

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) August 5, 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

Section 1 – Registrant’s Business and Operations

Item 1.01 – Entry into a Material Definitive Agreement.

At the 2008 Annual Meeting of Stockholders of Perma-Fix Environmental Services, Inc. (the “Company”) held on August 5, 2008 (the “Annual Meeting”), the stockholders approved the First Amendment to the Company’s 2003 Outside Directors Plan (the “Plan”), which increased from 1,000,000 to 2,000,000 the number of shares of the Company’s common stock reserved for issuance under the Plan. The First Amendment was approved by the Company’s board of directors on June 13, 2008, subject to the approval of the Company’s stockholders. A copy of the First Amendment is filed as Exhibit 99.1 to this report and is incorporated in this Item 1.01 by reference.

Immediately following the adoption of the First Amendment and pursuant to the terms of the Plan, the Company issued a total of 84,000 options to seven outside directors of the Company with respect to their reelection to the board of directors, and granted a total of 93,005 stock awards to the Company’s outside directors in lieu of cash fees earned as directors during the period from July 1, 2007 to June 30, 2008. As of the filing date of this report, a total of 984,530 shares of common stock are available for issuance under the Plan, which are not subject to outstanding options granted under the Plan.

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.

On August 5, 2008, the Company’s Compensation and Stock Option Committee approved individual management incentive plans for fiscal year 2008 (each an “MIP”) for Dr. Louis F. Centofanti, our Chief Executive Officer (“CEO”), Larry McNamara, our Chief Operating Officer (“COO”), and Steven T. Baughman, our Chief Financial Officer (“CFO”). Each MIP provides 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 25% to 44% of the 2008 base salary for the CFO and 50% to 87% of the base salary for both the COO and CEO.

The performance compensation is based upon achievement of corporate financial, safety, and environmental compliance objectives during fiscal year 2008. Of the total potential performance compensation, 55% is based on net income goals, 15% is based on revenue goals, 15% is based on the number of health and safety claim incidents that occur during fiscal year 2008, and the remaining 15% is based on the number of permit or license violations that occur during the fiscal year. The revenue and net income components are based on our board approved budget.

Performance compensation earned under each MIP by the CEO, COO, and CFO will be reduced by 15% if unbilled trade receivable balances older than December 31, 2006 is not reduced by \$3.0 million or more from the unbilled balance as of December 31, 2007 to December 31, 2008. The minimum performance compensation becomes payable upon achieving between 85% to 100% of corporate financial objectives, with the maximum performance compensation becoming payable upon achieving 161% of such objectives.

The annual MIP compensation is calculated and prepaid on a quarterly basis. The following table sets forth the MIP compensation prepaid with respect to the first and second quarters of 2008:

Name	MIP Compensation 1 st Quarter 2008	MIP Compensation 2 nd Quarter 2008
Dr. Louis F. Centofanti	\$ 22,358.70	\$ 0
Larry McNamara	\$ 19,874.40	\$ 0
Steven T. Baughman	\$ 9,937.20	\$ 0

If at the conclusion of any calendar quarter, the MIP compensation prepayment due to the CEO, COO, or CFO is less than the amount prepaid in the previous quarters during 2008 to such individual and the overpayment exceeds \$25,000, the MIP participant will reimburse the Company for the amount of the overpayment through payroll deductions in accordance with the Company's normal payroll practices.

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 attached as an exhibit to this report and is incorporated by reference. The MIP summary contained in this report is qualified in its entirety by reference to the full text of the attached MIPs.

Section 9 – Financial Statements and Exhibits

Item 9.01 – Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	2008 Incentive Compensation Plan for Vice President, Chief Financial Officer, effective January 1, 2008.
10.2	2008 Incentive Compensation Plan for Chief Operating Officer, effective January 1, 2008.
10.3	2008 Incentive Compensation Plan for Chief Executive Officer, effective January 1, 2008.
99.1	First Amendment to 2003 Outside Directors Plan, dated August 5, 2008.

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: August 11, 2008

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By: /s/ Steven T. Baughman
Steven T. Baughman
Vice President and
Chief Financial Officer

VICE PRESIDENT, CHIEF FINANCIAL OFFICER

Effective: January 1, 2008



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.

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. Performance incentive compensation prepayments are payable in the month following each calendar year quarter and annual performance incentive pay is payable in the month following the close of the company's financial books.

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 a regularly scheduled quarterly or annual incentive compensation payment period as noted above, no incentive compensation is due to the incumbent.

ACKNOWLEDGEMENT: No Base Salary or Performance Incentive Compensation of any type will be provided until the Human Resources Department has received a signed acknowledgement of receipt of the Compensation Plan.

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

VICE PRESIDENT, CHIEF FINANCIAL OFFICER

Base Pay and Performance Incentive Compensation Targets

The compensation for the below named individual as follows:

Annualized Base Pay:	\$ 216,320
Performance Incentive Compensation Target (at 100% of Plan):	54,080
Total Annual Target Compensation (at 100% of Plan):	\$ 270,400

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

Target Objectives

	Weights	Performance Target Thresholds						
		85-100%	101-120%	121-130%	131-140%	141-150%	151-160%	161%+
Revenue	15%	8,112	9,734	10,547	11,390	12,168	12,979	14,196
Net Income	55%	29,744	35,693	38,669	41,643	44,616	47,590	52,052
Health & Safety	15%	8,112	9,734	10,547	11,390	12,168	12,979	14,196
Permit & License Violations	15%	8,112	9,734	10,547	11,390	12,168	12,979	14,196
Unbilled Receivables	* If criteria (Item #5) for reducing unbilled AR are not met bonus will be reduced by 15%.							
		54,080	64,896	70,310	75,814	81,118	86,528	94,639

- Revenue is defined as the total consolidated third party top line revenue as publicly reported in the Company's financial statements. The percentage achieved is determined by comparing the actual consolidated revenue to the Board approved budgeted revenue. 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 bottom line net income applicable to Common Stock as publicly reported in the Company's financial statements. The net income will include all subsidiaries, corporate charges, dividends and discounted operations. The percentage achieved is determined by comparing the actual net income to the Board approved budgeted net income. 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 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 2008.

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 12/31/06 should be reduced by \$3 million from \$7,543,708 as of 12/31/07 to \$4,543,708 by 12/31/08.**
- 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 Prepayments

Performance incentive compensation will be prepaid each calendar to be applied against the annual performance incentive compensation when payable. This prepayment will be calculated as follows:

First Quarter – a prepayment of the performance incentive compensation will be earned and payable by a comparison of the Board approved budget for the first quarter to the actual result for the first quarter. With regard to the Health and Safety and the Permit and License Violations incentive, the number of claims or violations for the performance target shall be one quarter of the annual number. The prepayment will be 15% of the performance incentive compensation which will be earned for the full year if this percentage achievement of the targets is maintained for the full year.

Second Quarter – a prepayment of the performance incentive compensation will be earned and payable by a comparison of the Board approved budget for the first and second quarters to the actual result for the first and second quarters. With regard to the Health and Safety and the Permit and License Violations incentive, the number of claims or violations for the performance target shall be two quarters of the annual number. The prepayment will be 30% of the performance incentive compensation which will be earned for the full year if this percentage achievement of the targets is maintained for the full year less the amount of the prepayment paid for the first quarter.

Third Quarter – a prepayment of the performance incentive compensation will be earned and payable by a comparison of the Board approved budget for the first, second and third quarters to the actual result for the first, second and third quarters. With regard to the Health and Safety and the Permit and License Violations incentive, the number of claims or violations for the performance target shall be three quarters of the annual number. The prepayment will be 45% of the performance incentive compensation which will be earned for the full year if this percentage achievement of the targets is maintained for the full year less the amount of the prepayment paid for the first and second quarters.

If at the conclusion of any calendar quarter, the performance incentive compensation prepayment due to an employee is negative as a result of subtracting the prepayments paid in previous quarters and the amount exceeds \$25,000, the company will recover this overpayment by deducting this amount from payroll paid in accordance with the company's normal payroll practices.

ACKNOWLEDGMENT:

I acknowledge receipt of the aforementioned Vice President, Chief Financial Officer 2008 - Compensation Plan. I have read and understand and accept employment under the terms and conditions set forth therein.

/s/ Steve Baughman
/s/ Steve Baughman

8/6/08
Date

/s/ Jack Lahav
/s/Board of Directors

8/6/08
Date

CHIEF OPERATING OFFICER

Effective: January 1, 2008

CHIEF OPERATING OFFICER

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

SCOPE: Perma-Fix Environmental Services, Inc.

POLICY: The Chief Operating 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.

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. Performance incentive compensation prepayments are payable in the month following each calendar year quarter and annual performance incentive pay is payable in the month following the close of the company's financial books.

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 a regularly scheduled quarterly or annual incentive compensation payment period as noted above, no incentive compensation is due to the incumbent.

ACKNOWLEDGEMENT: No Base Salary or Performance Incentive Compensation of any type will be provided until the Human Resources Department has received a signed acknowledgement of receipt of the Compensation Plan.

INTERPRETATIONS: The Compensation Committee of the Board of Directors retains the right to modify, change or terminate the Compensation 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:	\$ 216,320
Performance Incentive Compensation Target (at 100% of Plan):	\$ 108,160
Total Annual Target Compensation (at 100% of Plan):	\$ 324,480

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

Target Objectives

	Weights	Performance Target Thresholds						
		85-100%	101-120%	121-130%	131-140%	141-150%	151-160%	161%+
Revenue	15%	16,224	19,469	21,094	22,780	24,335	25,958	28,392
Net Income	55%	59,488	71,386	77,337	83,287	89,231	95,181	104,104
Health & Safety	15%	16,224	19,469	21,094	22,780	24,335	25,958	28,392
Permit & License Violations	15%	16,224	19,469	21,094	22,780	24,335	25,958	28,392
Unbilled Receivables	<i>* If criteria (Item #5) for reducing unbilled AR are not met bonus will be reduced by 15%.</i>							
		108,160	129,792	140,619	151,627	162,236	173,056	189,278

- Revenue is defined as the total consolidated third party top line revenue as publicly reported in the Company's financial statements. The percentage achieved is determined by comparing the actual consolidated revenue to the Board approved budgeted revenue. 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 bottom line net income applicable to Common Stock as publicly reported in the Company's financial statements. The net income will include all subsidiaries, corporate charges, dividends and discounted operations. The percentage achieved is determined by comparing the actual net income to the Board approved budgeted net income. 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 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 2008.

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 12/31/06 should be reduced by \$3 million from \$7,543,708 as of 12/31/07 to \$4,543,708 by 12/31/08.**
- 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 Prepayments

Performance incentive compensation will be prepaid each calendar to be applied against the annual performance incentive compensation when payable. This prepayment will be calculated as follows:

First Quarter – a prepayment of the performance incentive compensation will be earned and payable by a comparison of the Board approved budget for the first quarter to the actual result for the first quarter. With regard to the Health and Safety and the Permit and License Violations incentive, the number of claims or violations for the performance target shall be one quarter of the annual number. The prepayment will be 15% of the performance incentive compensation which will be earned for the full year if this percentage achievement of the targets is maintained for the full year.

Second Quarter – a prepayment of the performance incentive compensation will be earned and payable by a comparison of the Board approved budget for the first and second quarters to the actual result for the first and second quarters. With regard to the Health and Safety and the Permit and License Violations incentive, the number of claims or violations for the performance target shall be two quarters of the annual number. The prepayment will be 30% of the performance incentive compensation which will be earned for the full year if this percentage achievement of the targets is maintained for the full year less the amount of the prepayment paid for the first quarter.

Third Quarter – a prepayment of the performance incentive compensation will be earned and payable by a comparison of the Board approved budget for the first, second and third quarters to the actual result for the first, second and third quarters. With regard to the Health and Safety and the Permit and License Violations incentive, the number of claims or violations for the performance target shall be three quarters of the annual number. The prepayment will be 45% of the performance incentive compensation which will be earned for the full year if this percentage achievement of the targets is maintained for the full year less the amount of the prepayment paid for the first and second quarters.

If at the conclusion of any calendar quarter, the performance incentive compensation prepayment due to an employee is negative as a result of subtracting the prepayments paid in previous quarters and the amount exceeds \$25,000, the company will recover this overpayment by deducting this amount from payroll paid in accordance with the company's normal payroll practices.

ACKNOWLEDGMENT:

I acknowledge receipt of the aforementioned Chief Operating Officer 2008 - Compensation Plan. I have read and understand and accept employment under the terms and conditions set forth therein.

/s/ Larry McNamara
/s/ Larry McNamara

8/6/08
Date

/s/ Jack Lahav
/s/Board of Directors

8/6/08
Date

CHAIRMAN, CHIEF EXECUTIVE OFFICER AND PRESIDENT

Effective: January 1, 2008

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.

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. Performance incentive compensation prepayments are payable in the month following each calendar year quarter and annual performance incentive pay is payable in the month following the close of the company's financial books.

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 a regularly scheduled quarterly or annual incentive compensation payment period as noted above, no incentive compensation is due to the incumbent.

ACKNOWLEDGEMENT: No Base Salary or Performance Incentive Compensation of any type will be provided until the Human Resources Department has received a signed acknowledgement of receipt of the Compensation Plan.

INTERPRETATIONS: The Compensation Committee of the Board of Directors retains the right to modify, change or terminate the Compensation 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:	\$ 253,094
Performance Incentive Compensation Target (at 100% of Plan):	\$ 126,547
Total Annual Target Compensation (at 100% of Plan):	\$ 379,641

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

Performance Target Thresholds (Actual versus Plan)						
85%	101%	121%	131%	141%	151%	161%
-	-	-	-	-	-	-
100%	120%	130%	140%	150%	160%	Plus

Target Objectives

	Weights	Performance Target Thresholds						
		85-100%	101-120%	121-130%	131-140%	141-150%	151-160%	161%+
Revenue	15%	18,982	22,778	24,680	26,653	28,472	30,371	33,218
Net Income	55%	69,601	83,521	90,484	97,446	104,400	111,361	121,801
Health & Safety	15%	18,982	22,778	24,680	26,653	28,472	30,371	33,218
Permit & License Violations	15%	18,982	22,778	24,680	26,653	28,472	30,371	33,218
Unbilled Receivables	<i>* If criteria (Item #5) for reducing unbilled AR are not met bonus will be reduced by 15%.</i>							
Potential Maximum	100%	126,547	151,856	164,524	177,404	189,816	202,475	221,455

- Revenue is defined as the total consolidated third party top line revenue as publicly reported in the Company's financial statements. The percentage achieved is determined by comparing the actual consolidated revenue to the Board approved budgeted revenue. 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 bottom line net income applicable to Common Stock as publicly reported in the Company's financial statements. The net income will include all subsidiaries, corporate charges, dividends and discounted operations. The percentage achieved is determined by comparing the actual net income to the Board approved budgeted net income. 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 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 2008.

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 12/31/06 should be reduced by \$3 million from \$7,543,708 as of 12/31/07 to \$4,543,708 by 12/31/08.**
- 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 Prepayments

Performance incentive compensation will be prepaid each calendar to be applied against the annual performance incentive compensation when payable. This prepayment will be calculated as follows:

First Quarter – a prepayment of the performance incentive compensation will be earned and payable by a comparison of the Board approved budget for the first quarter to the actual result for the first quarter. With regard to the Health and Safety and the Permit and License Violations incentive, the number of claims or violations for the performance target shall be one quarter of the annual number. The prepayment will be 15% of the performance incentive compensation which will be earned for the full year if this percentage achievement of the targets is maintained for the full year.

Second Quarter – a prepayment of the performance incentive compensation will be earned and payable by a comparison of the Board approved budget for the first and second quarters to the actual result for the first and second quarters. With regard to the Health and Safety and the Permit and License Violations incentive, the number of claims or violations for the performance target shall be two quarters of the annual number. The prepayment will be 30% of the performance incentive compensation which will be earned for the full year if this percentage achievement of the targets is maintained for the full year less the amount of the prepayment paid for the first quarter.

Third Quarter – a prepayment of the performance incentive compensation will be earned and payable by a comparison of the Board approved budget for the first, second and third quarters to the actual result for the first, second and third quarters. With regard to the Health and Safety and the Permit and License Violations incentive, the number of claims or violations for the performance target shall be three quarters of the annual number. The prepayment will be 45% of the performance incentive compensation which will be earned for the full year if this percentage achievement of the targets is maintained for the full year less the amount of the prepayment paid for the first and second quarters.

If at the conclusion of any calendar quarter, the performance incentive compensation prepayment due to an employee is negative as a result of subtracting the prepayments paid in previous quarters and the amount exceeds \$25,000, the company will recover this overpayment by deducting this amount from payroll paid in accordance with the company's normal payroll practices.

ACKNOWLEDGMENT:

I acknowledge receipt of the aforementioned Chairman, Chief Executive Officer and President 2008 - Compensation Plan. I have read and understand and accept employment under the terms and conditions set forth therein.

/s/ Louis Centofanti
/s/ Louis Centofanti

8/6/08
Date

/s/ Jack Lahav
/s/Board of Directors

8/6/08
Date

FIRST AMENDMENT
to
2003 OUTSIDE DIRECTORS STOCK PLAN

THIS FIRST AMENDMENT TO THE PERMA-FIX ENVIRONMENTAL SERVICES, INC. 2003 OUTSIDE DIRECTORS STOCK PLAN (the "First Amendment") was approved by the Board of Directors (the "Board") of Perma-Fix Environmental Services, Inc. (the "Company") to be effective on June 13, 2008, subject to the approval of the shareholders of the Company.

WHEREAS, Article VII of the 2003 Outside Directors Stock Plan (the "Plan"), provides that the Board may at any time, and from time to time and, in any respect amend or modify the Plan;

WHEREAS, as of June 5, 2008, the maximum number of shares of our common stock that may be issued under the Plan is 1,000,000 shares (subject to adjustment as provided in the 2003 Plan), of which 838,465 have previously been issued or reserved for issuance under the Plan, comprised of 412,465 shares previously been issued under the Plan, and 426,000 shares issuable under outstanding options granted under the Plan;

WHEREAS, in order to continue to attract and retain qualified members of the Board who are not employees of the Company, the Board is of the opinion that it is necessary that the maximum number of shares of Common Stock that may be issued under the Plan be increased from 1,000,000 to 2,000,000 shares (subject to adjustment as provided in the Plan); and,

NOW, THEREFORE, the following amendments to the plan are unanimously adopted by the Board, subject to the approval of the shareholders of the Company:

Amendment to Section 4.1:

Section 4.1 of the Plan is hereby amended by deleting the number "1,000,000" from the first full sentence contained therein and substituting in lieu thereof the number "2,000,000."

The Plan is hereby amended and modified only to the extent specifically amended or modified by this First Amendment to the 2003 Outside Directors Stock Plan. None of the other terms, conditions or provisions of the Plan, is amended or modified by this First Amendment to the 2003 Outside Directors Stock Plan.
