

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 1996

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-11596

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware 58-1954497
(State or other jurisdiction (IRS Employer
of incorporation or organization Identification Number)

1940 N.W. 67th Place, Gainesville, FL 32653
(Address of principal executive offices) (Zip Code)
(Registrant's telephone number)

(352) 373-4200
(Registrant's telephone number)

N/A

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the Registrant (1) has filed
all reports required to be filed by Section 13 or 15(d) of the
Securities Exchange Act of 1934 during the preceding 12 months (or
for such shorter period that the Registrant was required to file
such reports), and (2) has been subject to such filing requirements
for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the
issuer's classes of common stock, as of the close of the latest
practical date.

Class	Outstanding at August 13, 1996
Common Stock, \$.001 Par Value	9,289,845 (excluding 920,000 shares held as treasury stock)

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.

INDEX

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Balance Sheets - June 30, 1996 and December 31, and December 31, 1995	4
Consolidated Statements of Operations - Three Months and Six Months Ended June 30, 1996 and 1995.	6
Consolidated Statements of Cash Flows - Six Months Ended June 30, 1996 and 1995	7
Notes to Consolidated Financial Statements.	8

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	13
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PART II OTHER INFORMATION

Item 1. Legal Proceedings.	20
Item 5. Other Events	20
Item 6. Exhibits	21

</TABLE>

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

PART I, ITEM 1

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes the disclosures which are made are adequate to make the information presented not misleading. Further, the consolidated financial statements reflect, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position and results of operations as of and for the periods indicated.

It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1995.

The results of operations for the six months ended June 30, 1996 are not necessarily indicative of results to be expected for the fiscal year ending December 31, 1996.

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands, Except for Share Amounts)	June 30, 1996 (Unaudited)	December 31, 1995
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 172	\$ 201
Restricted cash	406	380
Accounts receivable, net of allowance for doubtful accounts of \$392	5,489	5,031
Inventories	106	183
Prepaid expense	818	414
Other receivables	141	134
Total current assets	<u>7,132</u>	<u>6,343</u>
Property and equipment:		
Building and land	5,037	6,055
Equipment	5,813	5,874
Vehicles	1,372	1,589
Leasehold improvements	143	143
Office furniture and equipment	1,217	1,252
Construction in progress	2,297	1,435
	<u>15,879</u>	<u>16,348</u>
Less accumulated depreciation	(3,909)	(3,378)
Net property and equipment	<u>11,970</u>	<u>12,970</u>
Other assets:		
Permits, net of accumulated amorti- zation of \$483 and \$366, respectively	3,993	4,036
Goodwill, net of accumulated amorti- zation of \$362 and \$289, respectively	4,919	4,992
Covenant not to compete, net of accum- ulated amortization of \$343 and \$304, respectively	48	87
Other assets	417	445
Total assets	<u>\$ 28,479</u> =====	<u>\$ 28,873</u> =====

</TABLE>

The accompanying notes are an integral part of
these consolidated financial statements.

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS, CONTINUED

(Amounts in Thousands, Except for Share Amounts)	June 30, 1996 (Unaudited)	December 31, 1995
-----------------------------------------------------	---------------------------------	----------------------

<S>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 4,433	\$ 5,402
Accrued expenses	3,352	2,951
Revolving loan and term note facility	500	5,259
Equipment financing agreement	608	1,778
Current portion of long-term debt	279	325
Total current liabilities	9,172	15,715
Long-term debt	5,746	1,116
Environmental accruals	3,327	3,063
Accrued closure costs	1,068	1,041
Total long-term liabilities	10,141	5,220
Commitments and contingencies (Note 3)	-	-
Stockholders' equity:		
Preferred stock, \$.001 par value; 2,000,000 shares authorized, 708 and 0 shares issued and outstanding, respectively	-	-
Common stock, \$.001 par value; 20,000,000 shares authorized, 9,289,845 and 7,872,384 shares issued and outstanding, respec- tively	9	8
Redeemable warrants	269	269
Additional paid-in capital	23,183	21,546
Accumulated deficit	(14,295)	(13,885)
Total stockholders' equity	9,166	7,938
Total liabilities and stockholders' equity	\$ 28,479	\$ 28,873

</TABLE>

The accompanying notes are an integral part of
these consolidated financial statements.

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

Three Months Ended
June 30,

(Amounts in Thousands, Except for Share Amounts)	1996	1995
<S>	<C>	<C>
Net revenues	\$ 8,178	\$ 9,381
Cost of goods sold	5,634	7,123
Gross profit	2,544	2,258

Selling, general and administrative	1,682	2,400
Depreciation and amortization	558	587
Nonrecurring charges	-	705
Income (loss) from operations	<u>304</u>	<u>(1,434)</u>
Other income (expense):		
Interest income	20	14
Interest expense	(227)	(241)
Other	85	(36)
Net income (loss)	<u>\$ 182</u>	<u>\$ (1,697)</u>
Net income (loss) per share	<u>\$.02</u>	<u>\$ (.25)</u>
Weighted average number of common and common equivalent shares outstanding	<u>8,470</u>	<u>6,825</u>

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

Six Months Ended
June 30,

(Amounts in Thousands, Except for Share Amounts)	<u>1996</u>	<u>1995</u>
<S>	<C>	<C>
Net revenues	\$ 15,750	\$ 18,004
Cost of goods sold	<u>11,398</u>	<u>13,761</u>
Gross profit	4,352	4,243
Selling, general and administrative	3,424	4,099
Depreciation and amortization	1,177	1,143
Nonrecurring charges	-	705
Income (loss) from operations	<u>(249)</u>	<u>(1,704)</u>
Other income (expense):		
Interest income	40	24
Interest expense	(489)	(439)
Other	<u>288</u>	<u>45</u>

Net income (loss)	\$ (410)	\$ (2,074)
	=====	=====
Net income (loss) per share	\$ (.05)	\$ (.30)
	=====	=====
Weighted average number of common common equivalent shares out- standing	8,171	6,811
	=====	=====

</TABLE>

The accompanying notes are an integral part of
these consolidated financial statements.

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Three Months Ended
June 30,

(Amounts in Thousands, Except for Share Amounts)	1996	1995
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	\$ (592)	\$ (2,074)
Adjustments to reconcile net loss to cash used in operations:		
Depreciation and amortization	619	1,143
Divestiture reserve	-	450
Provision for bad debt and other reserves	12	-
Gain on sale of plant, property and equipment	(126)	10
Changes in assets and liabilities:		
Accounts receivable	(127)	(135)
Prepaid expenses, inventories and other receivables	(638)	(815)
Accounts payable and accrued expenses	468	(55)
Net cash used in operations	(384)	(816)
Cash flows from investing activities:		
Purchases of property and equipment, net	(593)	(951)
Proceeds from sale of property and equipment	1,196	-
Change in restricted cash, net	(33)	(299)
Other investing	(27)	(289)
Net cash provided by (used in) investing activities	576	(1,240)
Cash flows from financing activities:		
Borrowings (repayments) from revolving loan and term note	(877)	2,060
Borrowings on long-term debt	57	102

Principal repayments on long-term debt	(793)	(262)
Proceeds from issuance of stock	1,307	-
	<hr/>	<hr/>
Net cash provided by financing activities	(306)	1,900
Decrease in cash and cash equivalents	(114)	(156)
Cash and cash equivalents at beginning of period	(793)	(262)
	<hr/>	<hr/>
Cash and cash equivalents at end of period	\$ 87	\$ 334
	=====	=====
<hr/>		
Supplemental disclosure:		
Interest paid	\$ 263	\$ 183
	=====	=====
Income taxes paid	\$ -	\$ -
	=====	=====

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 1996
(Unaudited)

Reference is made herein to the notes to consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1995.

1. Summary of Significant Accounting Policies

The Company's accounting policies are as set forth in the notes to consolidated financial statements referred to above.

Certain amounts in prior years' consolidated financial statements have been reclassified to conform to current period financial statement presentations.

As discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 1995, net loss per share has been presented using the weighted average number of common and common equivalent shares outstanding. Net loss per share has been restated, in accordance with Accounting Principles Board Opinion No. 15, for the period ended March 31, 1995, to reflect the issuance of contingent shares to Quadrex in November of 1995.

Fully diluted net income per share has not been presented as it is not materially different from the primary net income per share or has been determined to be anti-dilutive for certain other periods.

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2. Long-Term Debt

Long-term debt consists of the following at June 30, 1996 and December 31, 1995 (in thousands):

June 30,	December 31,
1996	1995

<u><S></u>	<u><C></u>	<u><C></u>
Long-term debt and notes payable:		
Revolving loan and term note facility	\$ 4,864	\$ 5,259
Equipment financing agreement	1,553	1,778
Various mortgage, promissory and notes payable	716	1,441
	<u>7,133</u>	<u>8,478</u>
Less current portion:		
Revolving loan and term note facility	500	5,259
Equipment financing agreement	608	1,778
Various mortgage, promissory and notes payable	279	325
	<u>\$ 5,746</u>	<u>\$ 1,116</u>
	=====	=====

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On January 27, 1995, the Company, as parent and guarantor, and all direct and indirect subsidiaries of the Company, as co-borrowers and cross-guarantors, entered into a Loan and Security Agreement ("Agreement") with Heller Financial, Inc. ("Heller"). The Agreement provides for a term loan in the amount of \$2,500,000, which requires principal repayments based on a five-year level principal amortization over a term of 36 months, with monthly principal payments of \$42,000. Payments commenced on February 28, 1995, with a final adjusted balloon payment in the amount of \$846,000 due on January 31, 1998. The Agreement also provides for a revolving loan facility in the amount of \$7,000,000. At any point in time the aggregate available borrowings under the facility are reduced by any amounts outstanding under the term loan and are also subject to the maximum credit availability as determined through a monthly borrowing base calculation, equal to 80% of eligible accounts receivable accounts of the Company as defined in the Agreement. The termination date on the revolving loan facility is also the third anniversary of the closing date.

As previously disclosed, during the second quarter of 1995, the Company became in violation of certain of the restrictive financial ratio covenants of the Agreement. During the second quarter of 1996, the Company negotiated and subsequently entered into an amendment ("Third Amendment") to the Loan and Security Agreement, whereby, among other things, Heller waived the existing events of default, amended the financial covenants and amended

certain other provisions of the Loan Agreement as set forth therein. Applicable interest rate provisions were also amended, whereby the term loan shall bear interest at a rate of interest per annum equal to the base rate plus 2 1/4%, and the revolving loan shall bear interest equal to the base rate plus 2%. The Amendment also contains a performance price adjustment which provides that upon the occurrence of an "equity infusion" (see Note 5), applicable interest rates on the loans shall be reduced, in each instance by 1/2% per annum. Also, during the second quarter of 1996, Heller extended to the Company an overformula line in an amount not to exceed \$250,000, for a period ending the earliest of 90 days after the date of first advance or September 30, 1996. Pursuant to the above discussed Amendment, said overformula line terminated upon the Company's receipt of the equity infusion.

As disclosed at December 31, 1995, Heller had agreed to forebear from exercising any rights and remedies under the

Agreement as a result of these previous defaults and continued to make normal advances under the revolving loan facility. However, in compliance with generally accepted accounting principles, the Company, at December 31, 1995, reclassified as a current liability \$3,882,000 outstanding under the Agreement that would otherwise have been classified as long-term debt. As a result of the above discussed Amendment, \$4,364,000 has been reclassified as long-term debt at June 30, 1996.

Pursuant to the initial agreement, the term loan bears interest at a floating rate equal to the base rate (prime) plus 1 3/4% per annum. The revolving loan bears interest at a floating rate equal to the base rate (prime) plus 1 1/4% per annum. The loans also contain certain closing, management and unused line fees payable throughout the term. As discussed above, in conjunction with the loan amendment, applicable interest rates were amended. However, a default rate was applied due to the financial covenant default discussed above, effective August 21, 1995 through the date of amendment, and therefore the Heller obligations bore interest at the above noted effective rate plus 2.0%. Both the revolving loan and term loan were prime based loans at June 30, 1996, bearing interest at a rate of 11.50% and 12.00%, respectively.

As of June 30, 1996, the borrowings under the revolving loan facility total \$3,226,000, an increase of \$50,000 from the December 31, 1995 balance of \$3,176,000, with borrowing availability of \$227,000, excluding the \$250,000 overformula line as discussed above. The balance on the term loan totalled \$1,638,000, as compared to \$2,083,000 at December 31, 1995. Total indebtedness under the Heller Agreement as of June 30, 1996 was \$4,864,000, a reduction of \$395,000 from the December 31, 1995 balance of \$5,259,000.

During October 1994, the Company entered into a \$1,000,000 equipment financing agreement with Ally Capital Corporation ("Ally"), which provides lease commitments for the financing of certain equipment through June 1995. During 1995, the Company negotiated an increase in the total lease commitment to \$1,600,000. The agreement provides for an initial term of 42 months, which may be extended to 48, and bears interest at a fixed interest rate of 11.3%. As of December 31, 1995, the Company had utilized \$1,496,000 of this credit facility to purchase capital equipment and subsequently drew down an additional \$57,000 in January 1996, bringing the total financing under this agreement to \$1,553,000. In conjunction with a 1994 acquisition, the Company also assumed \$679,000 of debt obligations with Ally Capital Corporation, which had terms expiring from September 1997 through August 1998, at a rate ranging from 10.2% to 13.05%. As previously disclosed, at December 31, 1995, the Company was not in compliance with the minimum tangible net worth covenant of this agreement and Ally had waived compliance with this covenant and no acceleration was demanded by the lender. However, in compliance with generally accepted accounting principles, the Company, at December 31, 1995, reclassified as a current liability \$1,103,000 outstanding under the agreement, which would otherwise have been classified as long-term debt. During the second quarter of 1996, the Company negotiated and subsequently entered into an amendment to the equipment financing agreement, whereby, among other things, Ally waived the existing event of default and amended the required covenants. The outstanding balance on this equipment financing agreement at June 30, 1996 is \$1,553,000, as compared to \$1,778,000 at December 31, 1995. As a result of the above discussed amendment, \$945,000 has been classified as long-term debt at June 30, 1996.

3. Commitments and Contingencies

Hazardous Waste

In connection with the Company's waste management services, the Company handles both hazardous and non-hazardous waste which it transports to its own or other facilities for destruction or disposal. As a result of disposing of hazardous substances, in the event any cleanup is required, the Company could be a potentially responsible party for the costs of the cleanup notwithstanding any absence of fault on the part of the Company.

Legal

During 1995, certain subsidiaries of the Company were sued by Chief Supply Corporation ("Chief Supply") in three (3) causes of action pending in the United States District Court, Northern District of Oklahoma, in cases styled Chief Supply Corporation v. Perma-Fix of Dayton, Inc.; Chief Supply Corporation v. Perma-Fix of Florida, Inc.; and Chief Supply Corporation v. Perma-Fix of Memphis, Inc. Chief Supply was alleging that the subsidiaries owe to Chief Supply an aggregate of approximately \$292,000 (the

"Oklahoma Litigation"). Perma-Fix of Memphis, Inc. asserted a counterclaim for receivables due from Chief Supply for services rendered by two subsidiaries of the Company of approximately \$134,000. In addition, these subsidiaries have asserted certain defenses regarding the performance of services by Chief Supply. Reservoir Capital Corporation ("Reservoir") alleged that substantially the same receivables for which Chief Supply has sued the subsidiaries of the Company were factored and assigned by Chief Supply to Reservoir, and in March 1996, Reservoir brought suit against the same subsidiaries of the Company sued by Chief Supply for collection of substantially the same receivables Chief Supply sued the subsidiaries of the Company, plus exemplary damages. The suit brought by Reservoir is styled Reservoir Capital Corporation v. Perma-Fix of Dayton, Inc., et al., pending in the United States District Court, Southern District of Ohio (the "Ohio Litigation"). During the second quarter of 1996, the parties settled the Oklahoma Litigation and the Ohio Litigation, and, in connection therewith, the subsidiaries of the Company have agreed to pay Chief in the Oklahoma Litigation \$200,000 over an eighteen (18) month period and Reservoir has dismissed the Ohio Litigation. All or any portion of this monthly settlement payment may, at the sole discretion of the Company, take the form of credits issued to the Company by Chief as a result of waste that the Company delivers to Chief for treatment.

In December 1995, Essex Waste Management, Inc. ("Essex") sued the Company and certain subsidiaries of the Company alleging an aggregate of approximately \$358,000 was due to it by the Company and certain subsidiaries of the Company for services rendered by Essex for these subsidiaries or which were used by a subsidiary of the Company. During the second quarter of 1996, the parties agreed to a settlement in this matter in which the Company has agreed to pay to Essex \$180,000 over a thirty-six (36) month period. In addition to cash payments, the Company shall provide \$120,000 of credit to Essex for disposal services, subject to certain conditions and restrictions.

In addition to the above matters and in the normal course of conducting its business, the Company is involved in various other litigation. The Company is not a party to any litigation or governmental proceeding which its management believes could result in any judgments or fines against it that would have a material adverse affect on the Company's financial position, liquidity or

results of operations.

Permits

The Company is subject to various regulatory requirements, including the procurement of requisite licenses and permits at certain of its treatment, storage and/or disposal facilities. These licenses and permits are subject to periodic renewal without which the Company's operations would be adversely affected. The Company anticipates that, once a license or permit is issued with respect to a facility, the license or permit will be renewed at the end of its term if the facility's operations are in compliance with the applicable regulatory requirements.

Accrued Closure Costs and Environmental Liabilities

The Company maintains closure cost funds to insure the proper decommissioning of its RCRA facilities upon cessation of operations. Additionally, in the course of owning and operating on-site treatment, storage and disposal facilities, the Company is subject to corrective action proceedings to restore soil and/or groundwater to its original state. These activities are governed by federal, state and local regulations and the Company maintains the appropriate accruals for restoration. The Company has recorded accrued liabilities for estimated closure costs and identified environmental remediation costs.

Insurance

The business of the Company exposes it to various risks, including claims for causing damage to property or injuries to persons or claims alleging negligence or professional errors or omissions in the performance of its services, which claims could be substantial. The Company carries general liability insurance which provides coverage in the aggregate amount of \$2 million and an additional \$6 million excess umbrella policy and carries \$1 million per occurrence and \$2 million annual aggregate of errors and omissions/professional liability insurance coverage, which includes tank removal and pollution control coverage.

The Company also carries specific pollution legal liability insurance for operations involved in the waste management services segment for property damages or bodily injuries occurring off-site of the Company's facilities due to release of contaminants from the Company's facilities, with such insurance providing coverages ranging from a \$2 million annual aggregate to \$8 million annual aggregate, for certain facilities.

4. Stock Issuance

As previously disclosed, the Company issued, during February 1996, 1,100 shares of newly created Series 1 Class A Preferred Stock ("Series 1 Preferred") at a price of \$1,000 per share, for an aggregate sales price of \$1,100,000, and paid a placement fee of \$176,000. During February 1996, the Company also issued 330 shares of newly created Series 2 Class B Convertible Preferred Stock ("Series 2 Preferred") at a price of \$1,000 per share, for an aggregate sales price of \$330,000, and paid a placement fee of \$33,000. The Series 1 Preferred and Series 2 Preferred accrued dividends on a cumulative basis at a rate per share of five percent (5%) per annum payable quarterly, at the option of the Company, in either cash or by the issuance of shares of common stock. All dividends on the Series 1 Preferred and Series 2 Preferred were paid in common stock. The Series 1 Preferred and Series 2 Preferred were convertible, at any time, commencing forty-five (45)

days after issuance into shares of the Company's common stock at a conversion price equal to the aggregate value of the shares of the Preferred Stock being converted, together with all accrued but unpaid dividends thereon, divided by the "Average Stock Price" per share (the "Conversion Price"). The Average Stock Price means the lesser of (i) seventy percent (70%) of the average daily closing bid prices of the common stock for the period of five (5) consecutive trading days immediately preceding the date of subscription by the holder or (ii) seventy percent (70%) of the average daily closing bid prices of the common stock for a period of five (5) consecutive trading days immediately preceding the date of conversion of the Preferred Stock. During the second quarter of 1996, a total of 722 shares of the Series 1 Preferred were converted into approximately 1,035,000 shares of the Company's common stock and the associated accrued dividends were paid in the form of approximately 15,000 shares of the Company's common stock. Pursuant to a subscription and purchase agreement for the issuance of Series 3 Class C Convertible Preferred Stock, the remaining 378 shares of the Series 1 Preferred and the 330 shares of the Series 2 Preferred were converted during July 1996 into 920,000 shares of the Company's common stock. By terms of the subscription agreement, the 920,000 shares of common stock were purchased by the Company at a purchase price of \$1,770,000. See Note 5 for additional information on this subscription agreement. As a result of such conversions, the Series 1 Preferred and the Series 2 Preferred are no longer outstanding.

The Company issued, during the second quarter of 1996, 133,333 shares of common stock pursuant to a first quarter stock purchase agreement between the Company and Dr. Louis F. Centofanti, Chairman of the Board and Chief Executive Officer of the Company. The Company also entered into a second stock purchase agreement with Dr. Centofanti, whereby the Company agreed to sell 76,190 shares of its common stock for the purchase price of \$100,000.

5. Subsequent Event

On July 17, 1996, the Company issued 5,500 shares of newly-created Series 3 Class C Convertible Preferred Stock ("Series 3 Preferred") at a price of \$1,000 per share, for an aggregate sales price of \$5,500,000, and paid placement and closing fees as a result of such transaction of approximately \$360,000. As part of the sale of the Series 3 Preferred, the Company also issued two (2) common stock purchase warrants entitling the Subscriber to purchase, after December 31, 1996, until July 18, 2001, an aggregate of up to 2,000,000 shares of common stock, with 1,000,000 shares exercisable at an exercise price equal to \$2.00 per share and 1,000,000 shares exercisable at an exercise price equal to \$3.50 per share. The Series 3 Preferred accrues dividends on a cumulative basis at a rate of six percent (6%) per annum, and is payable semi-annually when and as declared by the Board of Directors. Dividends shall be paid, at the option of the Company,

in the form of cash or common stock of the Company. The holder of the Series 3 Preferred may convert into common stock of the Company up to (i) 1,833 shares on and after October 1, 1996, (ii) 1,833 shares on and after November 1, 1996, and (iii) the balance on and after December 1, 1996. The conversion price shall be the product of (i) the average closing bid quotation for the five (5) trading days immediately preceding the conversion date multiplied by (ii) seventy-five percent (75%). The conversion price shall be a minimum of \$.75 per share (which minimum price may be reduced upon the occurrence of certain limited events) or a maximum of \$1.50 per share. The common stock issuable on the conversion of the Series

3 Preferred is subject to certain registration rights pursuant to the subscription agreement. The subscription agreement also provides that the Company utilize \$1,770,000 of the net proceeds to purchase from the Subscriber 920,000 shares of the Company's common stock owned by the Subscriber. As discussed in Note 4 above, the Subscriber had previously acquired from the Company 1,100 shares of Series 1 Class A Preferred Stock, par value \$.001 per share ("Series 1 Preferred"), and 330 shares of Series 2 Class B Convertible Preferred Stock, par value \$.001 per share ("Series 2 Preferred"). As of the date of the subscription agreement, the Subscriber had converted 722 shares of such Series 1 Preferred into common stock pursuant to the terms of such Series 1 Preferred and had not converted into common stock any shares of Series 2 Preferred. The Subscriber was the owner of record and beneficially owned all of the issued and outstanding shares of Series 1 Preferred and Series 2 Preferred, which totalled 378 shares of Series 1 Preferred and 330 shares of Series 2 Preferred. At the closing, the Subscriber converted all of the outstanding shares of Series 1 Preferred and Series 2 Preferred into common stock of the Company (920,000 shares) pursuant to the terms, provisions, restrictions and conditions of the Series 1 Preferred and Series 2 Preferred, which were in turn purchased by the Company.

<TABLE>
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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
PART I, ITEM 2

Results of Operations

The table below should be used when reviewing management's discussion and analysis for the three and six months ended June 30, 1996 and 1995 (in thousands):

<C> Consolidated	Three Months Ended June 30,			
	<S> 1996	<S> %	<S> 1995	<S> %
Net Revenues	\$ 8,178	100.0	\$ 9,381	100.0
Cost of Goods Sold	5,634	68.9	7,123	75.9
Gross Profit	2,544	31.1	2,258	24.1
Selling, General and Administrative	1,682	20.6	2,400	25.6
Depreciation/Amortization	558	6.8	587	6.3
Nonrecurring Charges	-	-	705	7.5
Income (loss) from Operations	\$ 304	3.7	\$(1,434)	(15.3)
Interest Expense	227	2.8	241	2.6
	Six Months Ended June 30,			
Consolidated	1996	%	1995	%
Net Revenues	\$15,750	100.0	\$18,004	100.0

Cost of Goods Sold	11,398	72.4	13,761	76.4
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Gross Profit	4,352	27.6	4,243	23.6
Selling, General and Administrative	3,424	21.7	4,099	22.8
Depreciation/Amortization	1,177	7.5	1,143	6.3
Nonrecurring Charges	-	-	705	3.9
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income (loss) from Operations	\$ (249)	(1.6)	\$ (1,704)	(9.5)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Interest Expense	489	3.1	439	2.4

</TABLE>

Summary -- Quarter Ended June 30, 1996 and 1995

Consolidated net revenues decreased to \$8,178,000 from \$9,381,000 for the three month period ended June 30, 1996, as compared to 1995. This 12.8% decrease, or \$1,203,000, reflects reduced revenues within both the waste management and consulting engineering segments of \$1,166,000 and \$37,000, respectively. As reflected, the most significant decrease was within the waste management segment and is a result of the impact of the various restructuring programs initiated during 1995, which resulted in the consolidation and closure of certain offices, the divestiture of a subsidiary and the disruption resulting from a major capital expansion at one facility, in conjunction with the Company's continued focus on select markets. Consolidated revenues for the six months ended June 30, 1996 and 1995 were \$15,750,000 and \$18,004,000, respectively, reflecting a \$2,254,000 decrease. This decrease is a direct result of the above discussed restructuring program, again focused on the closure or divestiture of unprofitable operations during 1995 and early 1996. Also, as a result of industry and weather related issues during the first quarter, revenues were negatively impacted beyond normal seasonality for this typically down period.

Costs of goods sold decreased to \$5,634,000 from \$7,123,000 for the quarter ended June 30, 1996. The \$1,489,000 decrease is primarily attributable to the reduced revenue during the second quarter of 1996, as discussed above, and the cost benefit associated with the various restructuring programs and the closure or divestiture of non-performing entities. As a percent of revenue, costs of goods sold decreased to 68.9% in the second quarter of 1996, compared to 75.9% in the corresponding second quarter of 1995. This consolidated decrease in cost of goods sold as a percent of revenue reflects improvements in both the waste management and consulting engineering segments, resulting from the continued emphasis on cost containment across all Company segments. Consolidated cost of goods sold for the six months ended June 30, 1996 was \$11,398,000, a reduction of \$2,363,000 from the 1995 total of \$13,761,000. Cost of goods sold as a percent of revenue also decreased for the six month period of 1996 to 72.4% from a percentage of 76.4% for 1995. The Company continued to see improvements in the consolidated gross profit as a percentage of net revenues, with the first quarter of 1996 improving by approximately one (1) percentage point to 23.9% (a typically low quarter) and the second quarter reflecting an improvement of seven (7) percentage points, to 31.1%, which again reflects the impact of the restructuring and cost savings programs.

Selling, general and administrative expenses decreased to \$1,682,000 from \$2,400,000 for the quarter ended June 30, 1996. As

a percent of revenue, selling, general and administrative expenses decreased to 20.6% for the quarter ended June 30, 1996 compared to 25.6% for the same period in 1995. This decrease of \$718,000

reflects (i) the direct cost or overhead reduction resulting from the closure or divestiture of certain operations, which reflects a reduction of approximately \$300,000 for the second quarter, (ii) the reduced corporate overhead resulting from the restructuring program and significant downsizing of the corporate costs, finalized during the first quarter of 1996, which reflects a reduction of approximately \$348,000 for the second quarter, and (iii) the overall corporate focus on cost reductions and efficiencies at all levels. Selling, general and administrative expenses also decreased for the six months ended June 30, 1996 to \$3,424,000 from \$4,099,000 for the same period of 1995. This decrease of \$675,000 reflects again the above discussed second quarter reductions and improvements partially offset by the first quarter increase in sales and marketing costs incurred by the Company as it strengthens and expands its efforts in this area. As a percent of sales, selling, general and administrative costs improved from 22.8% in 1995 to 21.7% in 1996, with significant improvement demonstrated during the second quarter.

Interest expense was \$227,000 for the quarter ended June 30, 1996, as compared to \$241,000 for the same period of 1995. The decrease in interest expense of \$14,000 for the second quarter is principally a result of the reduced interest expense associated with the revolving loan and term note facility, reflecting lower average loan balances partially offset by increased interest rates resulting from the default interest rate (see Note 2 of the Notes to Consolidated Financial Statements). This decrease was partially offset by the additional interest expense resulting from new equipment financing agreements entered into with Ally Capital Corporation throughout 1995 and early 1996. Interest expense for the six months ended June 30, 1996 totaled \$489,000, as compared to \$439,000 for the same period of 1995. This increase of \$50,000 is principally a result of the additional equipment financing entered into with Ally Capital Corporation and other lease financing groups throughout 1995.

During the second quarter of 1995, the Company recorded several one-time, nonrecurring charges totaling \$705,000 for certain unrelated events. Of this amount, \$450,000 represented a divestiture reserve as related to the sale of the Company's wholly-owned subsidiary, Re-Tech Systems, Inc., a post-consumer plastics recycling company. This sale transaction was closed effective March 15, 1996. The Company also recorded during the second quarter of 1995 one-time charges totaling \$255,000 as related to various restructuring programs, which included a one-time charge of \$180,000 to provide for costs, principally severance and lease termination fees, associated with the restructuring of the Perma-Fix, Inc. service center group. This program entailed primarily the consolidation of offices in conjunction with the implementation of a regional service center concept and the closure of seven (7) of nine (9) offices. A one-time charge of \$75,000 was also recorded to provide for consolidation costs, principally severance, associated with the restructuring of the Southeast Region, which is comprised of Perma-Fix of Florida, Inc. and Perma-Fix of Ft. Lauderdale, Inc.

Other income for the quarter ended June 30, 1996 was \$85,000, as compared to expense of \$36,000 for the quarter ended June 30,

1995. Other income for the six months ended June 30, 1996 was \$288,000 as compared to \$45,000 for the same period of 1995. This increase of \$243,000 was principally a result of the gain on the sale of certain nonproductive assets within the waste management services segment.

<TABLE>

<CAPTION>

The table below reflects activity for the three and six months ended June 30, 1996 and 1995, which should be used in conjunction with the management's discussion and analysis by segment (in thousands):

Three Months Ended June 30,	Waste Management Services				Consulting Engineering			
	1996	%	1995	%	1996	%	1995	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net Revenues	\$6,675	100.0	\$7,841	100.0	\$1,503	100.0	\$1,540	100.0
Cost of Goods Sold	4,555	68.2	5,960	76.0	1,079	71.8	1,163	75.5
Gross Profit	\$2,120	31.8	\$1,881	24.0	\$ 424	28.2	\$ 377	24.5
	=====	=====	=====	=====	=====	=====	=====	=====

Six Months Ended June 30,	Waste Management Services				Consulting Engineering			
	1996	%	1995	%	1996	%	1995	%
Net Revenues	\$13,071	100.0	\$14,881	100.0	\$2,679	100.0	\$3,123	100.0
Cost of Goods Sold	9,417	72.0	11,285	75.8	1,981	73.9	2,476	79.3
Gross Profit	\$3,654	28.0	\$ 3,596	24.2	\$ 698	26.1	647	20.7
	=====	=====	=====	=====	=====	=====	=====	=====

</TABLE>

Waste Management Services -- Quarter Ended June 30, 1996 and 1995

The waste management services segment is engaged in on- and off-site treatment, storage, disposal and blending of a wide variety of by-products and industrial and hazardous wastes. This segment competes for materials and services with numerous regional and national competitors to provide comprehensive and cost-effective waste management services to a wide variety of customers in the Midwest, Southeast and Southwest regions of the country. In 1996, the Company operated and maintained facilities or businesses in the waste by-product brokerage, on-site treatment and stabilization, and off-site blending, treatment and disposal industries.

During 1995, the Company initiated a re-engineering of the waste management services segment, which included the detail review of all operations and modification of its approach to soliciting new customers while maintaining its existing customer base and, at the same time, expanding its marketing efforts. In re-engineering the waste management services segment, the Company made two key decisions during 1995. The first was the elimination of a majority of its service center locations. In June of 1995, the Company closed seven (7) of nine (9) service centers, leaving its Albuquerque office operating due to its continued profitability and the future prospects thereof, and to operate its Tulsa, Oklahoma service center as part of other waste management operations of the

Company. The second decision was to exit the toll grinding of post-consumer and industrial plastics and resins, performed through its wholly-owned subsidiary, Re-Tech Systems, Inc. in Houston, Texas. The decision to sell this business entity was a continued effort to focus the Company on consulting engineering and off-site environmental services, both of which demonstrate higher gross margins than toll grinding.

Effective March 15, 1996, the Company completed the sale of Re-Tech Systems, Inc. The sale transaction included all real and personal property of the subsidiary, for a total consideration of \$970,000. Net cash proceeds to the Company were approximately \$320,000, after the repayment of a mortgage obligation of \$582,000 and certain other closing and real estate costs. In conjunction with this transaction, the Company also made a prepayment of \$50,000 to Heller Financial, Inc. for application to the term loan. As previously disclosed, the Company recorded during the second quarter of 1995, a nonrecurring charge of \$450,000 for the estimated loss on the sale of this subsidiary, which was recorded as an asset reduction. However, the Company recognized, during the first quarter of 1996, a small gain on this sale after the asset write-down. The Company sold total assets of approximately \$1,346,000, while retaining certain assets totalling approximately \$94,000 and certain liabilities totalling approximately \$48,000.

Waste management services' revenue was \$6,675,000 for the quarter ended June 30, 1996. During the same period in 1995, waste management services' revenue was \$7,841,000. This decrease of \$1,166,000, or 14.9%, is principally a result of the above discussed re-engineering program, in conjunction with the closing of the service center locations, the disruption of one facility currently undergoing major capital expansion, and the impact of the sale of Re-Tech. The closed service center locations reflected approximately \$1,229,000 of this decrease, which was partially offset by additional revenue through the expansion of existing service centers and the receipt of new contracts, such as the waste treatment project at the U.S. Department of Energy's Fernald, Ohio facility. This contract generated approximately \$167,000 of additional revenue during the second quarter of 1996. Offsetting this increase was the sale of Re-Tech, which resulted in a

reduction of approximately \$152,000 during the quarter. The Company also experienced reduced revenue levels at its Ft. Lauderdale, Florida facility as the Company finalizes a major capital expansion project. Revenues for the six months ended June 30, 1996 were \$13,071,000, as compared to \$14,881,000 for the same period of 1995. This decrease of \$1,810,000 is again attributable to the above discussed issues, with the closed service centers reflecting approximately \$2,031,000 of this decrease, partially offset by the receipt of new contracts at favorable pricing/margins. Also, during the first six months of 1996, the waste management segment continued to experience downward pressure on prices due to the market imbalance of excess supply over industry demand, principally within the off-site blending, treatment and disposal facilities. These market conditions contributed to the reduced revenue within certain areas of this segment and, as a result, the Company continues to focus its marketing efforts at higher margin services for these facilities.

Cost of goods sold decreased to \$4,555,000 from \$5,960,000 for the quarter ended June 30, 1996 and 1995, respectively. This decrease of \$1,405,000, or 23.6%, in cost of goods sold reflects the corresponding direct and indirect costs related to the above

discussed revenue reduction, and the savings resulting from various cost containment programs initiated during 1995. The Company continued during the quarter to closely monitor and reduce all possible operating costs. These reductions, however, were partially offset by the temporary increase in operating costs incurred at its Ft. Lauderdale, Florida facility, as the Company finalizes this facility's expansion. As a percent of revenue, the cost of goods sold for waste management services decreased from 76.0% of revenue for the quarter ended June 30, 1995 to 68.2% of revenue for the quarter ended June 30, 1996, again reflecting the impact of the restructuring and cost reduction programs. Cost of goods sold also decreased \$1,868,000 for the six month period ended June 30, 1996 to \$9,417,000, from a total of \$11,285,000 for the same period of 1995. As a percent of revenue, the cost of goods sold decreased from 75.8% for the six months ended June 30, 1995 to 72.0% for the six months of 1996.

Consulting Engineering Services -- Quarter Ended June 30, 1996 and 1995

The Company's consulting engineering segment provides a wide variety of environmental related consulting and engineering services to industry and government. Through the Company's wholly-owned subsidiaries in Tulsa, Oklahoma and St. Louis, Missouri, this segment provides oversight management of environmental restoration projects, air and soil sampling and compliance reporting, surface and subsurface water treatment design for removal of pollutants, and various compliance and training activities. This segment, like many other engineering firms within the pollution control industry,

is maturing rapidly, experiencing downward pricing pressure and competitive conditions.

Net revenues for the consulting engineering segment decreased to \$1,503,000 for the quarter ended June 30, 1996 as compared to \$1,540,000 for the quarter ended June 30, 1995. This 1996 second quarter revenue total reflects the anticipated improvement from the first quarter of the year, with only a slight decrease (\$37,000) from the second quarter of 1995. Net revenues, however, for the six months ended June 30, 1996 were \$2,679,000 as compared to \$3,123,000 for the six months of 1995. This decrease of \$444,000, or 14.2% occurred principally during the first quarter and reflects, among other changes, the above discussed competitive nature of the industry, weather related issues that delayed the start-up of certain contracts, and the corresponding loss of certain other contracts. Also, during 1995, the Company closed its Canton, Ohio office of Schreiber, Grana and Yonley, Inc., which resulted in approximately \$87,000 of this revenue reduction. The Company has also, however, partially offset this reduction by the receipt of several new contracts/relationships and the expansion of its product base into new services to be provided to current and prospective customers. The Company continues to focus the consulting engineering segment on those services which it can provide the best value to its customers and greatest margin to the Company.

Cost of goods sold decreased \$72,000 to \$1,079,000 from \$1,163,000 for the quarter ended June 30, 1996 and 1995, respectively. This decrease of 6.2% reflects not only the impact of reduced revenues for the quarter, but also the overall reduction of operating cost. Also, with this improved utilization and aggressive cost containment program, the consulting engineering segment's cost of goods sold decreased from 75.5% of net revenues to 71.8% of net revenues for the quarter ended June 30, 1995 and

1996, respectively. Cost of goods sold for the six months ended June 30, 1996 were \$1,981,000 as compared to \$2,476,000 for the same period of 1995. This decrease of \$495,000 or 20% reflects, as discussed above, the impact of reduced revenue and cost containment efforts. These results reflect a gross margin level of 26.1% for the six months of 1996, an improvement over the 20.7% for 1995.

Liquidity and Capital Resources of the Company

At June 30, 1996, the Company had cash and cash equivalents of \$172,000. This cash and cash equivalents total reflects a decrease of \$29,000 from December 31, 1995, as a result of net cash used in operations of \$420,000, cash provided by investing activities of \$138,000 and cash provided by financing activities of \$253,000. Accounts receivable, net of allowances, totalled \$5,489,000, an increase of \$458,000 over the December 31, 1995 balance of \$5,031,000, which reflects the increased revenue levels as the Company emerges from its traditionally slow first quarter into the stronger summer months.

As of June 30, 1996, the borrowings under the Company's revolving loan facility totalled \$3,226,000, an increase of \$50,000 from the December 31, 1995 balance of \$3,176,000, with a related borrowing availability of \$227,000, excluding the \$250,000 overformula line, as discussed below. The balance on the term loan totalled \$1,638,000, as compared to \$2,083,000 at December 31, 1995. Total indebtedness under the Heller Agreement as of June 30, 1996 was \$4,864,000, a reduction of \$395,000 from the December 31, 1995 balance of \$5,259,000.

As previously disclosed, during the second quarter of 1995, the Company became in violation of certain of the restrictive financial ratio covenants under the Agreement with Heller. During the second quarter of 1996, the Company negotiated and subsequently entered into an amendment ("Third Amendment") to the Loan and Security Agreement with Heller, whereby, among other things, Heller waived the existing events of default, amended the financial covenants and amended certain other provisions of the Loan Agreement as set forth therein. Under the Third Amendment, applicable interest rate provisions were also amended, whereby the term loan shall bear a floating rate of interest per annum equal to the base rate plus 2 1/4%, and the revolving loan shall bear a floating rate of interest per annum equal to the base rate plus 2%. The Third Amendment also contains a performance price adjustment which provides that upon the occurrence of the "equity infusion" from the sale of the Series 3 Preferred, as discussed below, applicable interest rates on the loans shall be reduced, in each instance, by 1/2% per annum. Also, during the second quarter of 1996, Heller extended to the Company an overformula line in an amount not to exceed \$250,000, for a period ending the earliest of 90 days after the date of first advance or September 30, 1996. Pursuant to the above discussed Third Amendment, said overformula line terminated upon the Company's receipt of an equity infusion. See Note 2 of the Notes to Consolidated Financial Statements in Item 1.

As previously disclosed, Heller had agreed to forebear from exercising any rights and remedies under the Agreement as a result of these previous defaults and continued to make normal advances under the revolving loan facility. However, in compliance with generally accepted accounting principles, the Company, at December 31, 1995, reclassified as a current liability \$3,882,000 outstanding under the Agreement that would otherwise have been

classified as long-term debt. As a result of the above discussed amendment, \$4,364,000 has been classified as long-term debt at June 30, 1996.

Pursuant to the initial agreement, the term loan bears interest at a floating rate equal to the base rate (prime) plus 1 3/4% per annum. The revolving loan bears interest at a floating rate equal to the base rate (prime) plus 1 1/4% per annum. The loans also contain certain closing, management and unused line fees payable throughout the term. As discussed above, in conjunction with the Third Amendment, applicable interest rates were amended. However, during the period that the Agreement was in default, a default rate of interest was applied effective August 21, 1995 through the date of the Third Amendment, and therefore the Heller obligations bore interest at the above noted effective rate plus 2.0%. Both the revolving loan and term loan were prime based loans at June 30, 1996, bearing interest at a rate of 11.50% and 12.00%, respectively.

Also, as previously disclosed, during 1995, the Company became in violation of the tangible net worth covenant under the equipment financing agreement with Ally Capital Corporation ("Ally"). During the second quarter of 1996, the Company negotiated and subsequently entered into an amendment to the equipment financing agreement, whereby, among other things, Ally waived the existing event of default and amended the minimum tangible net worth covenant. As previously disclosed, at December 31, 1995, Ally had waived compliance with the minimum tangible net worth covenant and no acceleration was demanded by the lender. However, in compliance with generally accepted accounting principles, the Company, at December 31, 1995, reclassified as a current liability \$1,103,000 outstanding under the agreement, which would otherwise have been classified as long-term debt. The outstanding balance on this equipment financing agreement at June 30, 1996 is \$1,553,000, as compared to \$1,778,000 at December 31, 1995. As a result of the above discussed amendment, \$945,000 has been classified as long-term debt and \$608,000 as current at June 30, 1996.

As of June 30, 1996, total consolidated accounts payable for the Company was \$4,433,000, a reduction of \$969,000 from the December 31, 1995 balance of \$5,402,000. This June 1996 balance also reflects a reduction of \$310,000 in the balance of payables in excess of ninety (90) days, to a total of \$2,171,000.

For 1996, the Company has budgeted capital expenditures of \$1,250,000 for improving operations and maintaining Resource Conservation Recovery Act ("RCRA") permit compliance. All of these expenditures are materially necessary to maintain compliance with federal, state or local permit standards. As of June 30, 1996, the Company's net purchases of new capital equipment totalled approximately \$1,025,000, which was principally funded by the proceeds from the issuance of Preferred Stock, as discussed below, with the exception of \$57,000, which was financed through the equipment financing agreement with Ally. At this time, the Company anticipates financing the remainder of these expenditures by a combination of lease financing and/or utilization of the equity raised in July 1996, as discussed below and in Note 5 of the Notes to Consolidated Financial Statements in Item 1.

At June 30, 1996, the Company had \$7,133,000 in aggregate principal amounts of outstanding debt, as compared to \$8,478,000 at December 31, 1995. This decrease in outstanding debt of \$1,345,000 during the first six months of 1996 reflects the net repayment of the revolving loan and term note facility of \$395,000, the

scheduled principal repayments on long-term debt of \$424,000, including the equipment finance agreement payments to Ally, and the repayment of \$582,000 on a mortgage obligation in conjunction with the Re-Tech sale, as discussed below.

The working capital deficit position at June 30, 1996 was \$2,040,000, as compared to a deficit position of \$9,372,000 at December 31, 1995. The December deficit position includes the reclassification of certain long-term debt to current. Prior to this reclassification, the December deficit position was \$3,399,000, which reflects an improvement in this position of \$1,359,000 during the six months of 1996.

As previously disclosed, the Company issued, during February 1996, 1,100 shares of newly created Series 1 Preferred at a price of \$1,000 per share, for an aggregate sales price of \$1,100,000, and paid a placement fee of \$176,000. The Company also issued 330 shares of newly created Series 2 Preferred at a price of \$1,000 per share, for an aggregate sales price of \$330,000, and paid a placement fee of \$33,000. The Series 1 Preferred and Series 2 Preferred accrued dividends on a cumulative basis at a rate per share of five percent (5%) per annum and were payable quarterly, at the option of the Company in either cash or by the issuance of shares of common stock. The Company paid all accrued dividends on the Series 1 Preferred and the Series 2 Preferred in common stock. The Preferred Stock was convertible, at any time, commencing forty-five (45) days after issuance into shares of the Company's common stock at a conversion price equal to the aggregate value of the shares of the Preferred Stock being converted, together with all accrued but unpaid dividends thereon, divided by the "Average Stock Price" per share (the "Conversion Price"). The Average Stock Price was defined as the lesser of (i) seventy percent (70%) of the average daily closing bid prices of the common stock for the period of five (5) consecutive trading days immediately preceding the date of subscription by the holder or (ii) seventy percent (70%) of the average daily closing bid prices of the common stock for a period of five (5) consecutive trading days immediately preceding the date of such conversion of the Preferred Stock. During the second quarter of 1996, a total of 722 shares of the Series 1 Preferred were converted into approximately 1,035,000 shares of the Company's common stock and the associated accrued dividends were paid in the form of approximately 15,000 shares of the Company's common stock. Pursuant to a subscription and purchase agreement for the issuance of Series 3 Class C Convertible Preferred Stock, as discussed

below, the remaining 378 shares of the Series 1 Preferred and the 330 shares of the Series 2 Preferred were converted during July 1996 into 920,000 shares of the Company's common stock, which included the accrued and unpaid dividends thereon, and the Company purchased the 920,000 shares for \$1,770,000. See below in "Liquidity and Capital Resources of the Company."

The Company issued, during the second quarter of 1996, 133,333 shares of common stock pursuant to a first quarter stock purchase agreement between the Company and Dr. Louis F. Centofanti, Chairman of the Board and Chief Executive Officer of the Company. The Company also entered into a second stock purchase agreement with Dr. Centofanti, whereby the Company agreed to sell 76,190 shares of its common stock for the purchase price of \$100,000.

On July 17, 1996, the Company issued 5,500 shares of newly-created Series 3 Class C Convertible Preferred Stock ("Series 3 Preferred") at a price of \$1,000 per share, for an aggregate sales

price of \$5,500,000, and paid placement and closing fees of approximately \$360,000. As part of the consideration for the issuance of the Series 3 Preferred, the Company also issued two (2) common stock purchase warrants entitling the Subscriber to purchase, after December 31, 1996, until July 18, 2001, an aggregate of up to 2,000,000 shares of common stock, with 1,000,000 shares exercisable at an exercise price equal to \$2.00 per share and the other 1,000,000 shares of common stock exercisable at an exercise price equal to \$3.50 per share. Dividends on the Series 3 Preferred are paid when and as declared by the Board of Directors at a rate of six percent (6%) per annum and are payable semi-annually. Dividends are cumulative and shall be paid, at the option of the Company, in the form of cash or common stock of the Company. It is the present intent of the Company to pay such dividends, if any, in common stock of the Company. The shares of the Series 3 Preferred may be converted into shares of common stock. See Note 5 of Notes to Consolidated Financial Statements and Item 5 "Other Events" of Part II hereof. The Company received from the sale of the Series 3 Preferred net proceeds of approximately \$5,100,000. Pursuant to the terms of the Subscription Agreement with the Subscriber, the Company has purchased from the Subscriber from the net proceeds 920,000 shares of common stock of the Company that the Subscriber received upon conversion of the balance of the outstanding shares of Series 1 Preferred and Series 2 Preferred for \$1,770,000. It is the intent of the Company to use approximately \$1,650,000 of the net proceeds for capital improvements at its various facilities and the balance of the net proceeds to reduce outstanding trade payables and for general working capital.

Effective March 15, 1996, the Company completed the sale of Re-Tech Systems, Inc., its plastics recycling subsidiary in Houston, Texas. The sale transaction included all real and personal property of the subsidiary, for a total consideration of

\$970,000. Net cash proceeds to the Company were approximately \$320,000, after the repayment of a mortgage obligation of \$582,000 and certain other closing and real estate costs. In conjunction with this transaction, the Company also made a prepayment of \$50,000 to Heller Financial, Inc. for application to the term loan. As previously disclosed, the Company recorded during 1995, a nonrecurring charge (recorded as an asset reduction) of \$450,000 for the estimated loss on the sale of this subsidiary, which, based upon closing balances, the Company recognized a small gain on this sale after the asset write-down. The Company sold total assets of approximately \$1,346,000, while retaining certain assets totalling approximately \$94,000 and certain liabilities totalling approximately \$48,000. In addition to the above asset sale, the Company also sold certain non-productive assets during the quarter, principally at closed service center locations and at the Perma-Fix of Dayton, Inc. facility. Proceeds from these asset sales total approximately \$320,000.

In summary, the Company has taken a number of steps to improve its operations and liquidity as discussed above, including the equity subsequently raised in July 1996, and it expects the resulting liquidity position to be adequate to continue to fund its operating and capital needs. However, if the Company is unable to continue to improve its operations and to sustain profitability in the foreseeable future, such may have a material adverse effect on the Company's liquidity position and on the Company. This is a forward-looking statement and is subject to certain factors that could cause actual results to differ materially from those in the forward-looking statement, including, but not limited to, the

Company's ability to maintain profitability or, if the Company is not able to maintain profitability, whether the Company is able to raise additional liquidity in the form of additional equity or debt.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

PART II - Other Information

Item 1. Legal Proceedings

During 1995, certain subsidiaries of the Company were sued by Chief Supply Corporation ("Chief Supply") in three (3) causes of action pending in the United States District Court, Northern District of Oklahoma, in cases styled Chief Supply Corporation v. Perma-Fix of Dayton, Inc.; Chief Supply Corporation v. Perma-Fix of Florida, Inc.; and Chief Supply Corporation v. Perma-Fix of Memphis, Inc. Chief Supply was alleging that the subsidiaries owe to Chief Supply an aggregate of approximately \$292,000 (the "Oklahoma Litigation"). Perma-Fix of Memphis, Inc. has asserted a counterclaim for receivables due from Chief Supply for services rendered by two subsidiaries of the Company of approximately \$134,000. In addition, these subsidiaries have asserted certain defenses regarding the performance of services by Chief Supply. Reservoir Capital Corporation ("Reservoir") alleged that substantially the same receivables for which Chief Supply had sued the subsidiaries of the Company were factored and assigned by Chief Supply to Reservoir, and in March 1996, Reservoir brought suit against the same subsidiaries of the Company sued by Chief Supply for collection of substantially the same receivables Chief Supply sued the subsidiaries of the Company, plus exemplary damages. The suit brought by Reservoir is styled Reservoir Capital Corporation v. Perma-Fix of Dayton, Inc., et al., pending in the United States District Court, Southern District of Ohio (the "Ohio Litigation"). During the second quarter of 1996, the parties settled the Oklahoma Litigation and the Ohio Litigation, and, in connection therewith, the subsidiaries of the Company have agreed to pay Chief in the Oklahoma Litigation \$200,000 over an eighteen (18) month period and Reservoir has dismissed the Ohio Litigation. All or any portion of this monthly settlement payment may, at the sole discretion of the Company, take the form of credits issued to the Company by Chief as a result of waste that the Company delivers to Chief for treatment.

In December 1995, Essex Waste Management, Inc. ("Essex") sued the Company and certain subsidiaries of the Company alleging an aggregate of approximately \$357,512 was due to it by the Company and certain subsidiaries of the Company for services rendered by Essex for these subsidiaries or which were used by a subsidiary of the Company. During the second quarter of 1996, the parties settled this matter in which the Company has agreed to pay to Essex \$180,000 over a thirty-six (36) month period. In addition to cash payments, the Company shall provide \$120,000 of credit to Essex for disposal services, subject to certain conditions and restrictions.

Item 5. Other Events

During July 1996, the Company sold in a private placement under Section 4(2) and/or Regulation D under the Securities Act of 1933, as amended, to a subscriber ("Subscriber") 5,500 shares of a newly created Series 3 Class C Convertible Preferred Stock, par value \$.001 per share ("Series 3 Preferred"), for \$1,000 per share,

and, in connection therewith, granted to the Subscriber warrants to purchase up to 2,000,000 shares of the Company's common stock after December 31, 1996, with 1,000,000 shares of common stock exercisable at \$2.00 per share and 1,000,000 shares of common stock exercisable at \$3.50 per share. The warrants are for a term of five (5) years. The Series 3 Preferred is not entitled to any voting rights, except as required by law. Dividends on the Series 3 Preferred accrue at a rate of six percent (6%) per annum, payable semi-annually as and when declared by the Board of Directors, and such dividends are cumulative. Dividends shall be paid, at the option of the Company, in the form of cash or common stock of the Company. The holder of the Series 3 Preferred may convert into common stock of the Company up to (i) 1,833 shares on or after October 1, 1996, (ii) 1,833 shares on or after November 1, 1996, and (iii) the balance on or after December 1, 1996. The conversion price shall be the product of (i) the average closing bid quotation for the five (5) trading days immediately preceding the conversion date multiplied by (ii) seventy-five percent (75%). The conversion price shall be a minimum of \$.75 per share (which minimum price may be reduced upon the occurrence of certain limited events) or a maximum of \$1.50 per share. Subject to the closing bid price of the Company's common stock at the time of conversion and certain other conditions which could increase the number of shares to be issued upon conversion, the Series 3 Preferred, if all were converted, could be converted into between 3.7 million and 7.3 million shares of common stock. The common stock issuable on the conversion of the Series 3 Preferred is subject to certain registration rights pursuant to the Subscription Agreement. From the net proceeds (approximately \$5,100,000) received by the Company from the sale of the Series 3 Preferred, the Company purchased from the Subscriber 920,000 shares of common stock of the Company acquired by the Subscriber upon conversion of the Company's Series 1 Class A Preferred Stock and Series 2 Class B Convertible Preferred Stock for \$1,770,000. See Note 5 of Notes to Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operation--Liquidity and Capital Resources of the Company."

During July 1996, the Company entered into an amendment to its Loan and Security Agreement ("Agreement") with Heller Financial, Inc. ("Heller"), in which Heller, among other things, waived the Company's defaults thereunder. In addition, during August 1996, the Company entered into an amendment to the agreement with its equipment lender, in which the equipment lender, among other things, waived the Company's default thereunder. See Note 2 to

Notes to Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operation--Liquidity and Capital Resources of the Company."

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 3.(i) - Restated Certificate of Incorporation and all Certificates of Designations.

Exhibit 4.1 - Third Amendment to Loan and Security Agreement with Heller Financial, Inc.

Exhibit 4.2 - Letter agreement with Heller Financial, Inc. dated June 19, 1996.

- Exhibit 4.3 - Amendment to Ally Capital Corporation Corporation Lease Agreement, dated August 16, 1996.
- Exhibit 4.4 - Subscription and Purchase Agreement, dated July 17, 1996, between the Company and RBB Bank Aktiengesellschaft.
- Exhibit 4.5 - Certificate of Designations relating to Series 3 Preferred, attached as part of Exhibit 3.1 hereof and incorporated herein by reference.
- Exhibit 4.6 - Form of Certificate for Series 3 Preferred.
- Exhibit 10.1 - Common Stock Purchase Warrant Certificate, dated July 19, 1996, granted to RBB Bank Aktiengesellschaft.
- Exhibit 10.2 - Common Stock Purchase Warrant Certificate, dated July 19, 1996, between the Company and RBB Bank Aktiengesellschaft.
- Exhibit 27 - Financial Data Schedule.

(b) Reports on Form 8-K

A current report on Form 8-K (Item 5 - Other Event) was filed on February 28, 1996 reporting that on February 9, 1996, the Company issued 1,100 shares of its newly created Series 1 Class A Preferred Stock at a price of \$1,000 per share, for an aggregate sales price of \$1,100,000.

A current report on Form 8-K (Item 5 - Other Events) was filed on March 11, 1996 reporting that on February 22, 1996, the Company issued 330 shares of its newly created Series 2 Class B Preferred Stock at a price of \$1,000 per share, for an aggregate sales price of \$330,000.

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, thereunto duly authorized.

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

Date: August 19, 1996

By: /s/ Dr. Louis F. Centofanti

Dr. Louis F. Centofanti
Chairman of the Board
Chief Executive Officer

By: /s/ Richard T. Kelecy

Richard T. Kelecy

EXHIBIT INDEX

	Page No.
	<hr/>
Exhibit 3.(i) Restated Certificate of Incorporation and all Certificates of Designations.	36
Exhibit 4.1 Third Amendment to Loan and Security Agree- ment with Heller Financial, Inc.	82
Exhibit 4.2 Letter agreement with Heller Financial, Inc. dated June 19, 1996	96
Exhibit 4.3 Amendment to Ally Capital Corporation Lease Agreement dated August 16, 1996	103
Exhibit 4.4 Subscription and Purchase Agreement, dated July 17, 1996, between the Company and RBB Bank Aktiengesellschaft	106
Exhibit 4.5 Certificate of Designations relating to Series 3 Preferred, attached as part of Exhibit 3.1 hereof and incorporated herein by reference.	-
Exhibit 4.6 Form of Certificate for Series 3 Preferred . .	128
Exhibit 10.1 Common Stock Purchase Warrant Certificate, dated July 19, 1996, granted to RBB Bank Aktiengesellschaft	130
Exhibit 10.2 Common Stock Purchase Warrant Certificate, dated July 19, 1996, between the Company and RBB Bank Aktiengesellschaft.	137
Exhibit 27 Financial Data Schedule.	144

I, WILLIAM T. QUILLEN, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF RESTATED CERTIFICATE OF INCORPORATION OF "NATIONAL ENVIRONMENTAL INDUSTRIES, LTD." FILED IN THIS OFFICE ON THE TWENTY-SIXTH DAY OF NOVEMBER, A.D. 1991 AT 10 O'CLOCK A.M.

* * * * *

/s/ William T. Quillen

William T. Quillen,
Secretary of State

Authentication: 3909777
Date: 05/24/1993

931445217

RESTATED CERTIFICATE OF INCORPORATION
OF
NATIONAL ENVIRONMENTAL INDUSTRIES, LTD.

1. The present name of the corporation (hereinafter called the "Corporation") is National Environmental Industries, Ltd., and the date of filing the original certificate of incorporation of the Corporation with the Secretary of State of the State of Delaware is December 19, 1990.

2. The certificate of incorporation of the Corporation is hereby amended by striking out Articles FOURTH through NINTH thereof and by substituting in lieu thereof new Articles FOURTH through NINTH as set forth in the Restated Certificate of Incorporation hereinafter provided for.

3. The provisions of the certificate of incorporation as heretofore amended and/or supplemented, and as herein amended, are hereby restated and integrated into the single instrument which is hereinafter set forth, and which is entitled Restated Certificate of Incorporation of National Environmental Industries, Ltd. without any further amendment other than the amendment certified herein and without any discrepancy between the provisions of the certificate of incorporation as heretofore amended and supplemented and the provisions of the said single instrument hereinafter set forth.

4. The amendment and restatement of the certificate of incorporation herein certified have been duly adopted by the stockholders in accordance with the provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware. Prompt written notice of the adoption of the amendment and of the restatement of the certificate of incorporation herein certified

has been given to those stockholders who have not consented in writing thereto, as provided in Section 228 of the General Corporation Law of the State of Delaware.

5. The certificate of incorporation of the Corporation, as amended and restated herein, shall at the effective time of this Restated Certificate of Incorporation, read as follows:

"Restated Certificate of Incorporation
of
National Environmental Industries, Ltd.

FIRST: The name of the Corporation is National Environmental Industries, Ltd.

SECOND: The address of the Corporation's registered office in the State of Delaware is 32 Loockerman Square, Suite L-100, City of Dover, County of Dover. The name of its registered agent at such address is The Prentice-Hall Corporation System, Inc.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the laws of the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue is Twenty-Two Million (22,000,000) shares, of which Twenty Million (20,000,000) shares shall be Common Stock, par value \$.001 per share, and Two Million (2,000,000) shares shall be Preferred Stock, \$.001 par value per share.

The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby expressly authorized to provide, by resolution or resolutions duly adopted by it prior to issuance, for the creation of each such series and to fix the designation and the powers, preferences, rights, qualifications, limitations and restrictions relating to the shares of each such series. The authority of the Board of Directors with respect to each such series of Preferred Stock shall include, but not be limited to, determining the following:

(a) the designation of such series, the number of shares to constitute such series and the stated value if different from the par value thereof;

(b) whether the shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;

(c) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, and the preference or relation which such dividends shall bear to the dividends payable on any shares of stock of any other class or any other series of Preferred Stock;

(d) whether the shares of such series shall be subject to redemption by the Corporation, and, if so, the times, prices and other conditions of such redemption;

(e) the amount or amounts payable upon shares of such

series upon, and the rights of the holders of such series in, the voluntary or involuntary liquidation, dissolution or winding up, or upon any distribution of the assets of the Corporation;

(f) whether the shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the shares of such series for retirement or other corporate

purposes and the terms and provisions relating to the operation thereof;

(g) whether the shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or any other series of Preferred Stock or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(h) the limitations and restrictions, if any, to be effective while any shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Corporation of, the Common Stock or shares of stock of any other class or any other series of Preferred Stock;

(i) the conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or upon the issue of any additional stock, including additional shares of such series or of any other series of Preferred Stock or of any other class; and

(j) any other powers, preferences and relative participating, optional and other special rights, and any qualifications, limitations and restrictions thereof.

The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. All shares of any one series of Preferred Stock shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from which dividends thereof shall be cumulative.

FIFTH: Unless required by law or determined by the chairman of the meeting to be advisable, the vote by stockholders on any matter, including the election of directors, need not be by written ballot.

SIXTH: The Corporation reserves the right to increase or decrease its authorized capital stock, or any class or series thereof, and to reclassify the same, and to amend, alter, change or repeal any provision contained in the Certificate of Incorporation under which the Corporation is organized or in any amendment thereto, in the manner now or hereafter prescribed by law, and all rights conferred upon stockholders in said Certificate of Incorporation or any amendment thereto are granted subject to the aforementioned reservation.

SEVENTH: The Board of Directors shall have the power at any time, and from time to time, to adopt, amend and repeal any and all By-Laws of the Corporation.

EIGHTH: All persons who the Corporation is empowered to indemnify pursuant to the provisions of Section 145 of the General Corporation Law of the State of Delaware (or any similar provision or provisions of applicable law at the time in effect), shall be indemnified by the Corporation to the full extent permitted thereby. The foregoing right of indemnification shall not be deemed to be exclusive of any other rights to which those seeking indemnification maybe entitled under any by-law, agreement, vote of stockholders or disinterested directors, or otherwise. No repeal or amendment of this Article EIGHTH shall adversely affect any rights of any person pursuant to this Article Eighth which existed at the time of such repeal or amendment with respect to acts or omissions occurring prior to such repeal or amendment.

NINTH: No director of the Corporation shall be personally liable to the Corporation or its stockholders for any monetary damages for breaches of fiduciary duty as a director, provided that this provisions shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the General Corporation Law of the State of Delaware; or (iv) for any transaction from which the director derived an improper personal benefit. No repeal or amendment of this Article NINTH shall adversely affect any rights of any person pursuant to this Article NINTH which existed at the time of such repeal or amendment with respect to acts or omissions occurring prior to such repeal or amendment."

IN WITNESS WHEREOF, we have signed this Certificate this 22nd day of November, 1991.

/s/ Louis Centofanti

ATTEST:

/s/ Carol A. Dixon

Secretary

State of Delaware
Office of the Secretary of State

Page 1

I, WILLIAM T. QUILLEN, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "NATIONAL ENVIRONMENTAL INDUSTRIES, LTD." FILED IN THIS OFFICE ON THE SEVENTEENTH DAY OF DECEMBER, A.D. 1991, AT 4:30 O'CLOCK P.M.

* * * * *

/s/ William T. Quillen

William T. Quillen,
Secretary of State

Authentication: 3909774

Date: 05/24/1993

931445217

CERTIFICATE OF AMENDMENT
TO THE
RESTATED CERTIFICATE OF INCORPORATION
OF
NATIONAL ENVIRONMENTAL INDUSTRIES, LTD.

It is hereby certified that:

1. The name of the corporation (hereinafter called the "Corporation") is National Environmental Industries, Ltd.

2. The Restated Certificate of Incorporation is hereby amended by striking out Article FIRST thereof and by substituting in lieu of said Article FIRST the following new Article:

"FIRST: The name of the Corporation is
Perma-Fix Environmental Services, Inc."

3. The amendment of the Certificate of Incorporation herein certified has been duly adopted in accordance with the provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware. Prompt written notice of the adoption of the amendment herein certified has been given to those stockholders who have not consented in writing thereto, as provided in Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, we have signed this Certificate this 16th day of December, 1991.

/s/ Louis Centofanti

Louis Centofanti, President

ATTEST:

/s/ Mark Zwecker

Mark Zwecker, Secretary

State of Delaware
Office of the Secretary of State

Page 1

I, WILLIAM T. QUILLEN, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "PERMA-FIX ENVIRONMENTAL

SERVICES, INC." FILED IN THIS OFFICE ON THE FOURTH DAY OF
SEPTEMBER, A.D. 1992, AT 11:30 O'CLOCK A.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO
KENT COUNTY RECORDER OF DEEDS FOR RECORDING.

* * * * *

/s/ William T. Quillen

William T. Quillen,
Secretary of State

Authentication: 3909773

Date: 05/24/1993

931445217

CERTIFICATE OF AMENDMENT
TO
RESTATED CERTIFICATE OF INCORPORATION, AS AMENDED
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.

Perma-Fix Environmental Services, Inc., a Delaware
corporation (the "Corporation"), does hereby certify:

That the amendment set forth below to the Corporation's
Restated Certificate of Incorporation, as amended, was duly adopted
in accordance with the provisions of Section 242 of the General
Corporation Law of the State of Delaware and written notice thereof
has been given as provided in Section 228 thereof:

I) The first paragraph of Article FOURTH of the
Corporation's Restated Certificate of Incorporation, as amended, is
hereby deleted and replaced in its entirety by the following:

Fourth: The total number of shares of capital
stock that the Corporation shall have authority to
issue is 22,000,000 shares of which 20,000,000
shares of the par value of \$.001 per share shall be
designated Common Stock ("Common Stock"), and
2,000,000 shares of the par value of \$.001 per
share shall be designated Preferred Stock.

As of September 4, 1992 (the "Effective Time"),
each share of Common Stock issued and outstanding
immediately prior to the Effective Time shall
automatically be changed and converted, without any
action on the part of the holder thereof, into
1/3.0236956 of a share of Common Stock and, in
connection with fractional interests in shares of
Common Stock of the Corporation, each holder whose
aggregate holdings of shares of Common stock prior
to the Effective Time amounted to less than
3.0236956, or to a number not evenly divisible by
3.0236956 shares of Common Stock shall be entitled
to receive for such fractional interest, and at

such time, any such fractional interest in shares of Common Stock of the Corporation shall be converted into the right to receive, upon surrender of the stock certificates formerly representing shares of Common Stock of the Corporation, one whole share of Common Stock.

IN WITNESS whereof, Perma-Fix Environmental Services, Inc. has caused this Certificate to be signed and attested to by its duly authorized officers as of this first day of September, 1992.

Perma-Fix Environmental Services, Inc.

By: /s/ Louis Centofanti

ATTEST:

By: /s/ Mark Zwecker

State of Delaware
Office of the Secretary of State

Page 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF DESIGNATION OF "PERMA-FIX ENVIRONMENTAL SERVICES, INC." FILED IN THIS OFFICE ON THE SIXTH DAY OF FEBRUARY, A.D. 1996 AT 4 O'CLOCK P.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.

/s/ Edward J. Freel

Edward J. Freel,
Secretary of State

Authentication: 7818327

Date: 02/07/1996

960035778

CERTIFICATE OF DESIGNATIONS
OF SERIES I CLASS A PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.

Perma-Fix Environmental Services, Inc. (the "Corporation"), a

corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, said Board of Directors, acting by unanimous written consent in lieu of a meeting dated February 2, 1996, hereby adopted the terms of the Series I Class A Preferred Stock, which resolutions are set forth on the attached page.

Dated: February 2, 1996

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By /s/ Louis F. Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Mark A. Zwecker

Mark A. Zwecker, Secretary

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")

RESOLUTION OF THE BOARD OF DIRECTORS

FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE SERIES I CLASS A
PREFERRED STOCK

WHEREAS,

- A. The Corporation's share capital includes Preferred Stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series with the directors of the Corporation (the "Board") being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences, and relative, participating, optional or other special rights, privileges, restrictions and conditions attaching to the shares of each such series; and
- B. It is in the best interests of the Corporation for the Board

to create a new series from the Preferred Stock designated as the Series I Class A Preferred Stock, par value \$.001.

NOW, THEREFORE, BE IT RESOLVED, THAT:

The Series I Class A Preferred Stock, par value \$.001 (the "Series I Class A Preferred Stock") of the Corporation shall consist of 1,100 shares and no more and shall be designated as the Series I Class A Preferred Stock and in addition to the preferences, rights, privileges, restrictions and conditions attaching to all the Series I Class A Preferred Stock as a series, the rights, privileges, restrictions and conditions attaching to the Series I Class A Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 Except as otherwise provided herein, in the Certificate of Incorporation (the "Articles") or the General Corporation Law of the State of Delaware (the "GCL"), each holder of Series I Class A Preferred Stock, by virtue of his ownership thereof, shall be entitled to cast that number of votes per share thereof on each matter submitted to the Corporation's shareholders for voting which equals the number of votes which could be cast by such holder of the number of shares of the Corporation's Common Stock, par value \$.001 per share (the "Common Shares") into which such shares of Series I Class A Preferred Stock would be converted into pursuant to Part 5 hereof immediately prior to the record date of such vote. The outstanding Series I Class A Preferred Stock and the Common Shares of the Corporation shall vote together as a single class, except as otherwise expressly required by the GCL or Part 7 hereof.

The Series I Class A Preferred Stock shall not have cumulative voting rights.

1.2 The Series I Class A Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

Part 2 - Liquidation Rights.

2.1 If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any Series I Class A Preferred Stock shall be outstanding, the holders of the then outstanding Series I Class A Preferred Stock shall have a preference in distribution of the Corporation's property available for distribution to the holders of the Common Shares equal to \$1,000 consideration per outstanding share of Series I Class A Preferred Stock, together with an amount equal to all unpaid dividends accrued thereon, if any, to the date of payment of such distribution, whether or not declared by the Board; provided, however, that the merger of the Corporation with any corporation or corporations in which the Corporation is not the survivor, or the sale or transfer by the Corporation of all or substantially all of its property, or any reduction by at least seventy percent (70%) of the then issued and outstanding Common Shares of the Corporation, shall be deemed to be a liquidation of the Corporation within the meaning of any of the provisions of this Part 2.

2.2 Subject to the provisions of Part 6 hereof, all amounts to be paid as preferential distributions to the holders of Series I Class A Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment

of any amount for, or the distribution of any of the Corporation's property to the holders of Common Shares, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

Part 3 - Dividends.

3.1 Holders of record of Series I Class A Preferred Stock, out of funds legally available therefor and to the extent permitted by law, shall be entitled to receive dividends on their Series I Class A Preferred Stock, which dividends shall accrue at the rate per share of five percent (5%) per annum of consideration paid for each share of Series I Class A Preferred Stock (\$50.00 per share per year for each full year) commencing on the date of the issuance thereof, payable, at the option of the Corporation, (i) in cash, or (ii) by the issuance of that number of whole Common Shares computed by dividing the amount of the dividend by the market price applicable to such dividend.

3.2 For the purposes of this Part 3 and Part 4 hereof, "market price" means the average of the daily closing prices of Common Shares for a period of five (5) consecutive trading days ending on the date on which any dividend becomes payable or of any notice of

redemption as the case may be. The closing price for each trading day shall be (i) for any period during which the Common Shares shall be listed for trading on a national securities exchange, the last reported bid price per share of Common Shares as reported by the primary stock exchange, or the Nasdaq Stock Market, if the Common Shares are quoted on the Nasdaq Stock Market, or (ii) if last sales price information is not available, the average closing bid price of Common Shares as reported by the Nasdaq Stock Market, or if not so listed or reported, then as reported by National Quotation Bureau, Incorporated, or (iii) in the event neither clause (i) nor (ii) is applicable, the average of the closing bid and asked prices as furnished by any member of the National Association of Securities Dealers, Inc., selected from time to time by the Corporation for that purpose.

3.3 Dividends on Series I Class A Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared and set aside for payment on the Common Shares until full cumulative dividends on all outstanding Series I Class A Preferred Stock shall have been paid or declared and set aside for payment.

3.4 Dividends shall be payable in arrears, at the rate of \$12.50 per share for each full calendar quarter on each February 28, May 31, August 31, and November 30 of each calendar year, to the holders of record of the Series I Class A Preferred Stock as they appear in the securities register of the Corporation on such record dates not more than sixty (60) nor less than ten (10) days preceding the payment date thereof, as shall be fixed by the Board; provided, however, that the initial dividend for the Series I Class A Preferred Stock shall accrue for the period commencing on the date of the issuance thereof to and including December 31, 1995.

3.5 If, in any quarter, insufficient funds are available to pay such dividends as are then due and payable with respect to the Series I Class A Preferred Stock and all other classes and series of the capital stock of the Corporation ranking in parity therewith (or such payment is otherwise prohibited by provisions of the GCL, such funds as are legally available to pay such dividends shall be paid or Common Shares will be issued as stock dividends to the

holders of Series I Class A Preferred Stock and to the holders of any other series of Class A Preferred Stock then outstanding as provided in Part 6 hereof, in accordance with the rights of each such holder, and the balance of accrued but undeclared and/or unpaid dividends, if any, shall be declared and paid on the next succeeding dividend date to the extent that funds are then legally available for such purpose.

Part 4 - Redemption.

4.1 At any time, and from time to time, on and after one hundred twenty (120) days from the date of the issuance of any Series I Class A Preferred Stock, if the average of the closing bid prices for the Common Shares for five (5) consecutive trading days shall

be in excess of \$1.50, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, the then outstanding Series I Class A Preferred Stock at a price per share of U. S. \$1,000 each (the "Redemption Price") (such price to be adjusted proportionately in the event of any change of the Series I Class A Shares into a different number of Shares).

4.2 Thirty (30) days prior to any date stipulated by the Corporation for the redemption of Series I Class A Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series I Class A Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such Shares, (ii) the number of Series I Class A Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated of a share certificate or share certificates representing the number of Series I Class A Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series I Class A Preferred Stock to be redeemed as provided in this Part 4, and the number of shares to be converted into Common Shares as provided in Part 5 hereof.

4.3 Upon receipt of the Redemption Notice, any Eligible Holder (as defined in Section 5.2 hereof) shall have the option, at its sole election, to specify what portion of its Series I Class A Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 4 or converted into Common Shares in the manner provided in Part 5 hereof, except that, notwithstanding any provision of such Part 5 to the contrary, any Eligible Holder shall have the right to convert into Common Shares that number of Series I Class A Preferred Stock called for redemption in the Redemption Notice.

4.4 On or before the Redemption Date in respect of any Series I Class A Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.5 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series I Class A Shares which are not being redeemed to be registered in the names of the persons whose

names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

4.5 On the Redemption Date in respect of any Series I Class A Shares or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least

U. S. \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series I Class A Shares in respect of which the Corporation has received notice from the Eligible Holder thereof of its election to convert Series I Class A Shares in to Common Shares), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed share shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

Part 5 - Conversion.

5.1 For the purposes of conversion of the Series I Class A Preferred Stock shall be valued at \$1,000 per share ("Value"), and, if converted, the Series I Class A Preferred Stock shall be converted into such number of Common Shares (the "Conversion Shares") as is obtained by dividing the aggregate Value of the shares of Series I Class A Preferred Stock being so converted, together with all accrued but unpaid dividends thereon, by the "Average Stock Price" per share of the Conversion Shares (the "Conversion Price"), subject to adjustment pursuant to the provisions of this Part 5. For purposes of this Part 5, the "Average Stock Price" means the lesser of (x) seventy percent (70%) of the average daily closing bid prices of the Common Shares for the period of five (5) consecutive trading days immediately preceding the date of subscription by the Holder or (y) seventy percent (70%) of the daily average closing bid prices of Common Shares for the period of five (5) consecutive trading days immediately preceding the date of the conversion of the Series I Class A Preferred Stock in respect of which such Average Stock Price is determined. The closing price for each trading day shall be determined as provided in the last sentence of Section 3.2.

5.2 Any holder of Series I Class A Preferred Stock (an "Eligible Holder") may at any time commencing forty-five (45) days after the issuance of any Series I Class A Preferred Stock convert up to one hundred percent (100%) of his holdings of Series I Class A Preferred Stock in accordance with this Part 5.

5.3 The conversion right granted by Section 5.2 hereof may be exercised only by an Eligible Holder of Series I Class A Preferred Stock, in whole or in part, by the surrender of the share certificate or share certificates representing the Series I Class A Preferred Stock to be converted at the principal office of the

Corporation (or at such other place as the Corporation may designate in a written notice sent to the holder by first class mail, postage prepaid, at its address shown on the books of the Corporation) against delivery of that number of whole Common Shares as shall be computed by dividing (1) the aggregate Value of the Series I Class A Preferred Stock so surrendered for conversion plus any accrued but unpaid dividends thereon, if any, by (2) the Conversion Price in effect at the date of the conversion. At the time of conversion of a share of the Series I Class A Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, issue that number of whole Common Shares which is equal to the product of dividing the amount of such unpaid dividends by the Average Stock Price whether or not declared by the Board. Each Series I Class A Preferred Stock share certificate surrendered for conversion shall be endorsed by its holder. In the event of any exercise of the conversion right of the Series I Class A Preferred Stock granted herein (i) share certificate representing the Common Shares purchased by virtue of such exercise shall be delivered to such holder within three (3) days of notice of conversion, and (ii) unless the Series I Class A Preferred Stock has been fully converted, a new share certificate representing the Series I Class A Preferred Stock not so converted, if any, shall also be delivered to such holder within three (3) days of notice of conversion. Any Eligible Holder may exercise its right to convert the Series I Class A Preferred Stock by telecopying an executed and completed Notice of Conversion to the Corporation, and within seventy-two (72) hours thereafter, delivering the original Notice of Conversion and the certificate representing the Series I Class A Preferred Stock to the Corporation by express courier. Each date on which a Notice of Conversion is telecopied to and received by the Corporation in accordance with the provisions hereof shall be deemed a conversion date. The Corporation will transmit the Common Shares certificates issuable upon conversion of any Series I Class A Preferred Stock (together with the certificates representing the Series I Class A Preferred Stock not so converted) to the Eligible Holder via express courier within three (3) business days after the conversion date if the Corporation has received the original Notice of Conversion and the Series I Class A Shares certificates being so converted by such date.

5.4 All Common Shares which may be issued upon conversion of Series I Class A Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof. At all times that any Series I Class A Preferred Stock is outstanding, the Corporation shall have authorized, and shall have reserved for the purpose of issuance upon such conversion, a sufficient number of Common Shares to provide for the conversion into Common Shares of

all Series I Class A Preferred Stock then outstanding at the then effective Conversion Price. Without limiting the generality of the foregoing, if, at any time, the Conversion Price is decreased, the number of Common Shares authorized and reserved for issuance upon the conversion of the Series I Class A Preferred Stock shall be proportionately increased.

5.5 The number of Common Shares issued upon conversion of Series I Class A Preferred Stock and the Conversion Price shall be subject to adjustment from time to time upon the happening of certain events, as follows:

5.5.1 Change of Designation of the Common Shares or the rights, privileges, restrictions and conditions in respect of the Common Shares or division of the Common Shares into series. In the case of any amendment to the Articles to change the designation of the Common Shares or the rights, privileges, restrictions or conditions in respect of the Common Shares or division of the Common Shares into series the rights of the holders of the Series I Class A Preferred Stock shall be adjusted so as to provide that upon conversion thereof, the holder of the Series I Class A Preferred Stock being converted shall procure, in lieu of each Common Share theretofore issuable upon such conversion, the kind and amount of shares, other securities, money and property receivable upon such designation, change or division by the holder of one Common Share issuable upon such conversion had conversion occurred immediately prior to such designation, change or division. The Series I Class A Preferred Stock shall be deemed thereafter to provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Part 5. The provisions of this subsection 5.5.1 shall apply in the same manner to successive reclassifications, changes, consolidations, and mergers.

5.5.2 If the Corporation, at any time while any of the Series I Class A Preferred Stock is outstanding, shall amend the Articles so as to change the Common Shares into a different number of shares, the Conversion Price shall be proportionately reduced, in case of such change increasing the number of Common Shares, as of the effective date of such increase, or if the Corporation shall take a record of holders of its Common Shares for the purpose of such increase, as of such record date, whichever is earlier, or the Conversion Price shall be proportionately increased, in the case of such change decreasing the number of Common Shares, as of the effective date of such decrease or, if the Corporation shall take a record of holders of its Common Stock for the purpose of such decrease, as of such record date, whichever is earlier.

5.5.3 If the Corporation, at any time while any of the Series I Class A Preferred Stock is outstanding, shall pay a dividend payable in Common Shares (except for any dividends of Common Shares payable pursuant to Part 3 hereof), the

Conversion Price shall be adjusted, as of the date the Corporation shall take a record of the holders of its Common Shares for the purposes of receiving such dividend (or if no such record is taken, as of the date of payment of such dividend), to that price determined by multiplying the Conversion Price therefor in effect by a fraction (1) the numerator of which shall be the total number of Common Shares outstanding immediately prior to such dividend, and (2) the denominator of which shall be the total number of Common Shares outstanding immediately after such dividend (plus in the event that the Corporation paid cash for fractional shares, the number of additional shares which would have been outstanding had the Corporation issued fractional shares in connection with said dividend).

5.6 Whenever the Conversion Price shall be adjusted pursuant to Section 5.5 hereof, the Corporation shall make a certificate signed by its President, or a Vice President and by its Treasurer, Assistant Treasurer, Secretary or Assistant Secretary, setting forth, in reasonable detail, the event requiring the adjustment,

the amount of the adjustment, the method by which such adjustment was calculated (including a description of the basis on which the Board of Directors made any determination hereunder), and the Conversion Price after giving effect to such adjustment, and shall cause copies of such certificates to be mailed (by first class mail, postage prepaid) to each holder of the Series I Class A Preferred Stock at its address shown on the books of the Corporation. The Corporation shall make such certificate and mail it to each such holder promptly after each adjustment.

5.7 No fractional Common Shares shall be issued in connection with any conversion of Series I Class A Preferred Stock, but in lieu of such fractional shares, the Corporation shall make a cash payment therefor equal in amount to the product of the applicable fraction multiplied by the Conversion Price then in effect.

5.8 No Series I Class A Preferred Stock which has been converted into Common Shares shall be reissued by the Corporation; provided, however, that each such share shall be restored to the status of authorized but unissued Preferred Stock without designation as to series and may thereafter be issued as a series of Preferred Stock not designated as Series I Class A Preferred Stock.

Part 6 - Parity with Other Shares of Class A Preferred Shares.

6.1 If any cumulative dividends or accounts payable or return of capital in respect of Series I Class A Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

Part 7 - Amendment.

7.1 In addition to any requirement for a series vote pursuant to the GCL in respect of any amendment to the Corporation's Certificate of Incorporation that adversely affects the rights, privileges, restrictions and conditions of the Series I Class A Preferred Stock, the rights, privileges, restrictions and conditions attaching to the Series I Class A Preferred Stock may be amended by an amendment to the Corporation's Certificate of Incorporation so as to affect such adversely only if the Corporation has obtained the affirmative vote at a duly called and held series meeting of the holders of the Series I Class A Preferred Stock or written consent by the holders of a majority of the Series I Class A Preferred Stock then outstanding. Notwithstanding the above, the number of authorized shares of such class or classes of stock may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting as a single class, irrespective of this Section 7.1.

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF DESIGNATION OF "PERMA-FIX ENVIRONMENTAL SERVICES, INC." FILED IN THIS OFFICE ON THE TWENTIETH DAY OF FEBRUARY, A.D. 1996, AT 10:45 O'CLOCK A.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.

/s/ Edward J. Freel

Edward J. Freel,
Secretary of State

Authentication: 7832562

Date: 02/20/1996

960047351

CERTIFICATE OF DESIGNATIONS
OF SERIES 2 CLASS B CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 2 Class B Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 2 Class B Convertible Preferred Stock as set forth in the attached resolutions.

Dated: February 16, 1996

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By /s/ Louis F. Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Mark A. Zwecker

Mark A. Zwecker, Secretary

ISTE:\N-P\PESI\CERT-DES.S2B
PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")

RESOLUTION OF THE BOARD OF DIRECTORS

FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 2 CLASS B CONVERTIBLE PREFERRED STOCK

WHEREAS,

- A. The Corporation's share capital includes Preferred Stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series with the directors of the Corporation (the "Board") being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences, and relative, participating, optional or other special rights, privileges, restrictions and conditions attaching to the shares of each such series; and
- B. It is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 2 Class B Convertible Preferred Stock, par value \$.001.

NOW, THEREFORE, BE IT RESOLVED, THAT:

The Series 2 Class B Convertible Preferred Stock, par value \$.001 (the "Series 2 Class B Preferred Stock") of the Corporation shall consist of 2,500 shares and no more and shall be designated as the Series 2 Class B Preferred Stock and in addition to the preferences, rights, privileges, restrictions and conditions attaching to all the Series 2 Class B Preferred Stock as a series, the rights, privileges, restrictions and conditions attaching to the Series 2 Class B Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 Except as otherwise provided herein, in the Corporation's Certificate of Incorporation (the "Articles") or the General Corporation Law of the State of Delaware (the "GCL"), each holder of Series 2 Class B Preferred Stock, by virtue of his ownership thereof, shall be entitled to cast that number of votes per share thereof on each matter submitted to the Corporation's shareholders for voting which equals the number of votes which could be cast by such holder of the number of shares of the Corporation's Common Stock, par value \$.001 per share (the "Common Shares") into which such shares of Series 2 Class B Preferred Stock would be entitled to be converted into pursuant to Part 5 hereof on the record date of such vote. The outstanding Series 2 Class B Preferred Stock, the Common Shares of the Corporation and any other series of

Preferred Stock of the Corporation having voting rights shall vote together as a single class, except as otherwise expressly required by the GCL or Part 7 hereof. The Series 2 Class B Preferred Stock shall not have cumulative voting rights.

1.2 The Series 2 Class B Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

Part 2 - Liquidation Rights.

2.1 If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any Series 2 Class B Preferred Stock shall be outstanding, the holders of the then outstanding Series 2 Class B Preferred Stock shall have a preference in distribution of the Corporation's property available for distribution to the holders of the Common Shares equal to \$1,000 consideration per outstanding share of Series 2 Class B Preferred Stock, together with an amount equal to all unpaid dividends accrued thereon, if any, to the date of payment of such distribution, whether or not declared by the Board; provided, however, that the merger of the Corporation with any corporation or corporations in which the Corporation is not the survivor, or the sale or transfer by the Corporation of all or substantially all of its property, or a reduction by at least seventy percent (70%) of the then issued and outstanding Common Shares of the Corporation, shall be deemed to be a liquidation of the Corporation within the meaning of any of the provisions of this Part 2.

2.2 Subject to the provisions of Part 6 hereof, all amounts to be paid as preferential distributions to the holders of Series 2 Class B Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of Common Shares, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 After the payment to the holders of the shares of the Series 2 Class B Preferred Stock of the full preferential amounts provided for in this Part 2, the holders of the Series 2 Class B Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 2 Class B Preferred Stock upon any dissolution, liquidation or winding up of

the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 2 Class B Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid

on account of the shares of this Series 2 Class B Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 2 Class B Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

Part 3 - Dividends.

3.1 Holders of record of Series 2 Class B Preferred Stock, out of funds legally available therefor and to the extent permitted by law, shall be entitled to receive dividends on their Series 2 Class B Preferred Stock, which dividends shall accrue at the rate per share of five percent (5%) per annum of consideration paid for each share of Series 2 Class B Preferred Stock (\$50.00 per share per year for each full year) commencing on the date of the issuance thereof, payable, at the option of the Corporation, (i) in cash, or (ii) by the issuance of that number of whole Common Shares computed by dividing the amount of the dividend by the market price applicable to such dividend.

3.2 For the purposes of this Part 3 and Part 4 hereof, "market price" means the average of the daily closing prices of Common Shares for a period of five (5) consecutive trading days ending on the date on which any dividend becomes payable or of any notice of redemption as the case may be. The closing price for each trading day shall be (i) for any period during which the Common Shares shall be listed for trading on a national securities exchange, the last reported bid price per share of Common Shares as reported by the primary stock exchange, or the Nasdaq Stock Market, if the Common Shares are quoted on the Nasdaq Stock Market, or (ii) if last sales price information is not available, the average closing bid price of Common Shares as reported by the Nasdaq Stock Market, or if not so listed or reported, then as reported by National Quotation Bureau, Incorporated, or (iii) in the event neither clause (i) nor (ii) is applicable, the average of the closing bid and asked prices as furnished by any member of the National Association of Securities Dealers, Inc., selected from time to time by the Corporation for that purpose.

3.3 Dividends on Series 2 Class B Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared and set aside for payment on the Common Shares until full cumulative dividends on all outstanding Series 2 Class B Preferred Stock shall have been paid or declared and set aside for payment.

3.4 Dividends shall be payable in arrears, at the rate of \$12.50 per share for each full calendar quarter on each February 28, May 31, August 31, and November 30 of each calendar year, to the holders of record of the Series 2 Class B Preferred Stock as they appear in the securities register of the Corporation on such record dates not more than sixty (60) nor less than ten (10) days preceding the payment date thereof, as shall be fixed by the Board; provided, however, that the initial dividend for the Series 2 Class

B Preferred Stock shall accrue for the period commencing on the date of the issuance thereof.

3.5 If, in any quarter, insufficient funds are available to pay such dividends as are then due and payable with respect to the Series 2 Class B Preferred Stock and all other classes and series of the capital stock of the Corporation ranking in parity therewith (or such payment is otherwise prohibited by provisions of the GCL, such funds as are legally available to pay such dividends shall be paid or Common Shares will be issued as stock dividends to the holders of Series 2 Class B Preferred Stock and to the holders of any other series of Class B Preferred Stock then outstanding as provided in Part 6 hereof, in accordance with the rights of each such holder, and the balance of accrued but undeclared and/or unpaid dividends, if any, shall be declared and paid on the next succeeding dividend date to the extent that funds are then legally available for such purpose.

Part 4 - Redemption.

4.1 At any time, and from time to time, on and after one hundred twenty (120) days from the date of the issuance of any Series 2 Class B Preferred Stock, if the average of the closing bid prices for the Common Shares for five (5) consecutive trading days shall be in excess of \$1.50 per share, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, the then outstanding Series 2 Class B Preferred Stock at a price per share of U. S. \$1,000 each (the "Redemption Price") (such price to be adjusted proportionately in the event of any change of the Series 2 Class B Preferred Stock into a different number of shares of Series 2 Class B Preferred Stock).

4.2 Thirty (30) days prior to any date stipulated by the Corporation for the redemption of Series 2 Class B Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 2 Class B Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 2 Class B Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated of a share certificate or share certificates representing the number of Series 2 Class B Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 2 Class B Preferred Stock to be redeemed as provided in this Part 4, and the number of shares to be converted into Common Shares as provided in Part 5 hereof.

4.3 Upon receipt of the Redemption Notice, any Eligible Holder (as defined in Section 5.2 hereof) shall have the option, at its sole election, to specify what portion of its Series 2 Class B Preferred Stock called for redemption in the Redemption Notice shall be

redeemed as provided in this Part 4 or converted into Common Shares in the manner provided in Part 5 hereof, except that, notwithstanding any provision of such Part 5 to the contrary, any Eligible Holder shall have the right to convert into Common Shares that number of Series 2 Class B Preferred Stock called for redemption in the Redemption Notice.

4.4 On or before the Redemption Date in respect of any Series 2 Class B Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares

to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 4.5 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 2 Class B Preferred Stock which are not being redeemed to be registered in the names of the persons whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

4.5 On the Redemption Date in respect of any Series 2 Class B Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least U. S. \$50,000,000, as a trust fund, a sum equal to the aggregate Redemption Price of all such shares called from redemption (less the aggregate Redemption Price for those Series 2 Class B Preferred Stock in respect of which the Corporation has received notice from the Eligible Holder thereof of its election to convert Series 2 Class B Preferred Stock in to Common Shares), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the Redemption Price to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed share shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the Redemption price of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the former holders of shares called for redemption shall be entitled to receive payment of the Redemption Price in respect of their shares only from the Corporation.

Part 5 - Conversion.

5.1 For the purposes of conversion of the Series 2 Class B Preferred Stock shall be valued at \$1,000 per share ("Value"), and, if converted, the Series 2 Class B Preferred Stock shall be

converted into such number of Common Shares (the "Conversion Shares") as is obtained by dividing the aggregate Value of the shares of Series 2 Class B Preferred Stock being so converted, together with all accrued but unpaid dividends thereon, by the "Average Stock Price" per share of the Conversion Shares (the "Conversion Price"), subject to adjustment pursuant to the provisions of this Part 5. For purposes of this Part 5, the "Average Stock Price" means the lesser of (x) seventy percent (70%) of the average daily closing bid prices of the Common Shares for a period of five (5) consecutive trading days immediately preceding the date of subscription by the Holder or (y) seventy percent (70%) of the average daily closing bid prices of Common Shares for the period of five (5) consecutive trading days immediately preceding the date of the conversion of the Series 2 Class B Preferred Stock in respect of which such Average Stock Price is determined. The closing price for each trading day shall be determined as provided in the last sentence of Section 3.2.

5.2 Any holder of Series 2 Class B Preferred Stock (an "Eligible Holder") may at any time commencing forty-five (45) days after the issuance of any Series 2 Class B Preferred Stock convert up to one hundred percent (100%) of his holdings of Series 2 Class B Preferred Stock in accordance with this Part 5.

5.3 The conversion right granted by Section 5.2 hereof may be exercised only by an Eligible Holder of Series 2 Class B Preferred Stock, in whole or in part, by the surrender of the share certificate or share certificates representing the Series 2 Class B Preferred Stock to be converted at the principal office of the Corporation (or at such other place as the Corporation may designate in a written notice sent to the holder by first class mail, postage prepaid, at its address shown on the books of the Corporation) against delivery of that number of whole Common Shares as shall be computed by dividing (1) the aggregate Value of the Series 2 Class B Preferred Stock so surrendered for conversion plus any accrued but unpaid dividends thereon, if any, by (2) the Conversion Price in effect at the date of the conversion. At the time of conversion of a share of the Series 2 Class B Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, issue that number of whole Common Shares which is equal to the product of dividing the amount of such unpaid dividends by the Average Stock Price whether or not declared by the Board. Each Series 2 Class B Preferred Stock share certificate surrendered for conversion shall be endorsed by its holder. In the event of any exercise of the conversion right of the Series 2 Class B Preferred Stock granted herein (i) share certificate representing the Common Shares purchased by virtue of such exercise shall be delivered to such holder within three (3) days of notice of conversion, and (ii) unless the Series 2 Class B Preferred Stock has been fully converted, a new share certificate representing the Series 2 Class B Preferred Stock not so converted, if any, shall also be delivered to such holder within three (3) days of notice of conversion. Any

Eligible Holder may exercise its right to convert the Series 2 Class B Preferred Stock by telecopying an executed and completed Notice of Conversion to the Corporation, and within seventy-two (72) hours thereafter, delivering the original Notice of Conversion and the certificate representing the Series 2 Class B Preferred Stock to the Corporation by express courier. Each date on which a Notice of Conversion is telecopied to and received by the Corporation in accordance with the provisions hereof shall be deemed a conversion date. The Corporation will transmit the Common Shares certificates issuable upon conversion of any Series 2 Class B Preferred Stock (together with the certificates representing the Series 2 Class B Preferred Stock not so converted) to the Eligible Holder via express courier within three (3) business days after the conversion date if the Corporation has received the original Notice of Conversion and the Series 2 Class B Shares certificates being so converted by such date.

5.4 All Common Shares which may be issued upon conversion of Series 2 Class B Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof. At all times that any Series 2 Class B Preferred Stock is outstanding, the Corporation shall have authorized, and shall have reserved for the purpose of issuance upon such conversion, a sufficient number of Common Shares to provide for the conversion into Common Shares of all Series 2 Class B Preferred Stock then outstanding at the then effective Conversion Price. Without limiting the generality of the

foregoing, if, at any time, the Conversion Price is decreased, the number of Common Shares authorized and reserved for issuance upon the conversion of the Series 2 Class B Preferred Stock shall be proportionately increased.

5.5 The number of Common Shares issued upon conversion of Series 2 Class B Preferred Stock and the Conversion Price shall be subject to adjustment from time to time upon the happening of certain events, as follows:

5.5.1 In the case of any amendment to the Articles to change the designation of the Common Shares or the rights, privileges, restrictions or conditions in respect of the Common Shares or division of the Common Shares into series the rights of the holders of the Series 2 Class B Preferred Stock shall be adjusted so as to provide that upon conversion thereof, the holder of the Series 2 Class B Preferred Stock being converted shall procure, in lieu of each Common Share theretofore issuable upon such conversion, the kind and amount of shares, other securities, money and property receivable upon such designation, change or division by the holder of one Common Share issuable upon such conversion had conversion occurred immediately prior to such designation, change or division. The Series 2 Class B Preferred Stock shall be deemed thereafter to provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Part 5. The provisions of this subsection 5.5.1 shall apply in the same manner to successive reclassifications, changes, consolidations, and mergers.

5.5.2 If the Corporation, at any time while any of the Series 2 Class B Preferred Stock is outstanding, shall amend the Articles so as to change the Common Shares into a different number of shares, the Conversion Price shall be proportionately reduced, in case of such change increasing the number of Common Shares, as of the effective date of such increase, or if the Corporation shall take a record of holders of its Common Shares for the purpose of such increase, as of such record date, whichever is earlier, or the Conversion Price shall be proportionately increased, in the case of such change decreasing the number of Common Shares, as of the effective date of such decrease or, if the Corporation shall take a record of holders of its Common Stock for the purpose of such decrease, as of such record date, whichever is earlier.

5.5.3 If the Corporation, at any time while any of the Series 2 Class B Preferred Stock is outstanding, shall pay a dividend payable in Common Shares (except for any dividends of Common Shares payable pursuant to Part 3 hereof), the Conversion Price shall be adjusted, as of the date the Corporation shall take a record of the holders of its Common Shares for the purposes of receiving such dividend (or if no such record is taken, as of the date of payment of such dividend), to that price determined by multiplying the Conversion Price therefor in effect by a fraction (1) the numerator of which shall be the total number of Common Shares outstanding immediately prior to such dividend, and (2) the denominator of which shall be the total number of Common Shares outstanding immediately after such dividend (plus in the event that the Corporation paid cash for fractional shares, the number of additional shares which would have been outstanding had the Corporation issued fractional shares in

connection with said dividend).

5.6 Whenever the Conversion Price shall be adjusted pursuant to Section 5.5 hereof, the Corporation shall make a certificate signed by its President, or a Vice President and by its Treasurer, Assistant Treasurer, Secretary or Assistant Secretary, setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated (including a description of the basis on which the Board of Directors made any determination hereunder), and the Conversion Price after giving effect to such adjustment, and shall cause copies of such certificates to be mailed (by first class mail, postage prepaid) to each holder of the Series 2 Class B Preferred Stock at its address shown on the books of the Corporation. The Corporation shall make such certificate and mail it to each such holder promptly after each adjustment.

5.7 No fractional Common Shares shall be issued in connection with any conversion of Series 2 Class B Preferred Stock, but in lieu of such fractional shares, the Corporation shall make a cash payment therefor equal in amount to the product of the applicable fraction multiplied by the Conversion Price then in effect.

5.8 No Series 2 Class B Preferred Stock which has been converted into Common Shares shall be reissued by the Corporation; provided, however, that each such share shall be restored to the status of authorized but unissued Preferred Stock without designation as to series and may thereafter be issued as a series of Preferred Stock not designated as Series 2 Class B Preferred Stock.

Part 6 - Parity with Other Shares of Series 2 Class B Preferred Stock and Priority.

6.1 If any cumulative dividends or accounts payable or return of capital in respect of Series 2 Class B Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

6.2 For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

6.2.1 Prior or senior to the shares of this Series 2 Class B Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series 2 Class B Preferred Stock;

6.2.2 On a parity with, or equal to, shares of this Series 2 Class B Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of this Series 2 Class B Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and over the other, as between the holders of such stock and the holders of shares of

this Series 2 Class B Preferred Stock; and,

6.2.3 Junior to shares of this Series 2 Class B Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Shares or if the holders of shares of this Series 2 Class B Preferred Stock shall be entitled to receipt of dividends or of amounts distributable

upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

Part 7 - Amendment.

7.1 In addition to any requirement for a series vote pursuant to the GCL in respect of any amendment to the Articles that adversely affects the rights, privileges, restrictions and conditions of the Series 2 Class B Preferred Stock, the rights, privileges, restrictions and conditions attaching to the Series 2 Class B Preferred Stock may be amended by an amendment to the Corporation's Certificate of Incorporation so as to affect such adversely only if the Corporation has obtained the affirmative vote at a duly called and held series meeting of the holders of the Series 2 Class B Preferred Stock or written consent by the holders of a majority of the Series 2 Class B Preferred Stock then outstanding. Notwithstanding the above, the number of authorized shares of such class or classes of stock may be increased or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of this Section 7.1.

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF DESIGNATION OF "PERMA-FIX ENVIRONMENTAL SERVICES, INC." FILED IN THIS OFFICE ON THE NINETEENTH DAY OF JULY, A.D. 1996, AT 12:30 O'CLOCK P.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.

/s/ Edward J. Freel

Edward J. Freel,
Secretary of State

Authentication: 8033738

2249849 8100

Date: 07-19-96

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CERTIFICATE OF DESIGNATIONS
OF SERIES 3 CLASS C CONVERTIBLE PREFERRED STOCK
OF
PERMA-FIX ENVIRONMENTAL SERVICES, INC.

Perma-Fix Environmental Services, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

That, pursuant to authority conferred upon by the Board of Directors by the Corporation's Restated Certificate of Incorporation, as amended, and pursuant to the provisions of Section 151 of the Delaware Corporation Law, the Board of Directors of the Corporation has adopted resolutions, a copy of which is attached hereto, establishing and providing for the issuance of a series of Preferred Stock designated as Series 3 Class C Convertible Preferred Stock and has established and fixed the voting powers, designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions of such Series 3 Class C Convertible Preferred Stock as set forth in the attached resolutions.

Dated: July 17, 1996

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By /s/ Louis F. Centofanti

Dr. Louis F. Centofanti
Chairman of the Board

ATTEST:

/s/ Richard T. Kelecy

Richard T. Kelecy, Secretary

ISTE:\N-P\PESI\REG-D\CERT-DES.S3C
PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(the "Corporation")

RESOLUTION OF THE BOARD OF DIRECTORS

FIXING THE NUMBER AND DESIGNATING THE RIGHTS, PRIVILEGES,
RESTRICTIONS AND CONDITIONS ATTACHING TO THE
SERIES 3 CLASS C CONVERTIBLE PREFERRED STOCK

WHEREAS,

- A. The Corporation's share capital includes Preferred Stock, par value \$.001 per share ("Preferred Stock"), which Preferred Stock may be issued in one or more series by the Board of Directors of the Corporation (the "Board") being entitled by resolution to fix the number of shares in each series and to designate the rights, designations, preferences, and relative, participating, optional or other special rights, privileges, restrictions and conditions attaching to the shares of each such series; and
- B. It is in the best interests of the Corporation for the Board to create a new series from the Preferred Stock designated as the Series 3 Class C Convertible Preferred Stock, par value \$.001.

NOW, THEREFORE, BE IT RESOLVED, THAT:

The Series 3 Class C Convertible Preferred Stock, par value \$.001 (the "Series 3 Class C Preferred Stock") of the Corporation shall consist of 5,500 shares and no more and shall be designated as the Series 3 Class C Convertible Preferred Stock, and the preferences, rights, privileges, restrictions and conditions attaching to the Series 3 Class C Preferred Stock shall be as follows:

Part 1 - Voting and Preemptive Rights.

1.1 Voting Rights. Except as otherwise provided herein, in the Corporation's Certificate of Incorporation (the "Articles") or the General Corporation Law of the State of Delaware (the "GCL"), the holders of the Series 3 Class C Preferred Stock shall have no voting rights whatsoever. To the extent that under the GCL the vote of the holders of the Series 3 Class C Preferred Stock, voting separately as a class or series as applicable, is required to authorize a given action of the Corporation, the affirmative vote

or consent of the holders of at least a majority of the shares of the Series 3 Class C Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of a majority of the shares of Series 3 Class C Preferred Stock (except as otherwise may be required under the GCL) shall constitute the approval of such action by the series. To the extent that under the GCL the holders of the Series 3 Class C Preferred Stock are

entitled to vote on a matter with holders of Corporation's Common Stock and/or any other class or series of the Corporation's voting securities, the Series 3 Class C Preferred Stock, the Corporation's Common Stock and all other classes or series of the Corporation's voting securities shall vote together as one class, with each share of Series 3 Class C Preferred Stock entitled to a number of votes equal to the number of shares of the Corporation's Common Stock into which it is then convertible using the record date for the taking of such vote of stockholders as the date as of which the Conversion Price (as defined in Section 4.2 hereof) is calculated and conversion is effected. Holders of the Series 3 Class C Preferred Stock shall be entitled to notice of (and copies of proxy materials and other information sent to stockholders) for all shareholder meetings or written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's bylaws and applicable statutes.

1.2 No Preemptive Rights. The Series 3 Class C Preferred Stock shall not give its holders any preemptive rights to acquire any other securities issued by the Corporation at any time in the future.

Part 2 - Liquidation Rights.

2.1 Liquidation. If the Corporation shall be voluntarily or involuntarily liquidated, dissolved or wound up at any time when any shares of the Series 3 Class C Preferred Stock shall be outstanding, the holders of the then outstanding Series 3 Class C Preferred Stock shall have a preference in distribution of the Corporation's property available for distribution to the holders of the Corporation's Common Stock equal to \$1,000 consideration per outstanding share of Series 3 Class C Preferred Stock, plus an amount equal to all unpaid dividends accrued thereon to the date of payment of such distribution ("Liquidation Preference"), whether or not declared by the Board.

2.2 Payment of Liquidation Preferences. Subject to the provisions of Part 6 hereof, all amounts to be paid as Liquidation Preference to the holders of Series 3 Class C Preferred Stock, as provided in this Part 2, shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any of the Corporation's property to the holders of the Corporation's Common Stock, whether now or hereafter authorized, in connection with such liquidation, dissolution or winding up.

2.3 No Rights After Payment. After the payment to the holders of the shares of the Series 3 Class C Preferred Stock of the full Liquidation Preference amounts provided for in this Part 2, the holders of the Series 3 Class C Preferred Stock as such shall have no right or claim to any of the remaining assets of the Corporation.

2.4 Assets Insufficient to Pay Full Liquidation Preference. In the event that the assets of the Corporation available for distribution to the holders of shares of the Series 3 Class C

Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to this Part 2, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the shares of this Series 3 Class C Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of this Series 3 Class C Preferred Stock and shares of such other class or series ranking on a parity with the shares of this Series 3 Class C Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

Part 3 - Dividends.

3.1 The holders of the Series 3 Class C Preferred Stock are entitled to receive if, when and as declared by the Board out of funds legally available therefor, cumulative dividends, payable in cash or Common Stock of the Corporation, par value \$.001 per share (the "Common Stock"), at the Corporation's election, at the rate of six percent (6%) per annum of the Liquidation Value of the Series 3 Class C Preferred Stock. The Liquidation Value of the Series 3 Class C Preferred Stock shall be \$1,000.00 per share (the "Dividend Rate"). The dividend is payable semi-annually within seven (7) business days after each of December 31 and June 30 of each year, commencing December 31, 1996 (each, a "Dividend Declaration Date"). Dividends shall be paid only with respect to shares of Series 3 Class C Preferred Stock actually issued and outstanding on a Dividend Declaration Date and to holders of record as of the Dividend Declaration Date. Dividends shall accrue from the first day of the semi-annual period in which such dividend may be payable, except with respect to the first semi-annual dividend which shall accrue from the date of issuance of the Series 3 Class C Preferred Stock. In the event that the Corporation elects to pay dividends in Common Stock of the Corporation, each holder of the Series 3 Class C Preferred Stock shall receive shares of Common Stock of the Corporation equal to the quotient of (i) the Dividend Rate in effect on the applicable Dividend Declaration Date dividend by (ii) the average of the closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately prior to the Dividend Declaration Date (the "Stock Dividend Price"). Dividends on the Series 3 Class C Preferred Stock shall be cumulative, and no dividends or other distributions shall be paid or declared or set aside for payment on the Common Stock until all accrued and unpaid dividends on all outstanding shares of Series 3 Class C Preferred Stock shall have been paid or declared and set aside for payment.

Part 4 - Conversion. The holders of the Series 3 Class C Preferred Stock shall have rights to convert the shares of Series 3 Class C Preferred Stock into shares of the Corporation's Common Stock, par value \$.001 per share ("Common Stock"), as follows (the "Conversion Rights"):

4.1 Right to Convert. The Series 3 Class C Preferred Stock shall be convertible into shares of Common Stock, as follows:

- 4.1.1 Up to one thousand eight hundred thirty-three (1,833) shares of Series 3 Class C Preferred Stock may be converted at the Conversion Price (as that

term is defined in Section 4.2 below) at any time on or after October 1, 1996;

4.1.2 Up to one thousand eight hundred thirty-three (1,833) shares of Series 3 Class C Preferred Stock may be converted at the Conversion Price at any time on or after November 1, 1996; and,

4.1.3 Up to one thousand eight hundred thirty-four (1,834) shares of Series 3 Class C Preferred Stock may be converted at the Conversion Price on or after December 1, 1996.

4.2 Conversion Price. As used herein, the term Conversion Price shall be the product of (i) the average closing bid quotation of the Common Stock as reported on the over-the-counter market, or the closing sale price if listed on a national securities exchange, for the five (5) trading days immediately preceding the date of the Conversion Notice referred to in Section 4.3 below multiplied by (ii) seventy-five percent (75%). Notwithstanding the foregoing, the Conversion Price shall not be (i) less than a minimum of \$.75 per share ("Minimum Conversion Price") or (ii) more than a maximum of \$1.50 per share ("Maximum Conversion Price"). If, after July 1, 1996, the Corporation sustains a net loss, on a consolidated basis, in each of two (2) consecutive quarters, as determined under generally accepted accounting principles, the Minimum Conversion Price shall be reduced \$.25 a share, but there shall be no change to, or reduction of, the Maximum Conversion Price. For the purpose of determining whether the Corporation has had a net loss in each of two (2) consecutive quarters, at no time shall a quarter that has already been considered in such determination be considered in any subsequent determination (as an example the third quarter of 1996 in which there is a net profit and the fourth quarter of 1996 in which there is a net loss shall be considered as two consecutive quarters, and, as a result, the fourth quarter of 1996 shall not be considered along with the first quarter of 1997 as two (2) consecutive quarters, but the first quarter of 1997 must be considered with the second quarter of 1997 for the purposes of such determination). For the purposes of this Section 4.2, a "quarter" is a three (3) month period ending on March 31, June 30, September 30, and December 31. If any of the outstanding shares of Series 3 Class C Preferred Stock are converted, in whole or in part,

into Common Stock pursuant to the terms of this Part 4, the number of shares of whole Common Stock to be issued to the holder as a result of such conversion shall be determined by dividing (a) the aggregate Liquidation Value of the Series 3 Class C Preferred Stock so surrendered for conversion by (b) the Conversion Price in effect at the date of the conversion. At the time of conversion of shares of the Series 3 Class C Preferred Stock, the Corporation shall pay in cash to the holder thereof an amount equal to all unpaid and accrued dividends, if any, accrued thereon to the date of conversion, or, at the Corporation's option, in lieu of paying cash for the accrued and unpaid dividends, issue that number of shares of whole Common Stock which is equal to the product of dividing the amount of such unpaid and accrued dividends to the date of conversion on the shares of Series 3 Class C Preferred Stock so converted by the Conversion Price in effect at the date of conversion.

4.3 Mechanics of Conversion. Any holder of the Series 3 Class C Preferred Stock who wishes to exercise its Conversion Rights pursuant to Section 4.1 of this Part 4 must, if such shares are not being held in escrow by the Corporation's attorneys, surrender the

certificate therefor at the principal executive office of the Corporation, and give written notice, which may be via facsimile transmission, to the Corporation at such office that it elects to convert the same (the "Conversion Notice"). In the event that the shares of Series 3 Class C Preferred Stock are being held in escrow by the Corporation's attorneys, no delivery of the certificates shall be required. No Conversion Notice with respect to any shares of Series 3 Class C Preferred Stock can be given prior to the time such shares of Series 3 Class C Preferred Stock are eligible for conversion in accordance with the provision of Section 4.1 above. Any such premature Conversion Notice shall automatically be null and void. The Corporation shall, within five (5) business days after receipt of an appropriate and timely Conversion Notice (and certificate, if necessary), issue to such holder of Series 3 Class C Preferred Stock or its agent a certificate for the number of shares of Common Stock to which he shall be entitled; it being expressly agreed that until and unless the holder delivers written notice to the Corporation to the contrary, all shares of Common Stock issuable upon conversion of the Series 3 Class C Preferred Stock hereunder are to be delivered by the Corporation to a party designated in writing by the holder in the Conversion Notice for the account of the holder and such shall be deemed valid delivery to the holder of such shares of Common Stock. Such conversion shall be deemed to have been made only after both the certificate for the shares of Series 3 Class C Preferred Stock to be converted have been surrendered and the Conversion Notice is received by the Corporation (or in the event that no surrender of the Certificate is required, then only upon the receipt by the Corporation of the Conversion Notice) (the "Conversion Documents"), and the person or entity whose name is noted on the certificate evidencing such shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock at and after such time. In the event that the

Conversion Notice is sent via facsimile transmission, the Corporation shall be deemed to have received such Conversion Notice on the first business day on which such facsimile Conversion Notice is actually received. If the Corporation fails to deliver to the holder or its agent the certificate representing the shares of Common Stock that the holder is entitled to receive as a result of such conversion within five (5) business days after receipt by the Corporation from the holder of an appropriate and timely Conversion Notice and certificates pursuant to the terms of this Section 4.3, the Corporation shall pay to the holder U.S. \$1,000 for each day that the Corporation is late in delivering such certificate to the holder or its agent.

4.4 Adjustments to Conversion Price for Stock Dividends and for Combinations or Subdivisions of Common Stock. If the Corporation at any time or from time to time while shares of Series 3 Class C Preferred Stock are issued and outstanding shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the Conversion Price in effect immediately before such event shall, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate. If the Corporation shall declare or pay, without consideration, any dividend on the Common Stock

payable in any right to acquire Common stock for no consideration, then the Corporation shall be deemed to have made a dividend payable in Common Stock in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Common Stock.

4.5. Adjustments for Reclassification and Reorganization. If the Common Stock issuable upon conversion of the Series 3 Class C Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for in Section 4.4 hereof), the Conversion Price then in effect shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted so that the Series 3 Class C Preferred Stock shall be convertible into, in lieu of the number of shares of Common Stock which the holders of Series 3 Class C Preferred Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equivalent to the number of shares of Common Stock that would have been subject to receipt by the holders upon conversion of the Series 3 Class C Preferred Stock immediately before that change.

4.6 Common Stock Duly Issued. All Common Stock which may be issued upon conversion of Series 3 Class C Preferred Stock will, upon issuance, be duly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof.

4.7 Notice of Adjustments. Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Part 4, the Corporation, at its expense, within a reasonable period of time, shall compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series 3 Class C Preferred Stock a notice setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment is based.

4.8 Issue Taxes. The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of the Series 3 Class C Preferred Stock pursuant thereto; provided, however, that the Corporation shall not be obligated to pay any transfer taxes resulting from any transfer requested by any holder of Series 3 Class C Preferred Stock in connection with such conversion.

4.9 Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series 3 Class C Preferred Stock, such number of its shares of Common Stock as shall, from time to time, be sufficient to effect the conversion of all outstanding shares of the Series 3 Class C Preferred stock, and, if at any time, the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series 3 Class C Preferred Stock, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

4.10 Fractional Shares. No fractional share shall be issued upon

the conversion of any share or shares of Series 3 Class C Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series 3 Class C Preferred Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of a fractional share of Common Stock, such fractional share shall be rounded up to the nearest whole share.

4.11 Notices. Any notices required by the provisions of this Part 4 to be given to the holders of shares of Series 3 Class C Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

4.12 Business Day. As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or a day when the federal and state banks located in the State of New York are required or permitted to close.

Part 5 - Redemption.

5.1 Redemption During First 180 Days. At any time, and from time to time, during the first one hundred eighty (180) days from the date of issuance of the Series 3 Class C Preferred Stock, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, the then outstanding Series 3 Class C Preferred Stock at a price per share of U. S. \$1,300.00 each ("First Six Months Redemption Price"). The Company may exercise such redemption by giving the holder of the Series 3 Class C Preferred Stock written notice of such redemption at any time during such 180-day period.

5.2 Other Rights of Redemption by the Corporation. At any time, and from time to time, after one hundred eighty (180) days from the date of the issuance of any Series 3 Class C Preferred Stock, if the average of the closing bid price of the Common Stock for ten (10) consecutive days shall be in excess of \$2.50 per share, the Corporation may, at its sole option, but shall not be obligated to, redeem, in whole or in part, the then outstanding Series 3 Class C Preferred Stock at a price per share of U. S. \$1,000 each (the "Redemption Price") (such price to be adjusted proportionately in the event of any change of the Series 3 Class C Preferred Stock into a different number of shares of Series 3 Class C Preferred Stock).

5.3 Mechanics of Redemption. Thirty (30) days prior to any date stipulated by the Corporation for the redemption of Series 3 Class C Preferred Stock (the "Redemption Date"), written notice (the "Redemption Notice") shall be mailed to each holder of record on such notice date of the Series 3 Class C Preferred Stock. The Redemption Notice shall state: (i) the Redemption Date of such shares, (ii) the number of Series 3 Class C Preferred Stock to be redeemed from the holder to whom the Redemption Notice is addressed, (iii) instructions for surrender to the Corporation, in the manner and at the place designated, of a share certificate or share certificates representing the number of Series 3 Class C Preferred Stock to be redeemed from such holder, and (iv) instructions as to how to specify to the Corporation the number of Series 3 Class C Preferred Stock to be redeemed as provided in this Part 5 and, if the Redemption Notice is mailed to the Holder after the first one hundred eighty (180) days from the date of issuance

of the Series 3 Class C Preferred Stock, the number of shares to be converted into Common Stock as provided in Part 4 hereof.

5.4 Rights of Conversion Upon Redemption. If the redemption occurs pursuant to Section 5.1 hereof, the Holder of the Series 3 Class C Preferred Stock shall not have the right to convert those outstanding shares of Series 3 Class C Preferred Stock that the Company is redeeming after receipt of the Redemption Notice. If the redemption occurs pursuant to Section 5.2 hereof, then, upon receipt of the Redemption Notice, any holder of Series 3 Class C Preferred Stock shall have the option, at its sole election, to specify what portion of its Series 3 Class C Preferred Stock called for redemption in the Redemption Notice shall be redeemed as provided in this Part 5 or converted into Common Stock in the manner provided in Part 4 hereof, except that, notwithstanding any provision of such Part 4 to the contrary, such holder shall have the right to convert into Common Stock that number of Series 3 Class C Preferred Stock called for redemption in the Redemption Notice.

5.5 Surrender of Certificates. On or before the Redemption Date in respect of any Series 3 Class C Preferred Stock, each holder of such shares shall surrender the required certificate or certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and upon the Redemption Date, the Redemption Price for such shares shall be made payable, in the manner provided in Section 5.5 hereof, to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered share certificate shall be canceled and retired. If a share certificate is surrendered and all the shares evidenced thereby are not being redeemed (as described below), the Corporation shall cause the Series 3 Class C Preferred Stock which are not being redeemed to be registered in the names of the persons or entity whose names appear as the owners on the respective surrendered share certificates and deliver such certificate to such person.

5.6 Payment. On the Redemption Date in respect of any Series 3 Class C Preferred Stock or prior thereto, the Corporation shall deposit with any bank or trust company having a capital and surplus of at least U. S. \$50,000,000, as a trust fund, a sum equal to the aggregate First Six Months Redemption Price or the Redemption Price, whichever is applicable, of all such shares called from redemption (less the aggregate Redemption Price for those Series 3 Class C Preferred Stock in respect of which the Corporation has received notice from the holder thereof of its election to convert Series 3 Class C Preferred Stock into Common Stock), with irrevocable instructions and authority to the bank or trust company to pay, on or after the Redemption Date, the First Six Months Redemption Price or the Redemption Price, whichever is applicable, to the respective holders upon the surrender of their share certificates. The deposit shall constitute full payment for the shares to their holders, and from and after the date of the deposit the redeemed shares shall be deemed to be no longer outstanding, and holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust company payments of the First Six Months Redemption Price or the Redemption Price, whichever is applicable, of the shares, without interest, upon surrender of their certificates thereof. Any funds so deposited

and unclaimed at the end of one year following the Redemption Date shall be released or repaid to the Corporation, after which the

former holders of shares called for redemption shall be entitled to receive payment of the First Six Months Redemption Price or the Redemption Price, whichever is applicable, in respect of their shares only from the Corporation.

Part 6 - Parity with Other Shares of Series 3 Class C Preferred Stock and Priority.

6.1 Rateable Participation. If any cumulative dividends or return of capital in respect of Series 3 Class C Preferred Stock are not paid in full, the owners of all series of outstanding Preferred Stock shall participate rateably in respect of accumulated dividends and return of capital.

6.2 Ranking. For purposes of this resolution, any stock of any class or series of the Corporation shall be deemed to rank:

6.2.1 Prior or senior to the shares of this Series 3 Class C Preferred Stock either as to dividends or upon liquidation, if the holders of such class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of this Series 3 Class C Preferred Stock;

6.2.2 On a parity with, or equal to, shares of this Series 3 Class C Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of this Series 3 Class C Preferred Stock, if the holders of such stock are entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and over the other, as between the holders of such stock and the holders of shares of this Series 3 Class C Preferred Stock; and,

6.2.3 Junior to shares of this Series 3 Class C Preferred Stock, either as to dividends or upon liquidation, if such class or series shall be Common Stock or if the holders of shares of this Series 3 Class C Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, as the case may be, in preference or priority to the holders of shares of such class or series.

Part 7 - Amendment and Reissue.

7.1 Amendment. If any proposed amendment to the Corporation's Certificate of Incorporation would alter or change the powers, preferences or special rights of the Series 3 Class C Preferred Stock so as to affect such adversely, then the Corporation must obtain the affirmative vote of such amendment to the Certificate of Incorporation at a duly called and held series meeting of the holders of the Series 3 Class C Preferred Stock or written consent by the holders of a majority of the Series 3 Class C Preferred Stock then outstanding. Notwithstanding the above, the number of authorized shares of any class or classes of stock may be increased

or decreased (but not below the number of shares thereof outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of this Section 7.1 or the requirements of Section 242 of the GCL.

7.2 Authorized. Any shares of Series 3 Class C Preferred Stock acquired by the Corporation by reason of purchase, conversion, redemption or otherwise shall be retired and shall become authorized but unissued shares of Preferred Stock, which may be reissued as part of a new series of Preferred Stock hereafter created.

ISTE:\N-P\PESI\10Q\EXHIBIT3.1

SEE RESTRICTIVE LEGEND ON REVERSE SIDE

INCORPORATED UNDER THE LAWS OF
DELAWARE

No. - 1 -

Shares 5,500

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

SERIES 3 CLASS C CONVERTIBLE PREFERRED STOCK
Par Value \$.001 Per Share

THIS CERTIFIES THAT RBB Bank Aktiengesellschaft is the owner of
Five Thousand Five Hundred (5,500) shares of Series 3 Class C
Convertible Preferred Stock of

Perma-Fix Environmental Services, Inc.

transferrable only on the books of the Corporation by the holder
hereof in person or by attorney upon surrender of this Certificate
properly endorsed.

In Witness Whereof, the said Corporation has caused this
Certificate to be signed by its duly authorized officers and to be
sealed with the Seal of the Corporation this 19th day of July,
1996.

/s/ Richard T. Kelecy

/s/ Louis Centofanti

Secretary

President

SHARES \$.001 EACH

NEITHER THIS PREFERRED STOCK NOR ANY SHARES OF COMMON STOCK
ISSUABLE UPON THE CONVERSION OF THIS PREFERRED STOCK HAVE BEEN
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ENVIRONMENTAL SERVICES, INC.'S COUNSEL, OR AN OPINION FROM COUNSEL
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DATED
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Dated _____, 19____.

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Dated _____, 19____.

In presence of _____

NEITHER THIS WARRANT NOR ANY SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. THIS WARRANT AND THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AND QUALIFICATION IN EFFECT WITH RESPECT THERETO UNDER THE SECURITIES ACT AND UNDER ANY APPLICABLE STATE SECURITIES LAW OR AN OPINION OF PERMA-FIX ENVIRONMENTAL SERVICES, INC.'S COUNSEL THAT SUCH REGISTRATION AND QUALIFICATION IS NOT REQUIRED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR AN EXEMPTION THEREFROM.

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COMMON STOCK PURCHASE WARRANT CERTIFICATE

Dated: July 19, 1996

One Million (1,000,000) Warrants

to Purchase One Million (1,000,000)

Shares of Perma-Fix Environmental Services, Inc.

Common Stock, \$.001 Par Value Per Share

VOID AFTER 5:00 P.M., UNITED STATES EASTERN DAYLIGHT SAVINGS TIME

on

July 18, 2001

PERMA-FIX ENVIRONMENTAL SERVICES, INC., a Delaware corporation (the "Company"), hereby certifies that RBB BANK AKTIENGESELLSCHAFT, organized under the laws of Austria, and its permissible successors and assigns (the "Warrant Holder" or "Holder"), for value received, is entitled to purchase from the Company at any time after December 31, 1998, until 5:00 p.m., Eastern Daylight Savings Time on July 18, 2001, up to an aggregate of One Million (1,000,000) shares (the "Shares" or "Warrant Shares") of the Company's common stock, par value \$.001 per share (the "Common Stock") at an exercise price equal to U.S. \$3.50 per share (the "Per Share Exercise Price").

1. Exercise of Warrant. Upon presentation and surrender of this Common Stock Purchase Warrant Certificate ("Warrant Certificate" or "this Certificate"), with the attached Purchase Form duly executed and completed, at the principal office of the Company at 1940 Northwest 67th Place, Gainesville, Florida 32606-1649, together with cash or a cashier's or certified check payable

to the Company in the amount of the Per Share Exercise Price multiplied by the number of Warrant Shares being purchased (the "Aggregate Exercise Price"), the Company, or the Company's transfer agent, as the case may be, shall deliver to the Warrant Holder hereof, certificates of Common Stock which, in the aggregate, represent the number of Warrant Shares being purchased. All or less than all of the Warrants represented by this Certificate may

be exercised and, in case of the exercise of less than all, the Company, upon surrender hereof, will deliver to the Warrant Holder a new Warrant Certificate or Certificates of like tenor and dated the date hereof entitling said Warrant Holder to purchase the number of Warrant Shares represented by this Certificate which have not been exercised and to receive the Registration Rights set forth in Section 8 below (to the extent such rights have not already been exercised) with respect to such Warrant Shares.

2. Exchange and Transfer. This Certificate, at any time prior to the exercise hereof, upon presentation and surrender to the Company, may be exchanged, alone or with other certificates of like tenor registered in the name of the same Warrant Holder, for another Certificate or Certificates of like tenor in the name of such Warrant Holder exercisable for the aggregate number of Warrant Shares as the Certificate or Certificates surrendered.

3. Rights and Obligations of Warrant Holder of this Certificate. The Holder of this Certificate shall not, by virtue hereof, be entitled to any rights of a stockholder in the Company, either at law or in equity; provided, however, that in the event any certificate representing shares of Common Stock or other securities is issued to the Holder hereof upon exercise of some or all of the Warrants evidenced by this Warrant Certificate, such Holder shall, for all purposes, be deemed to have become the Holder of record of such Common Stock on the date on which this Certificate, together with a duly executed Purchase form, was surrendered and payment of the Aggregate Exercise Price was made pursuant to the terms hereof, irrespective of the date of delivery of such share certificate. The rights of the Holder of this Certificate are limited to those expressed herein and the Holder of this Certificate, by his acceptance hereof, consents and agrees to be bound by, and to comply with, all of the provisions of this Certificate, including, without limitation, all of the obligations imposed upon the Warrant Holder contained in this Warrant Certificate. In addition, the Warrant Holder of this Certificate, by accepting the same, agrees that the Company may deem and treat the person in whose name this Certificate is registered on the books of the Company as the absolute, true and lawful owner for all purposes whatsoever, and the Company shall not be affected by any notice to the contrary.

4. Common Stock.

a. The Company covenants and agrees that all shares of Common Stock which may be acquired by the Holder under this Warrant Certificate will, when issued and upon delivery, be duly and validly authorized and issued, fully paid and nonassessable, and free from all stamp taxes, liens, and charges with respect to the purchase thereof.

b. The Company covenants and agrees that it will, at all times, reserve and keep available an authorized number of shares of its Common Stock and other applicable securities sufficient to permit the exercise in full of all outstanding options, warrants and rights, including the Warrants; and, if at the time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the exercise of all of the Warrants covered by this Warrant Certificate, the Company will take such corporate action at its next annual meeting of stockholders as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any

necessary amendment to its Certificate of Incorporation.

5. Issuance of Certificates. As soon as possible after full or partial exercise of this Warrant Certificate, the Company, at its expense, will cause to be issued in the name of, and delivered to, the Holder of this Warrant Certificate, a certificate or certificates for the number of fully paid and nonassessable shares of Common Stock to which that Holder shall be entitled on such exercise. No fractional shares will be issued on exercise of this Warrant. If on any exercise of this Warrant a fraction of a share results, the Company will pay the cash value of that fractional share, calculated on the basis of the Per Share Exercise Price. All such certificates shall bear a restrictive legend to the effect that, subject to the provisions of Section 7 below, the Shares represented by such certificate have not been registered under the Securities Act of 1933, as amended (the "Act"), or qualified under any state securities laws and the Shares may not be sold or transferred in the absence of such registration and qualification or an exemption thereof, such legend to be substantially in the form of the bold face language appearing on page 1 of this Warrant Certificate.

6. Disposition of Warrants or Shares.

a. The Holder of this Warrant Certificate, by his acceptance thereof, agrees that (i) no public distribution of Warrants or Shares will be made in violation of the provisions of the Securities Act of 1933, as amended, and the Rules and Regulations promulgated thereunder (collectively, the "Act"), and

(ii) during such period as delivery of a prospectus with respect to Warrants or Shares may be required by the Act, no public distribution of Warrants or Shares will be made in a manner or on terms different from those set forth in, or without delivery of, a prospectus then meeting the requirements of Section 10 of the Act and in compliance with all applicable state securities laws. The holder this Warrant Certificate and each transferee hereof further agrees that if any distribution of any of the Warrants or Shares is proposed to be made by them otherwise than by delivery of a prospectus meeting the requirements of Section 10 of the Act, such action shall be taken only after receipt by the Company of an opinion of its counsel, to the effect that the proposed distribution will not be in violation of the Act or of applicable state law. Furthermore, it shall be a condition to the transfer of the Warrants that any transferee thereof deliver to the Company his or its written agreement to accept and be bound by all of the terms and conditions contained in this Warrant Certificate.

b. By acceptance hereof, the Holder represents and warrants that this Warrant Certificate is being acquired, and all Warrant Shares to be purchased upon the exercise of this Warrant Certificate will be acquired, by the Holder solely for the account of the Holder and not with a view to the fractionalization and distribution thereof, and will not be sold or transferred except in accordance with the applicable provisions of the Act and the rules and regulations promulgated thereunder, and the Holder agrees that neither this Warrant Certificate nor any of the Warrant Shares may be sold or transferred except under cover of a registration statement under the Act which is effective and current with respect to such Warrant Shares or pursuant to an opinion of counsel reasonably satisfactory to the Company that registration under the Act is not required in connection with such sale or transfer. Any Warrant Shares issued upon exercise of this Warrant shall bear the

following legend:

The securities represented by this certificate have not been registered under the Securities Act of 1933 and are restricted securities within the meaning thereof. Such securities may not be sold or transferred, except pursuant to a registration statement under such Act which is effective and current with respect to such securities or pursuant to an opinion of counsel reasonably satisfactory to the issuer of such securities that such sale or transfer is exempt from the registration requirements of such Act.

7. Warrant Holder Not Shareholder. This Warrant Certificate shall not be deemed to confer upon the Holder any right to vote the Warrant Shares or to consent to or receive notice as a shareholder

of the Company as such, because of this Warrant Certificate, in respect of any matters whatsoever, or any other rights or liabilities as a shareholder.

8. Registration Rights. The Company agrees that the Warrant Shares shall have those registration rights set forth in Section 5 of that certain Subscription and Purchase Agreement by and between the Company and the Warrant Holder dated July 17, 1996 (the "Subscription Agreement"). It is expressly acknowledged and agreed that all references to Warrant Shares issuable upon the exercise of this Warrant Certificate, in whole or in part, from time to time and at any time.

9. Anti-Dilution.

a. If the Company at any time, or from time to time, while this Warrant Certificate is outstanding shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the number of shares of Common Stock issuable upon the exercise of this Warrant Certificate or the Exercise Price shall be appropriately adjusted such that immediately after the happening of any such event, the proportionate number of shares of Common Stock issuable immediately prior to the happening of such event shall be the number of shares of Common Stock issuable subsequent to the happening of such event.

b. In case of any consolidation or merger of the Company in which the Company is not the surviving entity, or in case of any sale or conveyance by the Company to another entity of all or substantially all of the property of the Company as an entirety or substantially as an entirety, the Holder shall have the right thereafter, upon exercise of this Warrant, to receive the kind and amount of securities, cash or other property which the Holder would have owned or been entitled to receive immediately after such consolidation, merger, sale or conveyance had this Warrant been exercised in full immediately prior to the effective date of such consolidation, merger, sale or conveyance, and in any such case, if necessary, appropriate adjustment shall be made in the application thereafter of the provisions of this Section 9 with

respect to the rights and interests of the Holder to the end that the provisions of this Section 9 thereafter shall be correspondingly applicable, as nearly as may be, to such securities and other property.

10. Notices. Except as otherwise specified herein to the contrary, all notices, requests, demands and other communications required or desired to be given hereunder shall only be effective if given in writing, by hand, by certified or registered mail, return receipt requested, postage prepaid, or by U. S. Express Mail service, or by private overnight mail service (e.g., Federal Express). Any such notice shall be deemed to have been given (a) on the business day actually received if given by hand or by fax, (b) on the business day immediately subsequent to mailing, if sent by U.S. Express Mail service or private overnight mail service, or (c) five (5) business days following the mailing thereof, if mailed by certified or registered mail, postage prepaid, return receipt requested, and all such notices shall be sent to the following addresses (or to such other address or addresses as a party may have advised the other in the manner provided in this Section 10):

If to the Company: Perma-Fix Environmental Services, Inc.
1940 Northwest 67th Place
Gainesville, Florida 32606-1649
Attention: Dr. Louis F. Centofanti
Chief Executive Officer

Fax No.: (352) 373-0040

with copies simultane- Conner & Winters
ously by like means One Leadership Square, Suite 1700
to: 211 North Robinson
Oklahoma City, Oklahoma 73102
Attention: Irwin H. Steinhorn, Esquire

Fax No.: (405) 232-2695

If to the Subscriber: RBB Bank Aktiengesellschaft
Burgring 16, 8010 Graz, Austria
Attention: Herbert Strauss

Fax No.: 011-43-316-8072, ext. 392

11. Governing Law. This Warrant Certificate and all rights and obligations hereunder shall be deemed to be made under and governed by the laws of the State of Delaware without giving effect to such State's conflict of laws provisions. The Holder hereby irrevocably consents to the venue and jurisdiction of the federal courts located in Wilmington, Delaware.

12. Successors and Assigns. This Warrant Certificate shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

13. Headings. The headings of various sections of this Warrant Certificate have been inserted for reference only and shall not be a part of this Agreement.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed, manually or by facsimile, by one of its officers thereunto duly authorized.

Dated as of July 19, 1996.

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

By /s/ Louis F. Centofanti

Dr. Louis F. Centofanti
Chief Executive Officer

ISTE:\N-P\PESI\10Q\696\EXHIB10.2

NEITHER THIS WARRANT NOR ANY SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. THIS WARRANT AND THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AND QUALIFICATION IN EFFECT WITH RESPECT THERETO UNDER THE SECURITIES ACT AND UNDER ANY APPLICABLE STATE SECURITIES LAW OR AN OPINION OF PERMA-FIX ENVIRONMENTAL SERVICES, INC.'S COUNSEL THAT SUCH REGISTRATION AND QUALIFICATION IS NOT REQUIRED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR AN EXEMPTION THEREFROM.

NOTWITHSTANDING THE FOREGOING, THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT ARE SUBJECT TO THE REGISTRATION RIGHTS SET FORTH IN THAT CERTAIN SUBSCRIPTION AND PURCHASE AGREEMENT BETWEEN THE HOLDER HEREOF AND THE COMPANY, A COPY OF WHICH IS ON FILE AT THE COMPANY'S PRINCIPAL EXECUTIVE OFFICE.

COMMON STOCK PURCHASE WARRANT CERTIFICATE

Dated: July 19, 1996

One Million (1,000,000) Warrants

to Purchase One Million (1,000,000)

Shares of Perma-Fix Environmental Services, Inc.

Common Stock, \$.001 Par Value Per Share

VOID AFTER 5:00 P.M., UNITED STATES EASTERN DAYLIGHT SAVINGS TIME

on

July 18, 2001

PERMA-FIX ENVIRONMENTAL SERVICES, INC., a Delaware corporation (the "Company"), hereby certifies that RBB BANK AKTIENGESELLSCHAFT, organized under the laws of Austria, and its permissible successors and assigns (the "Warrant Holder" or "Holder"), for value received, is entitled to purchase from the Company at any time after December 31, 1998, until 5:00 p.m., Eastern Daylight Savings Time on July 18, 2001, up to an aggregate of One Million (1,000,000) shares (the "Shares" or "Warrant Shares") of the Company's common stock, par value \$.001 per share (the "Common Stock") at an exercise price equal to U.S. \$3.50 per share (the "Per Share Exercise Price").

1. Exercise of Warrant. Upon presentation and surrender of this Common Stock Purchase Warrant Certificate ("Warrant Certificate" or "this Certificate"), with the attached Purchase Form duly executed and completed, at the principal office of the Company at 1940 Northwest 67th Place, Gainesville, Florida 32606-1649, together with cash or a cashier's or certified check payable

to the Company in the amount of the Per Share Exercise Price multiplied by the number of Warrant Shares being purchased (the "Aggregate Exercise Price"), the Company, or the Company's transfer agent, as the case may be, shall deliver to the Warrant Holder hereof, certificates of Common Stock which, in the aggregate, represent the number of Warrant Shares being purchased. All or less than all of the Warrants represented by this Certificate may

be exercised and, in case of the exercise of less than all, the Company, upon surrender hereof, will deliver to the Warrant Holder a new Warrant Certificate or Certificates of like tenor and dated the date hereof entitling said Warrant Holder to purchase the number of Warrant Shares represented by this Certificate which have not been exercised and to receive the Registration Rights set forth in Section 8 below (to the extent such rights have not already been exercised) with respect to such Warrant Shares.

2. Exchange and Transfer. This Certificate, at any time prior to the exercise hereof, upon presentation and surrender to the Company, may be exchanged, alone or with other certificates of like tenor registered in the name of the same Warrant Holder, for another Certificate or Certificates of like tenor in the name of such Warrant Holder exercisable for the aggregate number of Warrant Shares as the Certificate or Certificates surrendered.

3. Rights and Obligations of Warrant Holder of this Certificate. The Holder of this Certificate shall not, by virtue hereof, be entitled to any rights of a stockholder in the Company, either at law or in equity; provided, however, that in the event any certificate representing shares of Common Stock or other securities is issued to the Holder hereof upon exercise of some or all of the Warrants evidenced by this Warrant Certificate, such Holder shall, for all purposes, be deemed to have become the Holder of record of such Common Stock on the date on which this Certificate, together with a duly executed Purchase form, was surrendered and payment of the Aggregate Exercise Price was made pursuant to the terms hereof, irrespective of the date of delivery of such share certificate. The rights of the Holder of this Certificate are limited to those expressed herein and the Holder of this Certificate, by his acceptance hereof, consents and agrees to be bound by, and to comply with, all of the provisions of this Certificate, including, without limitation, all of the obligations imposed upon the Warrant Holder contained in this Warrant Certificate. In addition, the Warrant Holder of this Certificate, by accepting the same, agrees that the Company may deem and treat the person in whose name this Certificate is registered on the books of the Company as the absolute, true and lawful owner for all purposes whatsoever, and the Company shall not be affected by any notice to the contrary.

4. Common Stock.

a. The Company covenants and agrees that all shares of Common Stock which may be acquired by the Holder under this Warrant Certificate will, when issued and upon delivery, be duly and validly authorized and issued, fully paid and nonassessable, and free from all stamp taxes, liens, and charges with respect to the purchase thereof.

b. The Company covenants and agrees that it will, at all times, reserve and keep available an authorized number of shares of its Common Stock and other applicable securities sufficient to permit the exercise in full of all outstanding options, warrants and rights, including the Warrants; and, if at the time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the exercise of all of the Warrants covered by this Warrant Certificate, the Company will take such corporate action at its next annual meeting of stockholders as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose, including, without limitation, engaging in reasonable efforts to obtain the requisite stockholder approval of any

necessary amendment to its Certificate of Incorporation.

5. Issuance of Certificates. As soon as possible after full or partial exercise of this Warrant Certificate, the Company, at its expense, will cause to be issued in the name of, and delivered to, the Holder of this Warrant Certificate, a certificate or certificates for the number of fully paid and nonassessable shares of Common Stock to which that Holder shall be entitled on such exercise. No fractional shares will be issued on exercise of this Warrant. If on any exercise of this Warrant a fraction of a share results, the Company will pay the cash value of that fractional share, calculated on the basis of the Per Share Exercise Price. All such certificates shall bear a restrictive legend to the effect that, subject to the provisions of Section 7 below, the Shares represented by such certificate have not been registered under the Securities Act of 1933, as amended (the "Act"), or qualified under any state securities laws and the Shares may not be sold or transferred in the absence of such registration and qualification or an exemption thereof, such legend to be substantially in the form of the bold face language appearing on page 1 of this Warrant Certificate.

6. Disposition of Warrants or Shares.

a. The Holder of this Warrant Certificate, by his acceptance thereof, agrees that (i) no public distribution of Warrants or Shares will be made in violation of the provisions of the Securities Act of 1933, as amended, and the Rules and Regulations promulgated thereunder (collectively, the "Act"), and

(ii) during such period as delivery of a prospectus with respect to Warrants or Shares may be required by the Act, no public distribution of Warrants or Shares will be made in a manner or on terms different from those set forth in, or without delivery of, a prospectus then meeting the requirements of Section 10 of the Act and in compliance with all applicable state securities laws. The holder this Warrant Certificate and each transferee hereof further agrees that if any distribution of any of the Warrants or Shares is proposed to be made by them otherwise than by delivery of a prospectus meeting the requirements of Section 10 of the Act, such action shall be taken only after receipt by the Company of an opinion of its counsel, to the effect that the proposed distribution will not be in violation of the Act or of applicable state law. Furthermore, it shall be a condition to the transfer of the Warrants that any transferee thereof deliver to the Company his or its written agreement to accept and be bound by all of the terms and conditions contained in this Warrant Certificate.

b. By acceptance hereof, the Holder represents and warrants that this Warrant Certificate is being acquired, and all Warrant Shares to be purchased upon the exercise of this Warrant Certificate will be acquired, by the Holder solely for the account of the Holder and not with a view to the fractionalization and distribution thereof, and will not be sold or transferred except in accordance with the applicable provisions of the Act and the rules and regulations promulgated thereunder, and the Holder agrees that neither this Warrant Certificate nor any of the Warrant Shares may be sold or transferred except under cover of a registration statement under the Act which is effective and current with respect to such Warrant Shares or pursuant to an opinion of counsel reasonably satisfactory to the Company that registration under the Act is not required in connection with such sale or transfer. Any Warrant Shares issued upon exercise of this Warrant shall bear the

following legend:

The securities represented by this certificate have not been registered under the Securities Act of 1933 and are restricted securities within the meaning thereof. Such securities may not be sold or transferred, except pursuant to a registration statement under such Act which is effective and current with respect to such securities or pursuant to an opinion of counsel reasonably satisfactory to the issuer of such securities that such sale or transfer is exempt from the registration requirements of such Act.

7. Warrant Holder Not Shareholder. This Warrant Certificate shall not be deemed to confer upon the Holder any right to vote the Warrant Shares or to consent to or receive notice as a shareholder

of the Company as such, because of this Warrant Certificate, in respect of any matters whatsoever, or any other rights or liabilities as a shareholder.

8. Registration Rights. The Company agrees that the Warrant Shares shall have those registration rights set forth in Section 5 of that certain Subscription and Purchase Agreement by and between the Company and the Warrant Holder dated July 17, 1996 (the "Subscription Agreement"). It is expressly acknowledged and agreed that all references to Warrant Shares issuable upon the exercise of this Warrant Certificate, in whole or in part, from time to time and at any time.

9. Anti-Dilution.

a. If the Company at any time, or from time to time, while this Warrant Certificate is outstanding shall declare or pay, without consideration, any dividend on the Common Stock payable in Common Stock, or shall effect a subdivision of the outstanding shares of Common Stock into a greater number of shares of Common Stock (by stock split, reclassification or otherwise than by payment of a dividend in Common Stock or in any right to acquire Common Stock), or if the outstanding shares of Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Common Stock, then the number of shares of Common Stock issuable upon the exercise of this Warrant Certificate or the Exercise Price shall be appropriately adjusted such that immediately after the happening of any such event, the proportionate number of shares of Common Stock issuable immediately prior to the happening of such event shall be the number of shares of Common Stock issuable subsequent to the happening of such event.

b. In case of any consolidation or merger of the Company in which the Company is not the surviving entity, or in case of any sale or conveyance by the Company to another entity of all or substantially all of the property of the Company as an entirety or substantially as an entirety, the Holder shall have the right thereafter, upon exercise of this Warrant, to receive the kind and amount of securities, cash or other property which the Holder would have owned or been entitled to receive immediately after such consolidation, merger, sale or conveyance had this Warrant been exercised in full immediately prior to the effective date of such consolidation, merger, sale or conveyance, and in any such case, if necessary, appropriate adjustment shall be made in the application thereafter of the provisions of this Section 9 with

respect to the rights and interests of the Holder to the end that the provisions of this Section 9 thereafter shall be correspondingly applicable, as nearly as may be, to such securities and other property.

10. Notices. Except as otherwise specified herein to the contrary, all notices, requests, demands and other communications required or desired to be given hereunder shall only be effective if given in writing, by hand, by certified or registered mail, return receipt requested, postage prepaid, or by U. S. Express Mail service, or by private overnight mail service (e.g., Federal Express). Any such notice shall be deemed to have been given (a) on the business day actually received if given by hand or by fax, (b) on the business day immediately subsequent to mailing, if sent by U.S. Express Mail service or private overnight mail service, or (c) five (5) business days following the mailing thereof, if mailed by certified or registered mail, postage prepaid, return receipt requested, and all such notices shall be sent to the following addresses (or to such other address or addresses as a party may have advised the other in the manner provided in this Section 10):

If to the Company: Perma-Fix Environmental Services, Inc.
1940 Northwest 67th Place
Gainesville, Florida 32606-1649
Attention: Dr. Louis F. Centofanti
Chief Executive Officer

Fax No.: (352) 373-0040

with copies simultane- Conner & Winters
ously by like means One Leadership Square, Suite 1700
to: 211 North Robinson
Oklahoma City, Oklahoma 73102
Attention: Irwin H. Steinhorn, Esquire

Fax No.: (405) 232-2695

If to the Subscriber: RBB Bank Aktiengesellschaft
Burgring 16, 8010 Graz, Austria
Attention: Herbert Strauss

Fax No.: 011-43-316-8072, ext. 392

11. Governing Law. This Warrant Certificate and all rights and obligations hereunder shall be deemed to be made under and governed by the laws of the State of Delaware without giving effect to such State's conflict of laws provisions. The Holder hereby irrevocably consents to the venue and jurisdiction of the federal courts located in Wilmington, Delaware.

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13. Headings. The headings of various sections of this Warrant Certificate have been inserted for reference only and shall not be a part of this Agreement.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed, manually or by facsimile, by one of its officers thereunto duly authorized.

Dated as of July 19, 1996.

PERMA-FIX ENVIRONMENTAL
SERVICES, INC.

By /s/ Louis F. Centofanti

Dr. Louis F. Centofanti
Chief Executive Officer

ISTE:\N-P\PESI\10Q\696\EXHIB10.2

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