

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) July 12, 2012

**PERMA-FIX ENVIRONMENTAL SERVICES, INC.**

(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other jurisdiction of incorporation)	<u>1-11596</u> (Commission File Number)	<u>58-1954497</u> (IRS Employer Identification No.)
<u>8302 Dunwoody Place, Suite 250, Atlanta, Georgia</u> (Address of principal executive offices)	<u>30350</u> (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 July 12, 2012, the Company’s Compensation and Stock Option Committee (“Compensation Committee”) approved discretionary individual management incentive plans (“MIPs”) for Dr. Louis F. Centofanti, our Chief Executive Officer (“CEO”), Ben Naccarato, our Chief Financial Officer (“CFO”) and James Blankenhorn, our Chief Operating Officer (“COO”). Each MIP authorizes the Compensation Committee to recommend a cash incentive bonus to the executive for performance during the 2012 calendar year, if the Compensation Committee determines, in its sole discretion, that such bonus compensation is appropriate based on the considerations enumerated in each MIP relating to Company performance and the executive’s individual performance during 2012. Each MIP is discretionary and payable only if recommended by the Company’s Compensation Committee and approved by the Board of Directors at the Company’s fiscal year end. Pursuant to each MIP, the CEO, CFO, and COO are to receive annual base salary of \$271,115, \$214,240 and \$252,350, respectively, during 2012. The discretionary maximum performance incentive payment payable to each COO, CEO, and COO, if recommended by the Compensation Committee and approved by our Board of Directors, may not exceed \$235,870, \$94,266, and \$219,544, which represents 87%, 44%, and 87% of 2012 base salary, respectively.

Also, on July 12, 2012, the Compensation Committee amended the existing MIP for our President of Safety and Ecology Corporation (“SEC President”). Prior to the amendment, performance compensation under the MIP for our SEC President was based on SEC realizing gross profit target for a particular fiscal year of at least \$18,500,000 (which was set for each of four years starting 2011) and the Company realizing pre-tax net income target (as defined) for each fiscal year as determined by the Compensation Committee, with the amount of the Company’s pre-tax net income subject to being changed each year as determined by the Compensation Committee. For any year during the term of the MIP for the SEC President, performance incentive compensation of \$360,000 is payable upon achievement of 100% or greater of the SEC gross profit target and net income target is payable upon achievement of 85% to 150% of such target for that year with minimum of \$240,000 to maximum of \$360,000. The amendment removes the requirement that net income target be achieved for the 2012 fiscal year and provides that a discretionary bonus will be payable only if recommended by the Compensation Committee and approval by the Board of Directors. The discretionary bonus, if any, may not exceed \$360,000. If the SEC Gross Profit target is achieved and the maximum discretionary bonus is recommended by the Compensation Committee and approved by our Board of Directors, the maximum performance incentive compensation payable to the SEC President for 2012 will be \$720,000, which represents 221.9% of the SEC President’s base salary of \$324,480.

The Compensation Committee and the Board of Directors believe that setting the performance incentive payable under each of the MIPs as discretionary is appropriate because the market environment that the Company is operating during 2012 is unique due to the high concentration of revenue derived from the U.S. government which in a state of flux due to the pending federal election and pressure to reduce federal spending.

Achievements impacting the discretionary performance incentive payment, if recommended, will include but not limited to:

- Revenue;
- EBITDA (Earnings before interest, taxes, depreciation, and amortization);
- Successful integration of our acquisition of Safety and Ecology Holdings Corporation (“SEHC”) and its subsidiaries (collectively, Safety and Ecology Corporation);
- Achievement of synergies;
- Increase in commercial revenue;
- Increase in international revenue;
- Continued progress on the Isotope project;
- Resolution of problem projects which were part of the acquisition; and
- Profitable EBITDA from the Company’s Treatment Segment.

Performance compensation is paid on or about 90 days after year-end, or sooner, based on finalization of our audited financial statements for 2012. 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, at any time and for any reason.

Each MIP is qualified by reference to the respective MIPs attached as exhibits to this report.

## **Section 8 – Other Events**

### **Item 8.01 – Other Events**

As previously reported, in connection with the closing of the Company’s acquisition of Safety & Ecology Holdings Corporation (“SEHC”) and its subsidiaries from Homeland Capital Security Corporation (“Homeland”), Homeland and SEHC agreed that they were in material breach of certain representations and warranties contained in the Stock Purchase Agreement, dated July 15, 2011, relating to a fixed cost contract that a subsidiary of SEHC was a party (“Subcontract”). At the closing, the Company deposited \$2 million, which represented a portion of the purchase price, in an escrow account to satisfy certain claims that the Company has or may have against Homeland for indemnification pursuant to the Purchase Agreement. Homeland and SEHC further agreed that if certain conditions were not met by December 31, 2011, relating to another contract, then the Company could withdraw \$1.5 million from the amount deposited by the Company in escrow. As previously reported, on January 10, 2012, the Company received from the escrow the \$1.5 million, leaving a balance of \$500,000 in the escrow account.

As a portion of the purchase price under the Purchase Agreement, the Company issued to Homeland an unsecured Promissory Note, dated October 31, 2011, in the principal amount of \$2,500,000 (the “Note”). The outstanding principal balance of the Note as of June 30, 2012, was \$1,458,000. The Purchase Agreement further provides that the Company may offset certain indemnification claims (including those arising from a breach of representations, warranties or covenants) that exceed the amount in the escrow account, against any amounts the Company owes to Homeland under the Note.

The Company currently estimates that the cost to complete the Subcontract will be \$5-7 million more than represented by Homeland in the Purchase Agreement. As a result, on July 13, 2012, the Company notified Homeland that the Company will offset its losses resulting from such breach against the payments otherwise due under the Note, including, but not limited to, the July 15, 2012 regular \$76,054 monthly Note payment against such loss. The Company also intends to assert a claim for the remaining balance in the escrow account as a result of this breach. Homeland has notified the Company that it does not believe the Company is entitled to offset the amounts payable under the Note and that Homeland intends to assert that the Company will be in default under the terms of the Note is the regular July payment is not paid in 30 days.

The Purchase Agreement limits the aggregate amount of Homeland's liability to the Company to (a) \$3 million for indemnification claims relating to breaches of Homeland's representations and warranties, except claims relating to any fundamental warranty (as defined in the Purchase Agreement) are limited to the \$24.5 million purchase price; and (b) \$4.9 million for indemnification claims relating to breaches of Homeland's covenants or agreements under the Purchase Agreement.

## **Section 9 – Financial Statements and Exhibits**

### **Item 9.01 – Financial Statements and Exhibits**

#### **(d) Exhibits**

<u>Exhibit Number</u>	<u>Description</u>
<a href="#"><u>10.1</u></a>	2012 Incentive Compensation Plan for Chief Executive Officer
<a href="#"><u>10.2</u></a>	2012 Incentive Compensation Plan for Chief Financial Officer
<a href="#"><u>10.3</u></a>	2012 Incentive Compensation Plan for Chief Operating Officer
<a href="#"><u>10.4</u></a>	Amended Management Incentive Plan for Christopher Leichtweis.

#### 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: July 18, 2012

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, 2012

2012 Management Incentive Plan

COO 2012 Incentive Plan

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## **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:** Effective date of plan is January 1, 2012. Performance incentive compensation payable under this plan, if any, 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 payment date noted above for any performance incentive compensation, such performance incentive compensation is forfeited and no performance incentive compensation will be payable to the former employee.

**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 Management Incentive Plan prior to the applicable payment date.

**INTERPRETATIONS:** The Compensation Committee of the Board of Directors retains the right to modify, change or terminate this Management Incentive 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. 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.

COO 2012 Incentive Plan

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## CHIEF EXECUTIVE OFFICER AND PRESIDENT

### Base Pay and Performance Incentive Compensation Targets

The compensation for the below named individual as follows:

Annualized Base Pay:	\$ 271,115
Performance Incentive Compensation Payable (to a maximum of 87% of base salary):	\$ 235,870
Total Annual Compensation:	\$ 506,985

Due to the following reasons, the performance incentive payment for 2012 will be 100% discretionary, with any payout required to be recommended by the Company's Compensation Committee and approved by the Board of Directors at the conclusion of 2012:

The Company completed a significant acquisition in October 2011 which has the potential to more than double the Company in terms of revenue and EBITDA. Integration of the acquired company in an efficient and orderly manner in 2012 will impact the long term value of PESI. In addition, the market environment that PESI is operating in during 2012 is unique due to the high concentration of revenue derived from the United States Government which is in a state of flux due to a pending federal election and pressure to reduce federal spending.

In determining whether to recommend a discretionary performance incentive payment for performance during the 2012 fiscal year, the Compensation Committee will consider those factors that the Compensation Committee deems appropriate in light of the objectives of the Company, including without limitation, the following objective and subjective criteria with respect to the performance of the Company and the executive during the 2012 fiscal year:

1. Revenue;
2. EBITDA;
3. Successful integration;
4. Achievement of synergies;
5. Increase in commercial revenue;
6. Increase in international revenue;
7. Continued progress on the NPCM Development for Commercial Applications;
8. Resolution of problem projects which were part of the acquisition;
9. Collection of problem accounts receivable which were part of the acquisition;
10. Profitable EBITDA from the company's Treatment Segment; and
11. Continued Development and Implementation of 2012 and 2013 Strategic Plan.

### Performance Incentive Compensation Payment

This plan is effective for the Company's 2012 fiscal year. Performance incentive compensation, if payable under this plan, will be paid on or about 90 days after year-end, or sooner, based on final Form 10-K financial statement.

COO 2012 Incentive Plan

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ACKNOWLEDGMENT:

I acknowledge receipt of the aforementioned Chairman, Chief Executive Officer and President 2012 – Management Incentive Plan. I have read and understand and accept employment under the terms and conditions set forth therein.

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

7/17/2012  
Date

/s/ Mark Zwecker  
/S/ Board of Directors

7/17/2012  
Date

COO 2012 Incentive Plan



VICE PRESIDENT, CHIEF FINANCIAL OFFICER

Effective: January 1, 2012

2012 Management Incentive Plan

COO 2012 Incentive Plan

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## 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:** Effective date of plan is January 1, 2012. Performance incentive compensation payable under this plan, if any, 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 payment date noted above for any performance incentive compensation, such performance incentive compensation is forfeited and no performance incentive compensation will be payable to the former employee.

**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 Management Incentive Plan prior to the applicable payment date.

**INTERPRETATIONS:** The Compensation Committee of the Board of Directors retains the right to modify, change or terminate this Management Incentive 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. 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.

COO 2012 Incentive Plan

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## VICE PRESIDENT, CHIEF FINANCIAL OFFICER

### Base Pay and Performance Incentive Compensation Targets

The compensation for the below named individual as follows:

Annualized Base Pay	\$ 214,240
Performance Incentive Compensation Target (to a maximum of 44% of base salary):	\$ 94,266
Total Annual Compensation:	\$ 308,506

Due to the following reasons, the performance incentive payment for 2012 will be 100% discretionary, with any payout required to be recommended by the Company's Compensation Committee and approved by the Board of Directors at the conclusion of 2012:

The Company completed a significant acquisition in October 2011 which has the potential to more than double the Company in terms of revenue and EBITDA. Integration of the acquired company in an efficient and orderly manner in 2012 will impact the long term value of PESI. In addition, the market environment that PESI is operating in during 2012 is unique due to the high concentration of revenue derived from the United States Government which is in a state of flux due to a pending federal election and pressure to reduce federal spending.

In determining whether to recommend a discretionary performance incentive payment for performance during the 2012 fiscal year, the Compensation Committee will consider those factors that the Compensation Committee deems appropriate in light of the objectives of the Company, including without limitation, the following objective and subjective criteria with respect to the performance of the Company and the executive during the 2012 fiscal year:

1. Revenue;
2. EBITDA;
3. Successful integration;
4. Achievement of synergies;
5. Increase in commercial revenue;
6. Increase in international revenue;
7. Continued progress on the NPCM Development for Commercial Applications;
8. Resolution of problem projects which were part of the acquisition;
9. Collection of problem accounts receivable which were part of the acquisition;
10. Profitable EBITDA from the company's Treatment Segment; and
11. Continued Development and Implementation of 2012 and 2013 Strategic Plan.

### Performance Incentive Compensation Payment

This plan is effective for the Company's 2012 fiscal year. Performance incentive compensation, if payable under this plan, will be paid on or about 90 days after year-end, or sooner, based on final Form 10-K financial statement.

COO 2012 Incentive Plan

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ACKNOWLEDGMENT:

I acknowledge receipt of the aforementioned Vice President, Chief Financial Officer 2012 – Management Incentive Plan. I have read and understand and accept employment under the terms and conditions set forth therein.

/s/ Ben Naccarato

7/17/2012

/s/ Ben Naccarato

Date

/s/ Mark Zwecker

7/17/2012

/s/ Board of Director

Date

COO 2012 Incentive Plan



CHIEF OPERATING OFFICER

Effective: January 1, 2012

2012 Management Incentive Plan

COO 2012 Incentive Plan

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## 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:** Effective date of plan is January 1, 2012. Performance incentive compensation payable under this plan, if any, 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 payment date noted above for any performance incentive compensation, such performance incentive compensation is forfeited and no performance incentive compensation will be payable to the former employee.

**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 Management Incentive Plan prior to the applicable payment date.

**INTERPRETATIONS:** The Compensation Committee of the Board of Directors retains the right to modify, change or terminate this Management Incentive 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. 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.

COO 2012 Incentive Plan

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## CHIEF OPERATING OFFICER

### Base Pay and Performance Incentive Compensation Targets

The compensation for the below named individual as follows:

Annualized Base Pay:	\$	252,350
Performance Incentive Compensation Target (to a maximum of 87% of base salary):	\$	219,544
Total Annual Compensation:	\$	471,894

Due to the following reasons, the performance incentive payment for 2012 will be 100% discretionary, with any payout required to be recommended by the Company's Compensation Committee and approved by the Board of Directors at the conclusion of 2012:

The Company completed a significant acquisition in October 2011 which has the potential to more than double the Company in terms of revenue and EBITDA. Integration of the acquired company in an efficient and orderly manner in 2012 will impact the long term value of PESI. In addition, the market environment that PESI is operating in during 2012 is unique due to the high concentration of revenue derived from the United States Government which is in a state of flux due to a pending federal election and pressure to reduce federal spending.

In determining whether to recommend a discretionary performance incentive payment for performance during the 2012 fiscal year, the Compensation Committee will consider those factors that the Compensation Committee deems appropriate in light of the objectives of the Company, including without limitation, the following objective and subjective criteria with respect to the performance of the Company and the executive during the 2012 fiscal year:

1. Revenue;
2. EBITDA;
3. Successful integration;
4. Achievement of synergies;
5. Increase in commercial revenue;
6. Increase in international revenue;
7. Continued progress on the NPCM Development for Commercial Applications;
8. Resolution of problem projects which were part of the acquisition;
9. Collection of problem accounts receivable which were part of the acquisition;
10. Profitable EBITDA from the company's Treatment Segment; and
11. Continued Development and Implementation of 2012 and 2013 Strategic Plan.

### Performance Incentive Compensation Payment

This plan is effective for the Company's 2012 fiscal year. Performance incentive compensation, if payable under this plan, will be paid on or about 90 days after year-end, or sooner, based on final Form 10-K financial statement.

COO 2012 Incentive Plan

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ACKNOWLEDGMENT:

I acknowledge receipt of the aforementioned Chief Operating Officer 2012 – Management Incentive Plan. I have read and understand and accept employment under the terms and conditions set forth therein.

/s/ James A. Blankenhorn  
/S/ James A. Blankenhorn

7/17/2012  
Date

/s/ Mark Zwecker  
/S/ Board of Directors

7/17/2012  
Date

COO 2012 Incentive Plan



## SENIOR VICE PRESIDENT – ONSITE SERVICES (AMENDED)

Objectives, Performance Targets and Performance Incentive Compensation

The potential Performance Incentive Compensation for the President-Onsite Services is based on the achievement of the Performance Target thresholds set forth below opposite the listed Financial Objective. The Performance Target represents the minimum acceptable performance level to qualify for Performance Incentive Compensation with respect to the respective Financial Objective. The Performance Target does not necessarily correspond to expected actual financial results, but is determined by the Compensation Committee as the financial performance level which merits incentive compensation for financial performance.

Based on the following table, if 100% of the Performance Target for SEC Gross Profit is achieved and the maximum discretionary bonus is recommended by the Compensation and Stock Option Committee and approved by the Board of Directors, for the fiscal year 2012, the total Performance Incentive Compensation would be \$720,000.

Performance Incentive Compensation is based on the following:

Financial Objective	Performance Target	Actual Performance as a Percentage of Target	Performance Incentive Compensation
SEC Gross Profit <sup>1</sup>	\$18,500,000	100% or greater	\$360,000
Discretionary Bonus <sup>2</sup>			UP TO \$360,000

- 1) “SEC Gross Profit” is defined, for any fiscal period from and after the Effective Date, as the total consolidated gross profit for Safety & Ecology Holdings Corporation for such period plus depreciation and amortization expenses included in the gross profit.
- 2) Due to the following reasons, the performance incentive payment for 2012 will be 100% discretionary, with any payout required to be recommended by the Company’s Compensation Committee and approved by the Board of Directors at the conclusion of 2012:

The Company completed a significant acquisition in October 2011 which has the potential to more than double the Company in terms of revenue and EBITDA. Integration of the acquired company in an efficient and orderly manner in 2012 will impact the long term value of PESI. In addition, the market environment that PESI is operating in during 2012 is unique due to the high concentration of revenue derived from the United States Government which is in a state of flux due to a pending federal election and pressure to reduce federal spending.

In determining whether to recommend a discretionary performance incentive payment for performance during the 2012 fiscal year, the Compensation Committee will consider those factors that the Compensation Committee deems appropriate in light of the objectives of the Company, including without limitation, the following objective and subjective criteria with respect to the performance of the Company and the executive during the 2012 fiscal year:

1. Revenue;
2. EBITDA;
3. Successful integration;
4. Achievement of synergies;
5. Increase in commercial revenue;
6. Increase in international revenue;
7. Continued progress on the NPCM Development for Commercial Applications;
8. Resolution of problem projects which were part of the acquisition;
9. Collection of problem accounts receivable which were part of the acquisition;
10. Profitable EBITDA from the company’s Treatment Segment; and
11. Continued Development and Implementation of 2012 and 2013 Strategic Plan.

Performance Incentive Compensation Payment

This plan is effective for the Company's 2012 fiscal year. Performance incentive compensation, if payable under this plan, 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 Senior Vice President – Onsite Services 2012 - Compensation Plan. I have read and understand and accept employment under the terms and conditions set forth therein.

/s/ Christopher Leichtweis  
/S/ Christopher Leichtweis

7/17/2012  
Date

/s/ Mark Zwecker  
/S/ Board of Directors

7/17/2012  
Date

