \$230,315 of the 2011 base salary for the CEO and 25% to 44% or \$52,000 to \$91,000 of the 2011 base salary for the CFO.

On March 17, 2011, the Compensation Committee also approved an MIP for Mr. James Blankenhorn, who has entered into an agreement with the Company to become our Chief Operating Officer (“COO”) beginning in late May. The COO’s MIP is effective as of January 1, 2011; however, any payment under the MIP to the COO will be prorated based on the COO’s date of first employment. The potential target performance compensation ranges from 50% to 87% or \$71,458 to \$125,051 of the prorated 2011 base salary for the COO, assuming the COO begins employment on May 31, 2011.

Performance compensation is paid on or about 90 days after year-end, or sooner, based on finalization of our audited financial statements for 2011. If the MIP participant’s employment with the Company is voluntarily or involuntarily terminated prior to a regularly scheduled MIP compensation payment period, no MIP payment will be payable for and after such period. The Compensation Committee retains the right to modify, change or terminate each MIP and may adjust the various target amounts described below, at any time and for any reason.

Each MIP is briefly described below, and the descriptions are qualified by reference to the respective MIPs attached as exhibits to this report.

CEO MIP:

2011 CEO performance compensation is based upon meeting corporate financial pre-tax net income and revenue, health, safety, and environmental compliance objectives during fiscal year 2011 from our continuing operations. Of the total potential performance compensation, 55% is based on pre-tax net income goal, 15% on revenue goal, 15% on the number of health and safety claim incidents that occur during fiscal year 2011, and the remaining 15% on the number of notices alleging environmental, health or safety violations under our permits or licenses that occur during the fiscal year 2011. Each of the revenue and pre-tax net income components is based on our board approved revenue target and net income target. The 2011 target compensation for our CEO is as follows:

Annualized Base Pay:	\$ 263,218
Performance Incentive Compensation Target (at 100% of MIP):	\$ 131,608
Total Annual Target Compensation (at 100% of MIP):	\$ 394,826

CFO MIP:

The CFO's 2011 performance compensation is based upon achievement of pre-tax net income, administrative expense, financial oversight, centralization of accounting and information technology ("IT") functions objectives, as well as the Company's timely SEC filing of annual and quarterly reports and Form 8-Ks. Of the total potential performance compensation, 25% is based on achievement of pre-tax net income goals, 15% on maintaining or reducing our targeted administrative expense, 10% on the timeliness of the Company's annual, quarterly, and Form 8-K report filings with the Securities and Exchange Commission ("SEC"), 10% on financial oversight, 10% on compliance with the requirements of the Sarbanes-Oxley Act of 2002 ("SOX"), and 30% on accounting centralization and IT objectives. Each of the pre-tax net income and administrative expense component is based on our board approved 2011 net income target and administrative expense target. The 2011 target compensation for our CFO is as follows:

Annualized Base Pay:	\$ 208,000
Performance Incentive Compensation Target (at 100% of Plan):	\$ 52,000
Total Annual Target Compensation (at 100% of Plan):	\$ 260,000

COO MIP:

2011 COO performance compensation is based upon meeting corporate financial pre-tax net income and revenue, health, safety, and environmental compliance objectives during fiscal year 2011 from our continuing operations. Of the total potential performance compensation, 55% is based on pre-tax net income goal, 15% on revenue goal, 15% on the number of health and safety claim incidents that occur during fiscal year 2011, and the remaining 15% on the number of notices alleging environmental, health or safety violations under our permits or licenses that occur during the fiscal year 2011. Each of the revenue and pre-tax net income components is based on our board approved revenue target and net income target. The 2011 target compensation for the COO is as follows:

Annualized Base Pay:	\$ 245,000
Performance Incentive Compensation Target (at 100% of Plan):	\$ 122,500
Total Annual Target Compensation (at 100% of Plan):	\$ 367,500

Section 9 – Financial Statements and Exhibits

Item 9.01 – Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
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<u>10.1</u>	2011 Incentive Compensation Plan for Chief Executive Officer, effective January 1, 2011.
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<u>10.2</u>	2011 Incentive Compensation Plan for Chief Financial Officer, effective January 1, 2011.
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<u>10.3</u>	2011 Incentive Compensation Plan for Chief Operating Officer, effective January 1, 2011.
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SIGNATURES

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

Dated: March 23, 2011

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By: /s/ Ben Naccarato
Ben Naccarato
Vice President and
Chief Financial Officer

CHAIRMAN, CHIEF EXECUTIVE OFFICER AND PRESIDENT

Effective: January 1, 2011

CHAIRMAN, CHIEF EXECUTIVE OFFICER AND PRESIDENT

PURPOSE: To define the compensation plan for the Chairman, Chief Executive Officer and President.

SCOPE: Perma-Fix Environmental Services, Inc.

POLICY: The Compensation Plan is designed to retain, motivate and reward the incumbent to support and achieve the business, operating and financial objectives of Perma-Fix Environmental Services, Inc. (the “Company”).

BASE SALARY: The Base Salary indicated below is paid in equal periodic installments per the regularly scheduled payroll.

PERFORMANCE INCENTIVE COMPENSATION: Performance Incentive Compensation is available based on the Company’s financial results noted in Schedule A. Effective date of plan is January 1, 2011 and incentive will be for entire year. Performance incentive compensation will be paid on or about 90 days after year-end, or sooner, based on final Form 10-K financial statement.

SEPARATION: Upon voluntary or involuntary separation from the Company the employee will be paid the base salary due to the last day of employment. If employment is separated prior to the annual incentive compensation payment period as noted above, no incentive compensation is due to the incumbent.

ACKNOWLEDGEMENT: Payment of Performance Incentive Compensation of any type will be forfeited, unless the Human Resources Department has received a signed acknowledgement of receipt of the Compensation Plan prior to the applicable payment date.

INTERPRETATIONS: The Compensation Committee of the Board of Directors retains the right to modify, change or terminate the Compensation Plan at any time and for any reason. It also reserves the right to determine the final interpretation of any provision contained in the Compensation Plan and it reserves the right to modify or change the Revenue and Net Income Targets as defined herein in the event of the sale or disposition of any of the assets of the Company. While the plan is intended to represent all situations and circumstances, some issues may not easily be addressed. The Compensation Committee will endeavor to review all standard and non-standard issues related to the Compensation Plan and will provide quick interpretations that are in the best interest of the Company, its shareholders and the incumbent.

CHAIRMAN, CHIEF EXECUTIVE OFFICER AND PRESIDENT

Base Pay and Performance Incentive Compensation Targets

The compensation for the below named individual as follows:

Annualized Base Pay:	\$ 263,218
Performance Incentive Compensation Target (at 100% of Plan):	\$ 131,608
Total Annual Target Compensation (at 100% of Plan):	\$ 394,826

The Performance Incentive Compensation Target is based on the Schedule A below.

Target Objectives

	Weights	Performance Target Thresholds						
		85-100%	101-120%	121-130%	131-140%	141-150%	151-160%	161%+
Revenue	15%	19,741	23,690	25,664	27,638	29,612	31,586	34,547
Net Income	55%	72,385	86,862	94,100	101,339	108,577	115,816	126,674
Health & Safety	15%	19,741	23,690	25,664	27,638	29,612	31,586	34,547
Permit & License Violations	15%	19,741	23,690	25,664	27,638	29,612	31,586	34,547
Unbilled Receivables	* If criteria (Item #5) for reducing unbilled AR are not met bonus will be reduced by 15%							
		131,608	157,932	171,092	184,253	197,413	210,574	230,315

- Revenue is defined as the total consolidated third party top line revenue from continuing operations as publicly reported in the Company's financial statements. The percentage achieved is determined by comparing the actual consolidated revenue from continuing operations to the Board approved Revenue Target from continuing operations, which is \$99,993,000. The Board reserves the right to modify or change the Revenue Targets as defined herein in the event of the sale or disposition of any of the assets of the Company or in the event of an acquisition.
- Net Income is defined as the total consolidated pre-tax net income from continuing operations as publicly reported in the Company's financial statements. The net income will include all subsidiaries, corporate charges, and dividends from continuing operations. The percentage achieved is determined by comparing the actual pre-tax net income to the Board approved Net Income Target, which is \$6,269,000. The Board reserves the right to make adjustments to Net Income Target so as not to penalize the employee for actions in the current year which will contribute to net income in future years and it reserves the right to modify or change the Net Income Targets as defined herein in the event of the sale or disposition of any of the assets of the Company or in the event of an acquisition. The Board further reserves the right to adjust Net Income Target to reflect charges resulting from the vesting of incentive stock options.
- The Health and Safety Incentive Target is based upon the actual number of Worker's Compensation Lost Time Accidents, as provided by the Company's Worker's Compensation carrier. The Corporate Treasurer will submit a report on a quarterly basis documenting and confirming the number of Worker's Compensation Lost Time Accidents, supported by the AIG Worker's Compensation Loss Report. Such claims will be identified on the loss report as "indemnity claims." The following number of Worker's Compensation Lost Time Accidents and corresponding Performance Target Thresholds has been established for the annual Incentive Compensation Plan calculation for 2011.

Work Comp. Claim Number	Performance Target
7	85% - 100%
6	101% - 120%
5	121% - 130%
4	131% - 140%
3	141% - 150%
2	151% - 160%
1	161% Plus

- 4) Permits or License Violations incentive is earned/determined according to the scale set forth below: An “official notice of non-compliance” is defined as an official communication from a local, state, or federal regulatory authority alleging one or more violations of an otherwise applicable Environmental, Health or Safety requirement or permit provision, which results in a facility’s implementation of corrective action(s).

Permit and License Violations	Performance Target
7	85% - 100%
6	101% - 120%
5	121% - 130%
4	131% - 140%
3	141% - 150%
2	151% - 160%
1	161% Plus

- 5) Unbilled trade receivables is the amount of unbilled reported per 10Q or 10K combining both the long term and current portion of unbilled. Unbilled trade receivable balances older than 12/31/08 should be reduced by \$2.987 million from \$3,318,000 as of 12/31/10 to \$331,000 by 12/31/11.
- 6) No performance incentive compensation will be payable for achieving the health and safety and permit and license violation targets unless a minimum of 70% of the Net Income Target is achieved.
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Performance Incentive Compensation Payment

Effective date of plan is January 1, 2011 and incentive will be for entire year. Performance incentive compensation will be paid on or about 90 days after year-end, or sooner, based on final Form 10-K financial statement.

ACKNOWLEDGMENT:

I acknowledge receipt of the aforementioned Chairman, Chief Executive Officer and President 2011 - Compensation Plan. I have read and understand and accept employment under the terms and conditions set forth therein.

/s/ Louis Centofanti
/S/ Dr. Louis Centofanti

3/22/2011
Date

/s/Mark Zwecker
/S/ Board of Directors

3/22/2011
Date

VICE PRESIDENT, CHIEF FINANCIAL OFFICER

Effective: January 1, 2011

VICE PRESIDENT, CHIEF FINANCIAL OFFICER

PURPOSE: To define the compensation plan for the Vice President, Chief Financial Officer.

SCOPE: Perma-Fix Environmental Services, Inc.

POLICY: The Vice President, Chief Financial Officer Compensation Plan is designed to retain, motivate and reward the incumbent to support and achieve the business, operating and financial objectives of Perma-Fix Environmental Services, Inc (the “Company”).

BASE SALARY: The Base Salary indicated below is paid in equal periodic installments per the regularly scheduled payroll.

PERFORMANCE INCENTIVE COMPENSATION: Performance Incentive Compensation is available based on the Company’s financial results noted in Schedule A. Effective date of plan is January 1, 2011 and incentive will be for entire year. Performance incentive compensation will be paid on or about 90 days after year-end, or sooner, based on final 10-K financial statement.

SEPARATION: Upon voluntary or involuntary separation from the Company the employee will be paid the base salary due to the last day of employment. If employment is separated prior to the annual incentive compensation payment period as noted above, no incentive compensation is due to the incumbent.

ACKNOWLEDGEMENT: Payment of Performance Incentive Compensation of any type will be forfeited, unless the Human Resources Department has received a signed acknowledgement of receipt of the Compensation Plan prior to the applicable payment date.

INTERPRETATIONS: The Compensation Committee of the Board of Directors retains the right to modify, change or terminate the Compensation Plan at any time and for any reason. It also reserves the right to determine the final interpretation of any provision contained in the Compensation Plan and it reserves the right to modify or change the Net Income Target or other applicable targets as defined herein in the event of the sale or disposition of any of the assets of the Company. While the plan is intended to represent all situations and circumstances, some issues may not easily be addressed. The Compensation Committee will endeavor to review all standard and non-standard issues related to the Compensation Plan and will provide quick interpretations that are in the best interest of the Company, its shareholders and the incumbent.

VICE PRESIDENT, CHIEF FINANCIAL OFFICER

Base Pay and Performance Incentive Compensation Targets

The compensation for the below named individual as follows:

Annualized Base Pay:	\$ 208,000
Performance Incentive Compensation Target (at 100% of Plan):	52,000
Total Annual Target Compensation (at 100% of Plan):	\$ 260,000

The Performance Incentive Compensation Target is based on the Schedule A below.

Target Objectives

	Weights	Performance Target Thresholds						
		100%+	98-99%	96-97%	94-95%	92-93%	90-91%	88-89%
Administrative	15%	7,800	9,360	9,751	10,531	11,700	12,480	13,650

	Weights	Performance Target Thresholds						
		85-100%	101-120%	121-130%	131-140%	141-150%	151-160%	161%+
Net Income	25%	13,000	15,600	16,900	18,200	19,500	20,800	22,750
Accounting	10%	5,200	6,240	6,760	7,280	7,800	8,320	9,100
Accounts Receivable	10%	5,200	6,240	6,760	7,280	7,800	8,320	9,100
SOX Compliance	10%	5,200	6,240	6,760	7,280	7,800	8,320	9,100
Centralization & IT Objectives	30%	15,600	18,720	20,280	21,840	23,400	24,960	27,300
Unbilled Receivables	* If criteria (Item #7) for reducing unbilled AR are not met bonus will be reduced by 15%							
		52,000	62,400	67,211	72,411	78,000	83,200	91,000

- Administrative Expense is defined as the total consolidated administrative expenses from continuing operations as publicly reported in the Company's financial statements. Administrative expenses will be inclusive of all subsidiaries from continuing operations, and will exclude Marketing Expenses and Interest Expense. The Board reserves the right to make adjustments to Administrative expense Target so as not to penalize the employee for material unforeseen events outside of the employees responsibility and it reserves the right to modify or change the Administrative Expense Targets as defined herein, which is \$10,947,000 in the event of the sale or disposition of any of the assets of the Company or in the event of an acquisition. The Board further reserves the right to adjust Administrative Expenses Target to reflect charges resulting from the vesting of incentive stock options.
- Net Income is defined as the total consolidated pre-tax net income from continuing operations as publicly reported in the Company's financial statements. The net income will include all subsidiaries, corporate charges, and dividends from continuing operations. The percentage achieved is determined by comparing the actual net income to the Board approved Net Income Target which is \$6,269,000. The Board reserves the right to make adjustments to Net Income so as not to penalize the employee for actions in the current year which will contribute to net income in future years and it reserves the right to modify or change the Net Income Targets as defined herein in the event of the sale or disposition of any of the assets of the Company or in the event of an acquisition. The Board further reserves the right to adjust Net Income Target to reflect charges resulting from the vesting of incentive stock options.

- 3) Accounting objective should focus on meeting filing deadlines such as Form 10-K, Form 10-Qs, Form 8-Ks and press releases with complete and accurate information.

SEC Filings	Performance Target
10-K – filed timely or	3%
10-K – extension	1.5%
1 st quarter 10-Q – filed timely or	2%
1 st quarter 10-Q – extension	1%
2 nd quarter 10-Q – filed timely or	2%
2 nd quarter 10-Q – extension	1%
3 rd quarter 10-Q – filed timely or	2%
3 rd quarter 10-Q - extension	1%
All 8-K's Filed	1%
Total Achievable	10%

- 4) Accounts Receivable (“AR”) objective should focus on achieving certain AR targets from continuing operations.

Accounts Receivable	Performance Target
25% or less of AR > than 60 days	5.0%
30% or less of AR > than 60 days	2.5%
9% or less of AR > than 120 days	5.0%
10% or less of AR > than 120 days	2.5%
Total Achievable	10.0%

Accounts Receivable will be defined as outstanding accounts receivable, per companies AR sub-ledger of continuing operations, collectable within the control of the financial and operational staff.

Adjustments for this figure will include but not be limited to:

1. Accounts fully reserved when calculating Bad Debt Allowance;
 2. Accounts that are in litigation; and
 3. Accounts not receivable due to a legitimate operational delay. Note this will only be excluded if invoicing was appropriate despite the operational delay.
- 5) The Sarbanes-Oxley Act of 2002 (“SOX”) Incentive target is based maintaining good internal controls and minimizing material weaknesses similar to “Permit and License” violations on the Chief Executive Officer’s Incentive Plan.

SOX Deficiencies	Performance Target
0	10%
1	9%
2	8%
3	5%
4	2%
> 4	0%

- 6) Centralization Objective - Completion of the following milestones related to the planned centralization of the accounting function to the Corporate office. Completion of each objective earns 3% with a maximum target achievable of 30%.

Accounting Centralization Objectives	Performance Target
• Install Multi-Company Software at Corporate Office.	3.0%
• Improve forecasting model from facilities including new software if cost effective.	3.0%
• Purchase Order ("PO") Implementation Phase II – Automated requisition process	3.0%
• Automated Fixed Asset and Capital Tracking	3.0%
• Cost accounting initiatives to support Field Services initiative and Defense Contract Audit Agency ("DCAA") audit requirements.	3.0%
• Accounts payable ("AP") – Automate weekly cash requirement process.	3.0%
• Treasury – Automated cash management tracking process.	3.0%
• Waste Tracking – Complete East Tennessee Materials & Energy Corporation ("M&EC") and Perma-Fix of Florida ("PFF") upgrade to Perma-Fix of Northwest ("PFNW") model.	3.0%
• On-Site Service ("OSS") – Project Controller operations tracking system.	3.0%
• Business Portal – to support Time and Entry tracking for Schreiber & Yonley & Associates ("SYA") and OSS.	3.0%
• Sales – Sales and Opportunity Tracking System.	3.0%
• Human Resources ("HR") - Time Management improvements (Timeclocks)	3.0%

- 7) Unbilled trade receivables is the amount of unbilled reported per Form 10-Q or Form 10-K combining both the long term and current portion of unbilled. **Unbilled trade receivable balances older than 12/31/08 should be reduced by \$2.987 million from \$3,318,000 as of 12/31/10 to \$331,000 by 12/31/11.**

Performance Incentive Compensation Payment

Effective date of plan is January 1, 2011 and incentive will be for entire year. Performance incentive compensation will be paid on or about 90 days after year-end, or sooner, based on final Form 10-K financial statement.

ACKNOWLEDGMENT:

I acknowledge receipt of the aforementioned Vice President, Chief Financial Officer 2011 - Compensation Plan. I have read and understand and accept employment under the terms and conditions set forth therein.

/s/ Ben Naccarato
/s/Ben Naccarato

3/22/2011
Date

/s/Mark Zwecker
/s/ Board of Director

3/22/2011
Date

CHIEF OPERATING OFFICER

Effective: January 1, 2011

CHIEF OPERATING OFFICER

PURPOSE: To define the compensation plan for the CHIEF OPERATING OFFICER.

SCOPE: Perma-Fix Environmental Services, Inc.

POLICY: The Compensation Plan is designed to retain, motivate and reward the incumbent to support and achieve the business, operating and financial objectives of Perma-Fix Environmental Services, Inc. (the “Company”).

BASE SALARY: The Base Salary indicated below is paid in equal periodic installments per the regularly scheduled payroll.

PERFORMANCE INCENTIVE COMPENSATION: Performance Incentive Compensation is available based on the Company’s financial results noted in Schedule A. Effective date of plan is January 1, 2011. Since COO will be starting subsequent to that date, compensation will be on a pro-rata basis with date of hire. Performance incentive compensation will be paid on or about 90 days after year-end, or sooner, based on final Form 10-K financial statement.

SEPARATION: Upon voluntary or involuntary separation from the Company the employee will be paid the base salary due to the last day of employment. If employment is separated prior to the annual incentive compensation payment period as noted above, no incentive compensation is due to the incumbent.

ACKNOWLEDGEMENT: Payment of Performance Incentive Compensation of any type will be forfeited, unless the Human Resources Department has received a signed acknowledgement of receipt of the Compensation Plan prior to the applicable payment date.

INTERPRETATIONS: The Compensation Committee of the Board of Directors retains the right to modify, change or terminate the Compensation Plan at any time and for any reason. It also reserves the right to determine the final interpretation of any provision contained in the Compensation Plan and it reserves the right to modify or change the Revenue and Net Income Targets as defined herein in the event of the sale or disposition of any of the assets of the Company. While the plan is intended to represent all situations and circumstances, some issues may not easily be addressed. The Compensation Committee will endeavor to review all standard and non-standard issues related to the Compensation Plan and will provide quick interpretations that are in the best interest of the Company, its shareholders and the incumbent.

CHIEF OPERATING OFFICER

Base Pay and Performance Incentive Compensation Targets

The compensation for the below named individual as follows:

Annualized Base Pay:	\$ 245,000
Performance Incentive Compensation Target (at 100% of Plan):	\$ 122,500
Total Annual Target Compensation (at 100% of Plan):	\$ 367,500

The Performance Incentive Compensation Target is based on the schedule A below.

	Weights	Performance Target Thresholds						
		85-100%	101-120%	121-130%	131-140%	141-150%	151-160%	161%+
Revenue	15%	18,375	22,050	23,891	25,800	27,561	29,400	32,156
Net Income	55%	67,375	80,850	87,591	94,329	101,061	107,800	117,906
Health & Safety	15%	18,375	22,050	23,891	25,800	27,561	29,400	32,156
Permit & License Violations	15%	18,375	22,050	23,891	25,800	27,561	29,400	32,156
* If criteria (Item #5) for reducing unbilled AR are not met bonus will be reduced by 15%.								
Unbilled Receivables		122,500	147,000	159,264	171,729	183,744	196,000	214,374

- Revenue is defined as the total consolidated third party top line revenue from continuing operations as publicly reported in the Company's financial statements. The percentage achieved is determined by comparing the actual consolidated revenue from continuing operations to the Board approved Revenue Target from continuing operations, which is \$99,993,000. The Board reserves the right to modify or change the Revenue Targets as defined herein in the event of the sale or disposition of any of the assets of the Company or in the event of an acquisition.
- Net Income is defined as the total consolidated pre-tax net income from continuing operations as publicly reported in the Company's financial statements. The net income will include all subsidiaries, corporate charges, and dividends from continuing operations. The percentage achieved is determined by comparing the actual net income to the Board approved Net Income Target, which is \$6,269,000. The Board reserves the right to make adjustments to Net Income Target so as not to penalize the employee for actions in the current year which will contribute to net income in future years and it reserves the right to modify or change the Net Income Targets as defined herein in the event of the sale or disposition of any of the assets of the Company or in the event of an acquisition. The Board further reserves the right to adjust Net Income Target to reflect charges resulting from the vesting of incentive stock options.
- The Health and Safety Incentive target is based upon the actual number of Worker's Compensation Lost Time Accidents, as provided by the Company's Worker's Compensation carrier. The Corporate Treasurer will submit a report on a quarterly basis documenting and confirming the number of Worker's Compensation Lost Time Accidents, supported by the AIG Worker's Compensation Loss Report. Such claims will be identified on the loss report as "indemnity claims." The following number of Worker's Compensation Lost Time Accidents and corresponding Performance Target Thresholds has been established for the annual Incentive Compensation Plan calculation for 2011.

Work Comp. Claim Number	Performance Target
7	85% - 100%
6	101% - 120%
5	121% - 130%
4	131% - 140%
3	141% - 150%
2	151% - 160%
1	161% Plus

- 4) Permits or License Violations incentive is earned/determined according to the scale set forth below: An “official notice of non-compliance” is defined as an official communication from a local, state, or federal regulatory authority alleging one or more violations of an otherwise applicable Environmental, Health or Safety requirement or permit provision, which results in a facility’s implementation of corrective action(s).

Permit and License Violations	Performance Target
7	85% - 100%
6	101% - 120%
5	121% - 130%
4	131% - 140%
3	141% - 150%
2	151% - 160%
1	161% Plus

- 5) Unbilled trade receivables is the amount of unbilled reported per 10Q or 10K combining both the long term and current portion of unbilled. **Unbilled trade receivable balances older than 12/31/08, should be reduced by \$2.987 million from \$3,318,000 as of 12/31/10 to \$331,000 by 12/31/11.**
- 6) No performance incentive compensation will be payable for achieving the health and safety and permit and license violation targets unless a minimum of 70% of the Net Income Target is achieved.
-

Performance Incentive Compensation Payment

Effective date of plan is January 1, 2011. The compensation payment will be paid on a pro-rata basis based on date of hire in 2011. Performance incentive compensation will be paid on or about 90 days after year-end, or sooner, based on final Form 10-K financial statement.

ACKNOWLEDGMENT:

I acknowledge receipt of the aforementioned Chief Operating Officer 2011 - Compensation Plan. I have read and understand and accept employment under the terms and conditions set forth therein.

To be signed upon employment with
Company _____

/S/ James A. Blankenhorn

Date

/s/Mark Zwecker

/S/ Board of Directors

3/22/2011

Date

