

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) February 25, 2010

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 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 February 25, 2010, the Company’s Compensation and Stock Option Committee (“Compensation Committee”) approved individual management incentive plans (“MIPs”) for fiscal year 2010 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, 2010. Each MIP provides that, in addition to the base salary payable to our CEO and CFO, they shall receive cash compensation based on achievement of performance thresholds, with the amount of such compensation established as a percentage of base salary. If all of the potential target performance levels are met or exceeded, payment of cash compensation under the 2010 MIP could range from 25% to 44% or \$52,000 to \$91,000 of the 2010 base salary for the CFO and 50% to 87% or \$131,609 to \$230,316 of the base salary for the CEO.

The performance compensation for the CEO is based upon achievement of corporate financial net income and revenue, health and safety, and environmental compliance objectives during fiscal year 2010. 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 2010, and the remaining 15% is based on the number of notices alleging violations that occur during 2010 relating to environmental, health or safety requirements under our permits or licenses. The revenue and net income components are based on our board approved 2010 budget.

The performance compensation for the CFO is based upon achievement during 2010 of net income, administrative expense, financial oversight, centralization of accounting and information technology functions objectives, internal control compliance, as well as the timely filing with the Securities and Exchange Commission (“SEC”) of the Company’s annual and quarterly reports and Form 8-Ks. Of the total potential performance compensation, 25% is based on net income goals, 15% is based on maintaining or reducing our budgeted administrative expense, 10% is based on the timeliness of the Company’s public filings with the SEC, 10% is based on financial oversight, 10% is based on compliance with the requirements of the Sarbanes-Oxley Act of 2002, and 30% is based on accounting centralization and information technology objectives. The net income and administrative expense components are based on our board approved 2010 budget.

Performance compensation earned under each MIPs by the CEO and CFO will be reduced by 15% if the Company’s unbilled trade receivable balance older than December 31, 2007, is not reduced by \$2.5 million or more as of December 31, 2010, from the unbilled balance as of December 31, 2009. 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, except the CFO’s minimum performance compensation for achieving administrative expense goals is based on maintaining the Company’s administrative expense at 100% of the objective, with the maximum performance compensation payable if administrative expense is 88% of the objective.

The annual MIP compensation is payable on or about 90 days after year end, or sooner, based on the Company’s audited final Form 10-K financial statements.

If the MIP participant’s employment with the Company is voluntarily or involuntarily terminated prior to the scheduled MIP compensation payment, 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.

The summary of the terms of each MIP set forth above is qualified in its entirety by reference to the terms of such MIPs, which are attached hereto as Exhibits 10.1, and 10.2, and incorporated herein by reference.

Resignation of Mr. Robert L. Ferguson, Director

On February 25, 2010, the Company and its Board of Directors accepted the resignation of Mr. Robert L. Ferguson as a member of the Board of Directors, which became effective February 27, 2010. Mr. Ferguson had been a member of the Company's Board since August 2007. Mr. Ferguson's decision to retire from the Board was based on personal reasons and was not as a result of any disagreement with the Company or due to any matter relating to the Company's operations, policies or practices. Mr. Ferguson did not serve as a member of any Committee of the Board of Directors during his term as a Board member.

Section 8 – Other Events

Item 8.01 – Other Events

On February 25, 2010, the Board of Directors approved Mr. Mr. Zwecker, a current member of our Board of Director and the Chairperson of our Audit Committee, as the independent Lead Director. As the independent Lead Director, Mr. Zwecker's role will include:

- convening and chairing meetings of the non-employee directors as necessary from time to time and Board meetings in the absence of the Chairman of the Board;
- acting as liaison between directors, committee chairs and management;
- serving as information sources for directors and management; and
- carrying out responsibilities as the Board may delegate from time to time.

Currently, Dr. Louis Centofanti holds positions of Chairman of the Board and Chief Executive Officer. The Company believes the designation of an independent Lead Director enhances the Board's ability to fulfill its responsibilities independently in the best interests of the Company's stockholders. Mr. Mark Zwecker has been serving unofficially in the capacity of an independent Lead Director prior to his formal designation.

Section 9 – Financial Statements and Exhibits

Item 9.01 – Financial Statements and Exhibits

(d) Exhibits

| Exhibit Number | Description |
|-----------------------|--|
| 10.1 | 2010 Incentive Compensation Plan for Chief Executive Officer, effective January 1, 2010. |
| 10.2 | 2010 Incentive Compensation Plan for Chief Financial Officer, effective January 1, 2010. |

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 3, 2010

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, 2010

Exhibit 10.1-CEO 2010 Incentive Plan

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, 2010 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 10K 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.

Exhibit 10.1-CEO 2010 Incentive Plan

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): | \$ 131,609 |
| Total Annual Target Compensation (at 100% of Plan): | \$ 394,827 |

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% | | | | | | | |
| | | 131,609 | 157,931 | 171,092 | 184,253 | 197,414 | 210,574 | 230,316 |

- 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 pre-tax 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 2010.

Exhibit 10.1-CEO 2010 Incentive Plan

| 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 12/31/07 should be reduced by \$2.5 million from \$3,380,000 as of 12/31/09 to \$880,000 by 12/31/10.
- 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.

Exhibit 10.1-CEO 2010 Incentive Plan

Performance Incentive Compensation Payment

Effective date of plan is January 1, 2010 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 10K financial statement.

ACKNOWLEDGMENT:

I acknowledge receipt of the aforementioned Chairman, Chief Executive Officer and President 2010 - Compensation Plan. I have read and understand and accept employment under the terms and conditions set forth therein.

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

3/2/2010
Date

/s/ Mark Zwecker
/S/ Board of Directors

3/2/2010
Date

Exhibit 10.1-CEO 2010 Incentive Plan

VICE PRESIDENT, CHIEF FINANCIAL OFFICER

Effective: January 1, 2010

Vice President CFO 2010 Incentive Plan
3/3/2010

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, 2010 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 10K 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 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 CFO 2010 Incentive Plan
3/3/2010

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

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

| | | Performance Target Thresholds | | | | | | |
|--------------------------------|---|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|
| | <u>Weights</u> | <u>85-100%</u> | <u>101-120%</u> | <u>121-130%</u> | <u>131-140%</u> | <u>141-150%</u> | <u>151-160%</u> | <u>161%+</u> |
| 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 #5) 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 applicable as publicly reported in the Company's financial statements. Administrative expenses will be inclusive of all subsidiaries, and will exclude Marketing Expenses and Interest Expense. The Board reserves the right to make adjustments to administrative expenses 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 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 to reflect charges resulting from the vesting of incentive stock options.
- Net Income is defined as the total consolidated pre-tax 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.

Vice President CFO 2010 Incentive Plan
3/3/2010

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

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

- 4) Accounts Receivable objective should focus on achieving certain AR targets.

| 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, 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 SOX Incentive target is based maintaining good internal controls and minimizing material weaknesses similar to “Permit and License” violations on CEO Plan.

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

Vice President CFO 2010 Incentive Plan
3/3/2010

- 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 |
|---|--------------------|
| • Complete Rollout of Solomon Accounting Purchase Order System at Facilities | 3.0% |
| • Final Phase of AP transition integrating PO system and centralized AP system. | 3.0% |
| • Rollout Image-link to remaining facilities (paperless filing of accounting back-up) | 3.0% |
| • Install Multi-Company Software at Corporate Office | 3.0% |
| • Centralize all remaining JE's at Corporate office (mostly revenue related) | 3.0% |
| • Improved forecasting model from facilities including new software if cost effective. | 3.0% |
| • Payroll Processing Improvements – Improved time management systems if cost effective. | 3.0% |
| • Cost accounting initiatives to support Field Services initiative and DCAA audit requirements. | 3.0% |
| • Complete and make operational PFNW waste tracking system. | 3.0% |
| • Plan for implementation of new waste tracking system at other nuclear facilities and industrial facilities if cost effective. | 3.0% |
| • System integration plan for the Southeast | 3.0% |
| • Tele-Com Consolidation | 3.0% |

- 7) 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 12/31/07 should be reduced by \$2.5 million from \$3,380,000 as of 12/31/09 to \$880,000 by 12/31/10.**

Performance Incentive Compensation Payment

Effective date of plan is January 1, 2010 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 10K financial statement.

ACKNOWLEDGMENT:

I acknowledge receipt of the aforementioned Vice President, Chief Financial Officer 2010 - Compensation Plan. I have read and understand and accept employment under the terms and conditions set forth therein.

/s/Ben Naccarato

3/2/2010

/s/Ben Naccarato

Date

/s/Mark Zwecker

3/2/2010

/s/ Board of Director

Date

Vice President CFO 2010 Incentive Plan
3/3/2010

