
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) April 4, 2008

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

<u>Delaware</u>	<u>1-11596</u>	<u>58-1954497</u>
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

<u>8302 Dunwoody Place, Suite 250, Atlanta, Georgia</u>	<u>30350</u>
(Address of principal executive offices)	(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
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Section 1 - Registrant's Business and Operations

Item 1.01 - Entry Into A Material Definitive Agreement

On April 4, 2008, we, our subsidiaries and PNC Bank, National Association ("PNC"), entered into an amendment to our Revolving Credit, Termination and Security Agreement ("Loan Agreement"). This amendment amended and modified the method of calculating the fixed charge coverage ratio covenant contained in the Loan Agreement. Under the amendment, during the first three quarters of 2008 the fixed charge coverage ratio will not be calculated on a rolling twelve month period but will be calculated on a build-up basis for fiscal year 2008. Under the amendment, the first fiscal quarter calculation will cover the first three months of 2008, the second fiscal quarter of 2008 calculation will cover the first six months, the third fiscal quarter of 2008 will cover the first nine months and the fourth fiscal quarter of 2008 calculation (and all subsequent fiscal quarters thereafter) will cover twelve months. In addition, under the amendment the \$2.5 million add back to EBITDA for a one time charge incurred in 2007 has been eliminated. With receipt of this amendment and based on our projections, we believe we are now able to demonstrate that we will be able to comply with the fixed charge coverage ratio contained in our Loan Agreement during 2008.

Prior to receipt of the amendment, as discussed in our 2007 Form 10-K ("2007 10-K"), we were not able to demonstrate that we could comply with the fixed charge coverage ratio in our Loan Agreement as of the end of the first and second quarters of 2008. As a result, approximately \$11.4 million of long-term debt was reclassified to current. We reported a working capital deficit of approximately \$17.2 million and certain of our lenders had the ability to accelerate our indebtedness under our credit facilities. As a result, our independent registered public accounting firm included a "going concern" paragraph in their report covering our 2007 financial statements.

This Item contains certain forward-looking statements. All statements in this Item, other than statements of historical facts, are forward-looking statements and are subject to known and unknown risks, uncertainties and other factors which could cause actual results to differ materially from such statements. Such forward-looking statements in this Item include, without limitation, that we believe that we are now able to demonstrate that we will be able to comply with the fixed charge coverage ratio contained in our Loan Agreement. While we believe the expectation reflected in such forward-looking statements are reasonable, we can give no assurance such expectations will prove correct. There are a variety of factors which could cause future outcomes to differ materially from those described in this Item, including, but not limited to, those factors listed in the Special Note Regarding Forward-Looking Statements contained in our 2007 10-K.

Section 2 - Financial Information

Item 2.02 - Results of Operations and Financial Condition

On April 8, 2008, the Company issued a press release pursuant to the requirements of the Nasdaq that the report of its independent registered public accounting firm relating to our 2007 financial statements contained a "going concern" paragraph. In addition the press release reported that the Company had received the amendment to its loan agreement discussed in Item 1.01 above. The press release is attached hereto as [Exhibit 99.2](#) and is incorporated herein by reference.

The information combined in this Item 2.02 of this Form 8-K and [Exhibit 99.2](#) are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Act of 1934 (as amended), or otherwise subject to the liabilities of such section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 (as amended), except as shall be expressly set forth by specific reference in such filing.

Section 9 - Financial Statements and Exhibits

Item 9.01 - Financial Statements and Exhibits

(d) Exhibits.

Exhibit	Description
99.1	Amendment No. 10 to Revolving Credit, Term Loan and Security Agreement
99.2	Press Release dated April 8, 2008

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.

Dated: April 9, 2008

P E R M A - F I X ENVIRONMENTAL
SERVICES, INC.

By: /s/ Steven T. Baughman

Steven T. Baughman
Vice President and Chief Financial
Officer

AMENDMENT NO. 10
TO
REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT

THIS AMENDMENT NO. 10 dated as of March 26, 2008 (this "Amendment"), relating to the Loan Agreement referenced below, is by and among PERMA-FIX ENVIRONMENTAL SERVICES, INC., a Delaware corporation (the "Borrower"), the Lenders from time to time parties thereto, and PNC BANK, NATIONAL ASSOCIATION, a national banking association, as agent for the Lenders (in such capacity, the "Agent"). Terms used herein but not otherwise defined herein shall have the meanings provided to such terms in the Loan Agreement (defined below).

WITNESSETH

WHEREAS, a credit facility has been previously extended to the Borrower pursuant to the terms of that certain Revolving Credit, Term Loan and Security Agreement dated as of December 22, 2000, as amended (as such may be amended, restated, supplemented and/or modified from time to time, the "Loan Agreement") among the Borrower, the Lenders identified therein, and the Agent;

WHEREAS, the Borrower has requested that certain provisions of the Loan Agreement be amended; and

WHEREAS, the parties have agreed to amend the Loan Agreement as set forth herein.

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. Amendments. The Loan Agreement is amended as set forth below:

(a) New definitions of "Interest Expense", "Net Income" and "Ordinary Course of Business" are added to Section 1.2 in correct alphabetical order to read as follows:

"Interest Expense" shall mean for any period interest expense, net of cash interest income, of Borrower for such period, as determined in accordance with GAAP.

"Net Income" shall mean for any period, the net income (or loss) of Borrower, determined in accordance with GAAP; provided, that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of Borrower or is merged into or consolidated with the Borrower, (b) the net income (or deficit) of any Person (other than a Subsidiary of Borrower) in which the Borrower has an ownership interest, except to the extent that any such income is actually received by Borrower in the form of dividends or

similar distributions and (c) the undistributed earnings of Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is at the time prohibited by the terms of any agreement to which such Person is a party or by which it or any of its property is bound, any of such Person's organizational documents or other legal proceedings binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Ordinary Course of Business" shall mean the ordinary course of Borrower's business as conducted on the Closing Date."

(b) The definitions of "EBITDA" and "Overadvance Amount" set forth in Section 1.2 are amended to read as follows:

"EBITDA" shall mean for any period, for Borrower, the sum of (i) Net Income for such period, plus (ii) all Interest Expense for such period, plus (iii) all charges against income of Borrower for such period for federal, state and local taxes expensed, plus (iv) depreciation expenses for such period, plus (v) amortization expenses for such period, plus (vi) any extraordinary, unusual or non-recurring non-cash expenses or losses (including non-cash losses on sales of assets outside of the Ordinary Course of Business) during such period, minus (vii) any extraordinary, unusual or non-recurring non-cash income or gains (including gains on the sale of assets outside of the Ordinary Course of Business) during such period, in each case, only to the extent included in the statement of net income for such period.

"Overadvance Amount" shall mean \$2,000,000 until the earlier of (i) July 31, 2008 or (ii) the date this Agreement is restructured with Agent and Lenders."

(c) The definition of "Earnings Before Interest and Taxes" in Section 1.2 is deleted.

(d) Section 6.6 is amended to read as follows:

"6.6 Fixed Charged Coverage Ratio. Maintain at all times a Fixed Charge Coverage Ratio of not less than 1.25:1 for (i) the one quarter period ending March 31, 2008; (ii) the two quarter period ending June 30, 2008; (iii) the three quarter period ending September 30, 2008; and (iv) the four quarter period ending December 31, 2008 and for all fiscal quarters thereafter calculated on a trailing four quarters basis."

(e) Section 13.1 is amended to read as follows:

"13.1 Term. This Agreement, which shall insure to the benefit of and shall be binding upon the respective successors and permitted assigns of Borrower, Agent and each Lender, shall become effective on the date hereof and

shall continue in full force and effect until September 30, 2009 (the "Termination Date") unless sooner terminated as herein provided. Borrower may terminate this Agreement at any time upon sixty (60) days' prior written notice upon payment in full of the Obligations."

2. Waiver. The Agent and the Lenders hereby waive the violation by the Borrower of the Fixed Charge Coverage Ratio covenant set forth in Section 6.6 for the fiscal quarter ending on December 31, 2007.

3. Fee. The Borrower agrees to pay the Agent an amendment and waiver fee of \$25,000.

4. Representations and Warranties. The Borrower hereby represents and warrants in connection herewith that as of the date hereof (after giving effect hereto) (i) the representations and warranties set forth in Article V of the Loan Agreement are true and correct in all material respects (except those which expressly relate to an earlier date), and (ii) no Default or Event of Default has occurred and is continuing under the Loan Agreement.

5. Acknowledgments, Affirmations and Agreements. The Borrower (i) acknowledges and consents to all of the terms and conditions of this Amendment and (ii) affirms all of its obligations under the Loan Agreement and the Other Documents.

6. Loan Agreement. Except as expressly modified hereby, all of the terms and provisions of the Loan Agreement remain in full force and effect.

7. Expenses. The Borrower agrees to pay all reasonable costs and expenses in connection with the preparation, execution and delivery of this Amendment, including the reasonable fees and expenses of the Agent's legal counsel.

8. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original. It shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart.

9. Governing Law. This Amendment shall be deemed to be a contract under, and shall for all purposes be construed in accordance with, the laws of the State of New York.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

BORROWER:

PERMA-FIX ENVIRONMENTAL SERVICES, INC.,
a Delaware corporation

By: 

Name: Steve Baugman

Title: VP

LENDERS:

PNC BANK, NATIONAL ASSOCIATION,
in its capacity as Agent and as Lender

By: 

Name: Alex M. Council

Title: Vice President

CONSENTED AND AGREED TO:

SCHREIBER, YONLEY AND ASSOCIATES, INC.
PERMA-FIX TREATMENT SERVICES, INC.
PERMA-FIX OF FLORIDA, INC.
PERMA-FIX OF MEMPHIS, INC.
PERMA-FIX OF DAYTON, INC.
PERMA-FIX OF FT. LAUDERDALE, INC.
PERMA-FIX OF ORLANDO, INC.
PERMA-FIX OF SOUTH GEORGIA, INC.
PERMA-FIX OF MICHIGAN, INC.
DIVERSIFIED SCIENTIFIC SERVICES, INC.
INDUSTRIAL WASTE MANAGEMENT, INC.
EAST TENNESSEE MATERIALS & ENERGY
CORPORATION
PERMA-FIX OF MARYLAND, INC.
PERMA-FIX OF PITTSBURGH, INC.

By: 

Name: Steve Baugman

Title: VP

of each of the foregoing entities

Alex M. Council
Vice President
(704) 551-8503 T (704) 643-7918 F
alex_council@pnc.com



April 4, 2008

Steve Baughman, VP/CFO
Perma-Fix Environmental Services, Inc.
8302 Dunwoody Place, Suite 250
Atlanta, GA 30350

Dear Steve,

PNC Bank, N.A. has approved the following change to Amendment No. 10 to the Revolving Credit, Term Loan and Security Agreement ("Loan Agreement"), dated December 22, 2000, as amended.

Fixed Charge Coverage will be calculated on a build-up basis for FY 2008. The first fiscal quarter calculation will cover 3 months, the second fiscal quarter calculation will cover 6 months, the third fiscal quarter calculation will cover 9 months, and the fourth fiscal quarter calculation (and all subsequent fiscal quarters) will cover 12 months. The \$2,500,000 add-back to EBITDA for one-time charges incurred in FY 2007 has been eliminated as it is no longer needed.

Please acknowledge your agreement with these changes by signing below and returning to me. A modified Amendment No. 10 (doc # 1044931v3) will be forwarded to you for new signatures.

Should you have any questions, do not hesitate to call.

Sincerely,


PNC Bank, N.A.
Alex M. Council
Vice President

Agreed and Accepted:


Perma-Fix Environmental Services, Inc
Steve Baughman
CFO

Member of The PNC Financial Services Group

4720 Piedmont Row Drive Suite 300 Charlotte North Carolina 28210



**Perma-Fix Provides Update on Matters Relating to its 2007 Financials
and Receives Amendment from its Lender**

ATLANTA - April 8, 2008 — **Perma-Fix Environmental Services, Inc. (NASDAQ: PESI)** today announced that its lender amended and modified the method of calculating the fixed charge coverage ratio covenant contained in the loan agreement. With receipt of this amendment and based on the company's projections, Perma-Fix now believes it will be able to demonstrate that it will comply with the fixed charge coverage ratio contained in the company's loan agreement during 2008.

Prior to receipt of the amendment, as discussed in the company's 2007 Form 10-K ("2007 10-K"), Perma-Fix was unable to demonstrate that it could comply with the fixed charge coverage ratio in its loan agreement as of the end of the first and second quarters of 2008. As a result, approximately \$11.4 million of long-term debt was reclassified to current, the company reported a working capital deficit of approximately \$17.2 million, and certain of the company's lenders' had the ability to accelerate Perma-Fix's indebtedness under its credit facilities. As a result, the company's independent registered public auditors included a "going concern" paragraph in their report covering Perma-Fix's 2007 financial statements.

This press release contains "forward-looking statements" which are based largely on the Company's expectations and are subject to various business risks and uncertainties, certain of which are beyond the Company's control. Forward-looking statements include, but are not limited to, "with receipt of this amendment and based on our projections, we believe we are now able to demonstrate that we will be able to comply with the fixed charged coverage ratio contained in our agreement during 2008." These forward-looking statements are intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. While the Company believes the expectations reflected in this news release are reasonable, it can give no assurance such expectations will prove to be correct. There are a variety of factors which could cause future outcomes to differ materially from those described in this release, including, without limitation, future economic conditions; industry conditions; competitive pressures; and our ability to apply and market our technologies; that neither the federal government nor any other party to a subcontract involving the federal government terminates or renegotiates any material contract granted to us prior to expiration of the term of the contract, as such contracts are generally terminable or renegotiable on 30 day notice, at the government's option; or the government or such other party to a contract granted to us fails to abide by or comply with the contract or to deliver waste as anticipated under the contract; that Congress provides funding for the new remediation projects; and the additional factors referred to under "Special Note Regarding Forward-Looking Statements" of our 2007 Form 10-K. The Company makes no commitment to disclose any revisions to forward-looking statements, or any facts, events or circumstances after the date hereof that bear upon forward-looking statements.

Please visit us on the World Wide Web at <http://www.perma-fix.com>.

Contacts:

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