

PERMA FIX ENVIRONMENTAL SERVICES INC
Form DEF 14A
June 26, 2009

SCHEDULE 14A INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to 240.14a-12

Perma-Fix Environmental Services, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the
Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
8302 Dunwoody Place, Suite 250
Atlanta, Georgia 30350

NOTICE OF ANNUAL MEETING
To Be Held July 29, 2009

To the Stockholders of Perma-Fix Environmental Services, Inc.:

Notice is hereby given that the 2009 Annual Meeting of Stockholders (the "Meeting") of Perma-Fix Environmental Services, Inc. (the "Company") will be held at the Crowne Plaza Hotel, Atlanta-Airport, 1325 Virginia Avenue, Atlanta, Georgia 30344, on Wednesday, July 29, 2009, at 11:00 a.m. (EDST), for the following purposes:

1. To elect eight directors to serve until the next Annual Meeting of Stockholders or until their respective successors are duly elected and qualified;
2. To approve the First Amendment to the Company's 2004 Stock Option Plan;
3. To ratify the appointment of BDO Seidman, LLP as the independent registered public accounting firm of the Company for the 2009 fiscal year; and
4. To transact such other business as may properly come before the meeting and at any adjournments thereof.

Only stockholders of record at the close of business on June 15, 2009, will be entitled to notice of, and to vote at, the Meeting or at any postponement or adjournment thereof. A complete list of the stockholders entitled to vote at the meeting will be open to the examination of any stockholder for any purposes relevant to the meeting during ordinary business hours for 10 days prior to the meeting at the offices of the Company. The list will also be available at the meeting.

The Company's Annual Report for 2008 is enclosed for your convenience.

By the order of the Board of Directors

/s/ Ben Naccarato
Ben Naccarato
Secretary

Atlanta, Georgia
June 26, 2009

It is important that your shares be represented at the meeting. Please complete, date, sign and return the accompanying Proxy or vote on the internet at www.continentalstock.com, whether or not you plan to attend the meeting in person. The enclosed return envelope requires no additional postage if mailed in the United States. If you decide to attend the meeting, you may, if so desired, revoke the Proxy and vote in person.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
8302 Dunwoody Place, Suite 250
Atlanta, Georgia 30350

PROXY STATEMENT
FOR THE
2009 ANNUAL MEETING OF STOCKHOLDERS

Why am I receiving this Proxy Statement?

This Proxy Statement is furnished to the holders of the common stock, par value \$.001 (the "Common Stock"), of Perma-Fix Environmental Services, Inc. (the "Company", "we", "our", or "us") in connection with the solicitation on behalf of the Board of Directors of the Company (the "Board of Directors" or the "Board") of proxies to be used in voting at the 2009 Annual Meeting of Stockholders to be held at the Crowne Plaza Hotel, Atlanta-Airport, 1325 Virginia Avenue, Atlanta, Georgia, 30344, on Wednesday, July 29, 2009, at 11:00 a.m. (EDST), and any adjournments thereof (the "Meeting"). The Notice of Annual Meeting of Stockholders, this Proxy Statement, and the accompanying Proxy Card were first mailed to stockholders on or about June 26, 2009.

Who is entitled to vote at the Meeting?

Only the holders of Common Stock of record at the close of business on June 15, 2009 (the "Record Date"), will have the right to receive notice of, and be entitled to vote at, the Meeting. At the close of business on the Record Date, 54,219,324 shares of Common Stock were issued and outstanding. Each stockholder of record, as of the Record Date, is entitled to one vote for each share of Common Stock that the stockholder owned as of the Record Date on each matter to be voted upon at the Meeting.

What vote is required to approve the matters being considered?

- Directors are elected by a plurality of the shares present in person or represented by proxy and entitled to vote at the Meeting.
- The approval of the First Amendment to the 2004 Stock Option Plan requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Meeting.
- The ratification of the appointment of the independent registered public accounting firm requires the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote at the Meeting.

How do I vote?

If you are a stockholder whose shares are registered in your name, you may vote your shares in person at the meeting or by one of the two following methods:

- Vote by Internet, by going to the web address www.continentalstock.com and following the instructions for Internet voting.
- Vote by Proxy Card, by completing, signing, dating and mailing the enclosed proxy card in the envelope provided. If you vote by Internet or telephone, please do not mail your proxy card.

If your shares are held in "street name" (through a broker, bank or other nominee), you may receive a separate voting instruction form with this Proxy Statement, or you may need to contact your broker, bank or other nominee to determine whether you will be able to vote electronically using the Internet.

Whether or not you plan to attend the 2009 Annual Meeting of Stockholders, please submit your vote either by internet or by written proxy card.

Can I change my mind after I vote?

Yes, you may change your mind at any time before the polls close at the meeting. You can change your vote by:

- executing and submitting a revised proxy;
- providing a written revocation to the Secretary of the Company; or

- voting in person at the meeting.

What constitutes a quorum?

A majority of all of the outstanding shares of Common Stock entitled to notice of, and to vote at, the Meeting, represented in person or by proxy, will constitute a quorum for the holding of the Meeting. The failure of a quorum to be represented at the Meeting will necessitate adjournment and will subject the Company to additional expense.

Will my shares be voted if I do not provide my proxy?

No. If your shares are registered in your name, they will not be voted, unless you submit your proxy or vote in person at the meeting. If you hold your shares directly in your own name, you must vote, either by completing, signing and delivering a proxy, voting by the internet, or attending the meeting and voting at the meeting.

If your stock is held in your brokerage account, you can instruct your broker how your shares should be voted. If you fail to give your broker instructions, the broker may submit a "broker non-vote."

If you did not give instructions to your broker how to vote your shares, the broker may vote your shares in its discretion for the election of directors and the ratification of the independent registered public accounting firm, but not with respect to the approval of the First Amendment to our 2004 Stock Option Plan. If the broker does not vote, a broker "non-vote" is counted toward the shares needed for a quorum, but because a broker non-vote is not considered to be eligible to vote, it is not counted in determining whether the proposal has been approved.

Are abstentions counted?

If your proxy indicates an abstention from voting on the proposal, the shares represented will be counted as present for the purpose of determining a quorum, but they will not be voted on any matter at the annual meeting. Because abstentions represent shares entitled to vote, if you abstain from voting on a proposal, your abstention (a) will have no effect on the election of directors and (b) will have the effect of a vote against the ratification of the appointment of the independent registered public accounting firm and against the approval of the First Amendment to the 2004 Stock Option Plan.

Who will count the votes?

All votes will be tabulated by the inspector of election appointed for the annual meeting, who will separately tabulate affirmative and negative votes and abstentions.

Who is paying the cost of this solicitation?

The Company will pay the cost of preparing, printing, assembling, and mailing this Proxy Statement and the Proxy Card. In addition to solicitation by use of the mail, certain of the Company's officers and employees may, without receiving additional compensation therefore, solicit the return of proxies by telephone, telegram or personal interview. The Company will reimburse brokerage houses and custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses in forwarding soliciting materials to their principals, the beneficial owners of Common Stock.

Is the stockholder list available for review?

A list of stockholders entitled to vote at the annual meeting will be open to the examination of any stockholder for any purpose germane to the annual meeting during ordinary business hours commencing 10 days before the annual meeting. Prior to the meeting, the list will be maintained at our principal executive offices located at 8302 Dunwoody Place, Suite 250, Atlanta, Georgia.

PROPOSAL 1 - ELECTION OF DIRECTORS

The Company's Certificate of Incorporation, as amended, provides that each member of the Board of Directors shall hold office until the next annual meeting of stockholders and their successors have been elected and qualified or until

their earlier resignation or removal. Successors to those Directors whose terms have expired are required to be elected by stockholder vote. The existing Board of Directors fills vacancies for an unexpired term and any additional positions created by the Board of Directors' action.

The Company's Bylaws provide that the number of the Company's Directors shall be at least three, and that the number of Directors may be increased or decreased by action of the Board. The Board of Directors currently has determined that the number of Directors shall be eight.

The eight Directors named below have been recommended by the Corporate Governance and Nominating Committee (“Nominating Committee”) to the Board of Directors for election at the Meeting to serve until the next annual meeting of the stockholders and until their respective successors are elected and qualified. All nominees are incumbent Directors. Shares represented by the enclosed proxy will be voted “FOR” the election as Directors of the eight nominees named below, unless authority is withheld. Approval of each nominee for election to the Board of Directors will require the affirmative vote of a plurality of the votes cast by the holders of the Company’s Common Stock, in person or by proxy.

Nominees for Directors

The following sets forth information concerning the eight nominees for election as Directors:

Dr. Louis F. Centofanti
Age: 65

Dr. Centofanti has served as Chairman of the Board since he joined the Company in February 1991. Dr. Centofanti also served as President, Director, and Chief Executive Officer of the Company from February 1991 until September 1995, and again in March 1996 was elected to serve as President, Director, and Chief Executive Officer of the Company. From 1985 until joining the Company, Dr. Centofanti served as Senior Vice President of USPCI, Inc., a large hazardous waste management company, where he was responsible for managing the treatment, reclamation and technical groups within USPCI. In 1981 he founded PPM, Inc., a hazardous waste management company specializing in the treatment of PCB contaminated oils, which was subsequently sold to USPCI. From 1978 to 1981, Dr. Centofanti served as Regional Administrator of the U.S. Department of Energy for the southeastern region of the United States. Dr. Centofanti has a Ph.D. and a M.S. in Chemistry from the University of Michigan, and a B.S. in Chemistry from Youngstown State University.

Jon Colin
Age: 53

Mr. Colin has served as a Director since December 1996. Since April 2002, Mr. Colin has served as President and Chief Executive Officer of LifeStar Response Corporation, a privately held company which provides specialized transportation, language and coordination services for the healthcare industry. Mr. Colin served as Chief Operating Officer of LifeStar Response Corporation from October 2000 to April 2002, and a consultant for LifeStar Response Corporation from September 1997 to October 2000. From 1990 to 1996, Mr. Colin served as President and Chief Executive Officer for Environmental Services of America, Inc., a publicly traded environmental services company. Mr. Colin is also a Director at LifeStar Response Corporation, Bamnet Inc, and Environmental Quality Management, Inc. Mr. Colin has a B.S. in Accounting from the University of Maryland.

Robert L. Ferguson
Age: 76

Mr. Ferguson has served as a Director since August 2007. Mr. Ferguson was nominated to serve as a Director and subsequently elected as a Board member in connection with the acquisition of our Perma-Fix Northwest Richland, Inc. (“PFNWR”) subsidiary (formerly Nuvotec and its wholly owned subsidiary, Pacific EcoSolutions, Inc (“PEcoS”)) in June 2007 (See “Certain Relationships and Related Party Transactions – Mr. Robert L. Ferguson.” and “Board Independence”). Mr. Ferguson currently serves as President of Columbia Nuclear, LLC and as a member of the Board of Directors of Vivid Learning System, a publicly traded company specializing in on-line training solutions. Mr. Ferguson served as Chief Executive Officer and Chairman of the Board of Directors of Nuvotec and PEcoS from December 1998 until its acquisition by us in June 2007. Mr. Ferguson has over 45 years of management and technical experience in the government and private sectors. He served as Chairman of the Board of Technical Resources International, Inc. from 1995 to 1998, Chairman of

the Board for UNC Nuclear Industries, Inc. from 1983 to 1985, and CEO for Washington Public Power Supply System from 1980 to 1983. His government experience from 1961 to 1980 includes various roles for the Atomic Energy Commission, the Energy Research and Development Administration, and the U.S. Department of Energy, including his last assignment as Deputy Assistant Secretary of Nuclear Reactor Programs. Mr. Ferguson also served on the Board of British Nuclear Fuels Inc. He was a founder of Columbia Trust Bank, where he served as a director prior to its acquisition by American West Bank. Mr. Ferguson received his B.S. in Physics from Gonzaga University and attended the US Army Ordnance Guided Missile School, the Oak Ridge School of Reactor Technology, and the Federal Executive Institute.

Jack Lahav
Age: 61

Jack Lahav has served as a Director since September 2001. Mr. Lahav is a private investor, specializing in launching and growing businesses. Mr. Lahav devotes much of his time to charitable activities, serving as president, as well as, board member of several charities. Previously, Mr. Lahav founded Remarkable Products Inc. and served as its president from 1980 to 1993. Mr. Lahav was also co-founder of Lamar Signal Processing, Inc., a digital signal processing company; president of Advanced Technologies, Inc., a robotics company and director of Vocaltech Communications, Inc. Mr. Lahav served as Chairman of Quigo Technologies from 2001 to 2004 and is currently serving as Chairman of Phoenix Audio Technologies, an audio communication company, and Doclix Inc., a pay per click advertising network company, two privately held companies.

Joe R. Reeder
Age: 61

Mr. Reeder, a Director since April 2003, is a shareholder and served as the Shareholder in Charge of the Mid-Atlantic Region from April 1999 to January 2008 for Greenberg Traurig LLP, one of the nation's largest law firms, with 29 offices and 1750 attorneys, worldwide. His clients include sovereign nations, international corporations, and law firms throughout the U.S. As the 14th U.S. Army Undersecretary (1993-97), he served three years as Chairman of the Panama Canal Commission's Board of Directors overseeing a multibillion-dollar infrastructure program. He sits on the Board of Governors of the National Defense Industry Association (NDIA) (and chairs NDIA's Ethic Committee), Armed Services YMCA, the USO, and many other corporate and charitable organizations. A frequent television commentator on legal and national security issues, he is a West Point graduate and served in the 82d Airborne Division.

Larry M. Shelton
Age: 55

Mr. Shelton has served as a Director since July 2006. Mr. Shelton is currently the Chief Financial Officer of S K Hart Management, LC, an investment holding company. He has held this position since 1999. Mr. Shelton was the Chief Financial Officer of Envirocare of Utah, Inc., a waste management company from 1995 until 1999. Mr. Shelton serves on the Board of Directors of Subsurface Technologies, Inc., a privately held company specializing in providing environmentally sound innovative solutions for water well rehabilitation and development, and Pony Express Land Development Inc. Mr. Shelton has a B.A. in accounting from the University of Oklahoma.

Dr. Charles E. Young
Age: 77

Dr. Charles E. Young has served as a Director since July 2003. Dr. Young currently is the Chief Executive Officer of the Los Angeles Museum of Contemporary Art, a position he assumed in January 2009. Dr. Young was the President of the University of Florida from November 1999 to January 2004. He also served as Chancellor of the University of California at Los Angeles ("UCLA") for 29 years until his retirement in 1997. Dr. Young was formerly the Chairman of the Association of American Universities and served on numerous commissions including the American Council on Education, the National Association of State Universities and Land-Grant Colleges, and the Business-Higher Education Forum. Dr. Young serves on the Board of Directors of I-MARK, Inc., a software and professional services company and AAFL Enterprises, a sports development Company. He previously served on the Board of Directors of Intel Corp., Nicholas-Applegate Growth Equity Fund, Inc., Fiberspace, Inc., and Student Advantage, Inc. Dr. Young has a Ph.D. and M.A. in political science from UCLA and a B.A. from the University of California at Riverside.

Mark A. Zwecker
Age: 57

Mark Zwecker has served as a Director since the Company's inception in January 1991. Mr. Zwecker has served as the Director of Finance since 2006 for Communications Security and Compliance Technologies, Inc., a software company developing security products for the mobile workforce. He also serves as an advisor to Plum Combustion, Inc., an engineering and manufacturing company developing high performance combustion technology. Mr. Zwecker served as president of ACI Technology, LLC, from 1997 until 2006, and was vice president of finance and administration for American Combustion, Inc., from 1986 until 1998. In 1983, Mr. Zwecker participated as a founder with Dr. Centofanti in the start up of PPM, Inc. He remained with PPM, Inc. until its acquisition in 1985 by USPCI. Mr. Zwecker has a B.S. in Industrial and Systems Engineering from the Georgia Institute of Technology and an M.B.A. from Harvard University.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE “FOR” THE ELECTION OF THE EIGHT NOMINEES AS THE COMPANY’S DIRECTORS.

Board Independence

The Board of Directors has determined that each of Messrs. Colin, Lahav, Reeder, Shelton, Young, and Zwecker is an “independent director” within the meaning of the applicable NASDAQ Stock Market, Inc. rules.

Dr. Centofanti is not considered to be an “independent director” because of his employment as a senior executive of the Company. The Board of Directors also does not consider Mr. Ferguson to be “independent” based on the following factors:

- (a) he served as the Chief Executive Officer and Chairman of the Board of Directors of Nuvotec and its wholly owned subsidiary PEcoS (n/k/a our “PFNWR” facility) at the time we acquired these companies in June 2007;
- (b) as a former shareholder of Nuvotec who qualified as an “accredited investor” at the time of our acquisition under the rules of Regulation D under the Act, the Company paid Mr. Ferguson a total of \$224,560 cash and issued to him 192,783 shares of our Common Stock in July 2007;
- (c) he is entitled to receive a portion of a certain earn-out amount payable to all former shareholders of Nuvotec at the time of our acquisition not to exceed \$4,552,000 over a four year period ending June 30, 2011, pursuant to the Merger Agreement, as amended, with the first \$1,000,000 of the earn out to be placed in an escrow to satisfy any indemnification obligations to us of Nuvotec, PEcoS, and the former shareholders of Nuvotec. The earn-out amounts will be earned if certain annual revenue targets are met by the Company’s consolidated Nuclear Segment. As of the date of this Proxy Statement, we have not been required to pay any earn-out to the former shareholders of Nuvotec, including Mr. Ferguson, or deposit any amount into the escrow account pursuant to the Agreement;
- (d) Mr. Ferguson had guaranteed \$4,000,000 of bank debt, which was paid off by Perma-Fix in December 2008, and a \$1,750,000 line of credit assumed by us in the acquisition, which the \$1,750,000 line of credit was released when we replaced the financial assurance of PEcoS deposited with the State of Washington with our financial assurance; and
- (e) Mr. Ferguson, as a former shareholder of Nuvotec, who qualified as an “accredited investor” at the time of our acquisition, is due his share of a \$2,500,000 note payable by the Company to the former shareholders of Nuvotec.

The foregoing consideration noted as payable to Mr. Ferguson includes the amounts and shares paid and payable to entities controlled by Mr. Ferguson. See “Certain Relationships and Related Transaction – Mr. Robert L. Ferguson” for a discussion of certain transactions with Mr. Ferguson.

Meetings and Committees of the Board of Directors

During 2008, the Board of Directors held seven meetings, which included three telephonic meetings. No Director attended fewer than 75% of the aggregate number of meetings held by the Board of Directors and the committees on which he served during 2008, except Mr. Robert Ferguson, who attended 71% of the Board of Directors meetings. Mr. Ferguson did not serve on any committees. Although the Company does not currently have a policy with respect to the attendance of its Directors at annual meetings, the Company encourages each of its Directors to attend whenever possible. During 2008, all members of our Board of Directors attended our Annual Meetings of Shareholders held on August 5, 2008, with the exception of Mr. Robert Ferguson. The Board of Directors has an Audit Committee, Compensation and Stock Option Committee, and a Corporate Governance and Nominating Committee.

Audit Committee:

The Audit Committee assists the Board of Directors in monitoring the integrity of the financial statements of the Company, the independent auditor's qualifications and independence, the performance of the Company's internal audit function and independent auditor, and the Company's compliance with legal and regulatory requirements. In carrying out these purposes, the Audit Committee, among other things:

- appoints, evaluates, and approves the compensation of the Company's independent auditor;
- pre-approves all auditing services and permitted non-audit services;
- annually considers the qualifications and independence of the independent auditors;
- reviews recommendations of independent auditors concerning the Company's accounting principles, internal controls, and accounting procedures and practices;
 - reviews and approves the scope of the annual audit;
- reviews and discusses with the independent auditors the audited financial statements; and
- performs such other duties as set forth in the Audit Committee Charter.

The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act, and is governed by an Audit Committee Charter. A copy of the Audit Committee Charter is available on the website at www.perma-fix.com. The Audit Committee has established procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of concerns by employees of the Company regarding accounting or auditing matters.

The Audit Committee members during 2008 were Mark Zwecker (Chairperson), Jon Colin, and Larry Shelton. The Board of Directors has determined that each of the three members of the Audit Committee is an "audit committee financial expert" as defined by Item 407(d) of Regulation S-K of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Audit Committee meets at least quarterly and at such additional times as necessary or advisable and held five meetings in 2008.

Compensation and Stock Option Committee:

The Compensation and Stock Option Committee reviews and recommends to the Board of Directors the compensation and benefits of all of the Company's officers and reviews general policy matters relating to compensation and benefits of the Company's employees. The Committee also administers the Company's stock option plans. The Compensation and Stock Option Committee does not have a charter. The members of the Compensation and Stock Option Committee during 2008 were Jack Lahav (Chairperson), Jon Colin, Joe Reeder, and Dr. Charles E. Young. The Compensation and Stock Option Committee held five meetings in 2008.

Corporate Governance and Nominating Committee:

The Corporate Governance and Nominating Committee recommends to the Board of Directors candidates to fill vacancies on the Board, as well as, the nominees for election as the Company's Directors by the stockholders at each annual meeting of stockholders. Members of the Nominating Committee during 2008 were Dr. Charles E. Young (Chairperson), Jack Lahav, Joe Reeder, and Larry Shelton. The Corporate Governance and Nominating Committee meets at least quarterly and at such times as necessary or advisable and held four meetings in 2008. The Corporate Governance and Nominating Committee is governed by a Corporate Governance and Nominating Committee Charter, which is available on our website at www.perma-fix.com. All members of the Corporate Governance and Nominating

Committee are "independent" as that term is defined by the current NASDAQ listing standards.

The Corporate Governance and Nominating Committee does not have a formal policy with regard to the consideration of any director candidate recommended by stockholder, because our Board of Directors believes that our by-laws and the procedures noted below provide sufficient guidance for the consideration of such persons so recommended. Although there is no formal procedure for stockholders to recommend nominees for the Board of Directors, the Nominating Committee will consider such recommendations if received in writing, together with all of the information described below as to the person so recommended, 120 days in advance of the annual meeting of stockholders. The Committee will consider appropriate factors such as experience with other organizations, skills, diversity, integrity, judgment and independence. Recommendations should be addressed to the Nominating Committee at the Company's address and provide all information relating to such person that the stockholder desires to nominate that is required to be disclosed in solicitation of proxies for the election of such nominee, including the nominee's written consent to serve as a director if so elected. If the Chairman of the Meeting determines that a person is not nominated in accordance with the nomination procedure, such nomination will be disregarded.

Code of Ethics

We have adopted a Code of Ethics that applies to all our executive officers. Our Code of Ethics is available on our website at www.perma-fix.com. If any amendments are made to the Code of Ethics or any grants of waivers are made to any provision of the Code of Ethics to any of our executive officers, we will promptly disclose the amendment or waiver and nature of such amendment or waiver on our website.

Compensation of Directors

Directors who are employees receive no additional compensation for serving on the Board of Directors or its committees. In 2008, we provided the following annual compensation to directors who are not employees:

- on the date of our 2008 Annual Meeting, each of our continuing non-employee directors was awarded options to purchase 12,000 shares of our Common Stock. The grant date fair value of each option award received by our non-employee directors was \$1.79 per share, based on the date of grant pursuant to Statement of Financial Accounting Standard 123R (“SFAS 123R”), “Shared Based Payment”;
- a monthly director fee of \$1,750, with the Audit Committee Chairman (Mark Zwecker) receiving an additional monthly fee of \$2,250, of which the director may elect to have 65% or 100% payable in Common Stock under the 2003 Outside Director Plan, with the remaining payable in cash. Effective October 1, 2008, we increased the monthly director fee to \$2,167, with the Audit Committee Chairman receiving an additional monthly fee of \$1,833; and
- a fee of \$1,000 for each board meeting attendance and a \$500 fee for each telephonic conference call attendance, of which the director may elect to have 65% or 100% payable in Common Stock under the 2003 Outside Director Plan, with the remaining payable in cash.

The table below summarizes the director compensation expenses recognized by the Company during 2008 for the director option and stock (resulting from fees earned) awards. The terms of the 2003 Outside Directors Plan are further described below under “2003 Outside Directors Plan.”

Director Compensation Table

| Name | Fees Earned or Paid In Cash (\$ (1)) | Stock Awards (\$ (2)) | Option Awards (\$ (3)) | Non-Equity Incentive Plan Compensation (\$) | Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
|-----------------------|--|-----------------------------|------------------------------|---|--|-----------------------------------|---------------|
| | | | | | | | |
| Mark Zwecker | 18,725 | 46,364 | 17,142 | — | — | — | 82,231 |
| Jon Colin | — | 37,666 | 17,142 | — | — | — | 54,808 |
| Robert L. Ferguson | 9,188 | 22,749 | 17,142 | — | — | — | 49,079 |
| Jack Lahav | — | 36,332 | 17,142 | — | — | — | 53,474 |
| Joe R. Reeder | — | 35,667 | 17,142 | — | — | — | 52,809 |
| Charles E. Young | 9,538 | 23,617 | 17,142 | — | — | — | 50,297 |
| Larry M. Shelton | 9,888 | 24,483 | 17,142 | — | — | — | 51,513 |

(1)

Under the 2003 Outside Directors Plan, each director elects to receive 65% or 100% of the director's fees in shares of our Common Stock. The amounts set forth below represent the portion of the director's fees earned in cash during 2008 and excludes the value of the director's fee elected to be paid in Common Stock under the 2003 Outside Director Plan, which value is included under "Stock Awards."

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- (2) The number of shares of Common Stock comprising stock awards granted under the 2003 Outside Directors Plan is calculated based on 75% of the closing market value of the Common Stock as reported on the NASDAQ on the business day immediately preceding the date that the quarterly fee is due. Such shares are fully vested on the date of grant. The value of the stock award is based on the market value of our Common Stock as of the end of each quarter, times the number of shares as determined in the manner in this footnote. The amount shown represents amount recognized for financial statement purposes by the Company for fiscal year 2008 for director fees earned in Common Stock.
- (3) Options granted under the Company's 2003 Outside Director Plan resulting from reelection of the Board of Directors on August 5, 2008. Options are for a 10 year period with an exercise price of \$2.34 per share and are fully vested in six months from grant date. The value of the option award is calculated based on the fair value of the option per share (\$1.79) on the date of grant pursuant to SFAS 123R. Total option expense for the award is approximately \$150,000. In 2008, the option expense recognized for financial statement purposes totaled approximately \$119,994. The remaining \$30,006 option expense was recognized by February 2009, upon vesting of the stock option, pursuant to SFAS 123R.

2003 Outside Directors Plan

We believe that it is important for our directors to have a personal interest in our success and growth and for their interests to be aligned with those of our stockholders. Therefore, under our 2003 Outside Directors Stock Plan ("2003 Directors Plan"), each outside director is granted a 10 year option to purchase up to 30,000 shares of Common Stock on the date such director is initially elected to the Board of Directors, and receives on each reelection date an option to purchase up to another 12,000 shares of Common Stock, with the exercise price being the fair market value of the Common Stock as of the close of business on the date immediately preceding the option grant date. No option granted under the 2003 Directors Plan is exercisable until after the expiration of six months from the date the option is granted and no option shall be exercisable after the expiration of ten years from the date the option is granted. Options to purchase 510,000 shares of Common Stock were granted and are outstanding under the 2003 Directors Plan as of December 31, 2008.

In 2008, we increased our monthly payment of fees to our outside directors from \$1,750 to \$2,167, effective October 1, 2008. The monthly additional compensation for our Audit Committee Chairman was reduced from \$2,250 to \$1,833 to better align the compensation to the position responsibilities. The Company periodically reviews compensation paid to its outside directors against compensation paid by its Peer Group (see Companies comprising the Peer Group in "Executive Compensation – The Committee's Process – Peer Group Assessment") to its outside directors to insure that our outside directors are adequately compensated. Each outside Board member continues to be paid \$1,000 for each board meeting attendance as well as \$500 for each telephonic conference call. As a member of the Board of Directors, each director elects to receive either 65% or 100% of the director's fee in shares of our Common Stock based on 75% of the fair market value of the Common Stock determined on the business day immediately preceding the date that the quarterly fee is due. The balance of each director's fee, if any, is payable in cash. In 2008, the fees earned by our outside directors totaled approximately \$274,000. Reimbursements of expenses for attending meetings of the Board are paid in cash at the time of the applicable Board meeting. Although Dr. Centofanti is not compensated for his services provided as a director, Dr. Centofanti is compensated for his services rendered as an officer of the Company. See "EXECUTIVE COMPENSATION — Summary Compensation Table."

As of the date of this Proxy Statement, we have issued 616,094 shares of our Common Stock in payment of director fees from October 1, 2002 under the 2003 Directors Plan, and 510,000 shares are issuable under outstanding options granted under the 2003 Director Plan.

In the event of a change of control (as defined in the 2003 Outside Directors Stock Plan), each outstanding option and award granted under the plans shall immediately become exercisable in full notwithstanding the vesting or exercise provisions contained in the stock option agreement.

Communications with the Board

The Company's Board of Directors believes that it is important for the Company to have a process that enables stockholders to send communications to the Board. Accordingly, stockholders who wish to communicate with the Board of Directors or a particular director may do so by sending a letter to the Secretary of the Corporation, at 8302 Dunwoody Place, Suite 250, Atlanta, Georgia 30350. The mailing envelope must clearly indicate that the enclosed letter is a "Stockholder-Board Communication" or "Stockholder-Director Communication." All such letters must identify the author as a stockholder and clearly state whether the intended recipients are all members of the Board of Directors or only certain specified individual directors. The Secretary of the Corporation will make copies of all such letters and circulate them to the appropriate director or directors.

Compensation Committee Interlocks and Insider Participation

During 2008, the Compensation and Stock Option Committee for our Board of Directors was composed of Jack Lahav (Chairperson), Jon Colin, Joe Reeder, and Dr. Charles E. Young. None of the members of the Compensation and Stock Option Committee has been an officer or employee of the Company or has had any related party transaction with the Company requiring disclosure under the SEC regulations in 2008.

Family Relationships

There are no family relationships between any of the Company's existing Directors, executive officers, or persons nominated or chosen to become a Director or executive officer. Dr. Centofanti is the only Director who is the Company's employee.

Certain Relationships and Related Transactions

In accordance with the Audit Committee Charter, our Audit Committee reviews all related party transactions involving our directors and officers.

Lawrence Properties LLC

During February 2006, our Board of Directors approved and we entered into a lease agreement, whereby we lease property from Lawrence Properties LLC, a company jointly owned by the president of Schreiber, Yonley and Associates, Robert Schreiber, Jr. and his spouse. Mr. Schreiber is a member of our executive management team. The lease is for a term of five years from June 1, 2006. We pay monthly rent expense of \$10,000, which we believe is lower than costs charged by unrelated third party landlords. Additional rent will be assessed for any increases over the initial lease commencement year for property taxes or assessments and property and casualty insurance premiums.

Mr. David Centofanti

Mr. David Centofanti serves as our Director of Information Services. For such services, he received total compensation in 2008 of approximately \$162,000. Mr. David Centofanti is the son of our Chief Executive Officer and Chairman of our Board, Dr. Louis F. Centofanti. We believe the compensation received by Mr. Centofanti for his technical expertise which he provides to the Company is competitive and comparable to compensation we would have to pay to an unaffiliated third party with the same technical expertise.

Mr. Robert L. Ferguson

On June 13, 2007, we acquired Nuvotec and Nuvotec's wholly owned subsidiary, PEcoS (n/k/a PFNWR facility), pursuant to the terms of the Merger Agreement, between us, Nuvotec, PEcoS, and our wholly owned subsidiary. At the time of the acquisition, Robert L. Ferguson was the Chairman, Chief Executive Officer, and individually or through entities controlled by him, the owner of approximately 21.29% of Nuvotec's outstanding common stock. In connection with the acquisition, Mr. Ferguson was nominated to serve as a Director and subsequently elected as a Director at our Annual Meeting of Stockholders held in August 2007. Mr. Ferguson was reelected to serve as a Director at our August 2008 Annual Meeting of Stockholders.

As consideration for the acquisition, Mr. Ferguson: (a) received a total of \$224,560 cash and 192,783 shares of Perma-Fix Common Stock in July 2007 as a former shareholder of Nuvotec who qualified as an "accredited investor" under the rules of Regulation D under the Act, (b) is entitled to receive 21.29% of a certain earn-out amount payable to all former shareholders of Nuvotec at the time of our acquisition not to exceed \$4,552,000 over a four year period ending June 30, 2011, pursuant to the Merger Agreement, as amended (see below), with the first \$1,000,000 of the earn out to be placed in an escrow to satisfy any indemnification obligations to us of Nuvotec, PEcoS, and the former shareholders of Nuvotec. The earn-out amounts will be earned if certain annual revenue targets are met by the Company's consolidated Nuclear Segment which as of the date of this Proxy Statement, we have not been required to pay any earn-out to the former shareholders of Nuvotec, including Mr. Ferguson, or deposit any amount into the escrow account pursuant to the Agreement, (c) guaranteed \$4,000,000 of bank debt, which was paid off by Perma-Fix in December 2008, and a \$1,750,000 line of credit assumed by us in the acquisition, which the \$1,750,000 line of

credit was released when we replaced the financial assurance of PEcoS deposited with the State of Washington with our financial assurance, and (d) as a former shareholder of Nuvotec, who qualified as an “accredited investor” at the time of our acquisition, is due his proportionate share of 27.18% of a \$2,500,000 note payable by the Company to the former shareholders of Nuvotec. The first installment of the note payable of \$833,333 plus accrued interest is due June 30, 2009. The foregoing consideration noted as payable to Mr. Ferguson includes the amounts and shares paid and payable to entities controlled by Mr. Ferguson.

The Environmental Protection Agency (“EPA”) alleged that prior to the date that we acquired the PEcoS facility (n/k/a PFNWR facility) in June 2007, the PEcoS facility was in violation of certain regulatory provisions relating to the facility’s handling of certain hazardous waste and PCB waste. During May 2008, the EPA advised the facility as to these alleged violations that a total penalty of \$317,500 is appropriate to settle the alleged violations. On September 26, 2008, PFNWR entered into a consent agreement with the EPA to resolve the allegations by agreeing to pay a penalty amount of \$304,500. Under the consent agreement, PFNWR neither admitted nor denied the specific EPA allegations. Under the agreements relating to our acquisition of Nuvotec and PEcoS, we are required, if certain revenue targets are met, to pay to the former shareholders of Nuvotec an earn-out amount not to exceed \$4,400,000 over a four year period ending June 30, 2011, with the first \$1,000,000 of the earn-out amount to be placed into an escrow account to satisfy certain indemnification obligations to us of Nuvotec, PEcoS, and the former shareholders of Nuvotec, which includes Mr. Robert Ferguson. We may claim reimbursement of the penalty, plus out of pocket expenses, paid or to be paid by us in connection with this matter from the escrow account. As of the date of this Proxy Statement, we have not been required to pay any earn-out to the former shareholders of Nuvotec or deposit any amount into the escrow account pursuant to the agreement. Irrespective of the fact no amounts have been deposited into the escrow account, the former shareholders of Nuvotec agreed to pay and have paid \$152,250 of the \$304,500 penalty in satisfaction of their obligation under the indemnity provision in connection with the settlement with the EPA. Under the agreement between the Company and the former shareholders of Nuvotec, as amended, the \$152,250 penalty paid by the former shareholders of Nuvotec can be recouped by the Nuvotec shareholder by adding it to the potential \$4,400,000 earn-out payment. The \$152,250 can only be recouped if the \$4,400,000 has been entirely earned. The \$304,500 was paid to the EPA on November 18, 2008.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act, and the regulations promulgated thereunder require our executive officers and directors and beneficial owners of more than 10% of our Common Stock to file reports of ownership and changes of ownership of our Common Stock with the Securities and Exchange Commission (“SEC”), and to furnish us with copies of all such reports. Based solely on a review of the copies of such reports furnished to us and written information provided to us, we believe that during 2008 none of our executive officers, directors, or beneficial owners of more than 10% of our Common Stock failed to timely file reports under Section 16(a).

Audit Committee Report

The Audit Committee is responsible for providing independent objective oversight of the Company’s accounting functions and internal controls. In accordance with rules adopted by the Commission, the Audit Committee of the Company states that:

- The Audit Committee has reviewed and discussed with management the Company’s audited financial statements for the fiscal year ended December 31, 2008.
- The Audit Committee has discussed with BDO Seidman, LLP, the Company’s independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 61 (“Communications with Audit Committees”), as modified or supplemented.
- The Audit Committee has received the written disclosures and the letter from BDO Seidman, LLP, required by Public Company Accounting Oversight Board (“PCAOB”) Rule 3526, “Communication with Audit Committees Concerning Independence”, as modified or supplemented, and has discussed with BDO Seidman, LLP, the independent registered public accounting firm’s independence.

In connection with the Audit Committee’s discussion with BDO Seidman, LLP, as described above, the Audit Committee discussed and considered the nature and scope of the non-audit services performed by BDO Seidman, LLP for the year ended December 31, 2008, and determined that the audit and non-audit services provided by BDO

Seidman, LLP were compatible with maintaining the independence of BDO Seidman, LLP.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, for filing with the Securities and Exchange Commission. The Audit Committee also appointed BDO Seidman, LLP as the Company's independent registered public accounting firm for 2009.

This report is submitted on behalf of the members of the Audit Committee:

Mark Zwecker (Chairperson)
 Jon Colin
 Larry Shelton

The Report of the Audit Committee shall not be deemed to be “soliciting material” or to be “filed” with the Securities and Exchange Commission, nor shall it be incorporated by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference and shall not otherwise be deemed filed under such Acts.

EXECUTIVE OFFICERS

The following table sets forth, as of the date hereof, information concerning our executive officers:

| NAME | AGE | POSITION |
|---------------------------|-----|--|
| Dr. Louis F. Centofanti | 65 | Chairman of the Board, President and Chief Executive Officer |
| Mr. Larry McNamara | 60 | Chief Operating Officer |
| Mr. Ben Naccarato | 46 | Chief Financial Officer, Vice President, and Secretary |
| Mr. Robert Schreiber, Jr. | 58 | President of Schreiber, Yonley & Associates (“SYA”), a subsidiary of the Company, and Principal Engineer |

Dr. Louis F. Centofanti

See “Election of Directors” for further information on Dr. Centofanti.

Mr. Larry McNamara

Mr. McNamara has served as Chief Operating Officer since October 2005. From October 2000 to October 2005, he served as President of the Nuclear Waste Management Services Segment. From December 1998 to October 2000, he served as Vice President of the Company's Nuclear Waste Management Services Segment. Between 1997 and 1998, he served as Mixed Waste Program Manager for Waste Control Specialists (“WCS”) developing plans for the WCS mixed waste processing facilities, identifying markets and directing proposal activities. Between 1995 and 1996, Mr. McNamara was the single point of contact for the Department of Defense (“DOD”) to all state and federal regulators for issues related to disposal of Low Level Radioactive Waste and served on various National Committees and advisory groups. Mr. McNamara served, from 1992 to 1995, as Chief of the Department of Defense Low Level Radioactive Waste office. Between 1986 and 1992, he served as the Chief of Planning for the Department of Army overseeing project management and program policy for the Army program. Mr. McNamara has a B.S. from the University of Iowa.

Mr. Ben Naccarato

Mr. Naccarato was named Chief Financial Officer, Vice President, and Secretary of the Company by the Company’s Board of Directors on February 26, 2009. Mr. Naccarato was appointed on October 24, 2008 by the Company’s Board of Directors as the Interim Chief Financial Officer, effective November 1, 2008. Mr. Naccarato joined the Company in September 2004 and served as Vice President, Finance of the Company’s Industrial Segment until May 2006, when he was named Vice President, Corporate Controller/Treasurer. Prior to joining the Company in September 2004, Mr. Naccarato served as the Chief Financial Officer of Culp Petroleum Company, Inc., a privately held company in the fuel distribution and used waste oil industry from December 2002 to September 2004. Mr. Naccarato is a graduate of University of Toronto having received a Bachelor of Commerce and Finance Degree and is a Certified Management Accountant.

Mr. Robert Schreiber, Jr.

Mr. Schreiber has served as President of SYA since the Company acquired the environmental engineering firm in 1992. Mr. Schreiber co-founded the predecessor of SYA, Lafser & Schreiber in 1985, and served in several executive roles in the firm until our acquisition of SYA. From 1978 to 1985, Mr. Schreiber served as Director of Air programs and all environmental programs for the Missouri Department of Natural Resources. Mr. Schreiber provides technical expertise in wide range of areas including the cement industry, environmental regulations and air pollution control. Mr. Schreiber has a B.S. in Chemical Engineering from the University of Missouri – Columbia.

Resignation of Chief Financial Officer

On October 22, 2008, Mr. Steven Baughman, tendered his resignation as Chief Financial Officer, Vice President, and Secretary of the Board of Directors of the Company. Mr. Baughman's resignation from his positions and as an executive officer was effective October 31, 2008.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Our long-term success depends on our ability to efficiently operate our facilities, evaluate strategic acquisitions within our Nuclear Segment, and to continue to research and develop innovative technologies in the treatment of nuclear waste, mixed waste, and industrial waste. To achieve these goals, it is important that we be able to attract, motivate, and retain highly talented individuals who are committed to our values and goals.

The Compensation and Stock Option Committee (for purposes of this analysis, the "Compensation Committee") of the Board has responsibility for establishing, implementing and continually monitoring adherence with our compensation philosophy. The Compensation Committee ensures that the total compensation paid to the named executive officers is fair, reasonable and competitive. Generally, the types of compensation and benefits provided to members of the named executive officers are similar to those provided to other executive officers at similar sized companies and industries.

Compensation Philosophy and Objectives

The Compensation Committee bases its executive compensation program on our performance objectives. The Compensation Committee evaluates both executive performance and compensation to ensure that we maintain our ability to attract superior employees in key positions and to remain competitive relative to the compensation paid to similarly situated executives of our peer companies. The Compensation Committee believes executive compensation packages provided to our executives, including the named executive officers, should include both cash and equity-based compensation that provide rewards for performance. The Compensation Committee bases its executive compensation program on the following philosophy:

- Compensation should be based on the level of job responsibility, executive performance, and company performance.
- Executive officers' pay should be more closely linked to company performance than that of other employees because the executive officers have a greater ability to affect our results.
- Compensation should be competitive with compensation offered by other companies that compete with us for talented individuals.
- Compensation should reward performance.
- Compensation should motivate executives to achieve our strategic and operational goals.

Employment Agreements; Potential Payments

The Company did not have any employment agreements with any of its employees in 2008. During May 2009, the Company entered into employment agreements with each of Dr. Louis F. Centofanti (the "CEO Agreement"), Larry McNamara (the "COO Agreement"), and Ben Naccarato (the "CFO Agreement") (together, the "Employment Agreements"). Pursuant to the Employment Agreements, (a) Dr. Centofanti will continue to serve as the Company's Chief Executive Officer and President, with an annual base salary of \$253,094, (b) Mr. McNamara will continue to serve as the Company's Chief Operating Officer, with an annual base salary of \$216,320, and (c) Mr. Naccarato will

continue to serve as the Company's Chief Financial Officer, with an annual base salary of \$200,000. In addition, each such executive officer is entitled to participate in the Company's benefits plans and to any performance compensation payable under the Executive Management Incentive Plan ("MIP") (see MIP approved for 2009 below) in effect for each fiscal year as adopted by the Company's Compensation Committee or Board of Directors.

Each of the Employment Agreements is effective for three years, unless earlier terminated by the Company with or without "cause" (as defined below) or by the executive officer for "good reason" (as defined below) or any other reason. If the executive officer's employment is terminated due to death, disability or for cause, the Company will pay to the executive officer or to his estate a lump sum equal to the sum of any unpaid base salary through the date of termination and any benefits due to the executive officer under any employee benefit plan, excluding any severance program or policy (the "Accrued Amounts").

“Cause” as noted above is generally defined in each of the Employment Agreements as follows:

- the ultimate conviction (after all appeals have been decided) of the executive by a court of competent jurisdiction of, or a plea of nolo contendere, or a plea of guilty by the executive to a felony involving a moral practice or act;
- willful or gross misconduct or gross neglect of duties by the executive, which is injurious to the Company. Failure of the executive to perform his duties due to disability shall not be considered gross misconduct or gross neglect of duties;
- act of fraud or embezzlement against the Company; and
- willful breach of any material provision under the Employment Agreement.

“Good reason” as noted above is generally defined in each of the Employment Agreements as follow:

- assignment to the executive of duties inconsistent with his responsibilities as they existed during the 90 day period preceding the date of the employment agreement, including status, office, title, and reporting requirement;
- any other action by the Company which results in a reduction in the compensation payable to the executive, the position, authority, duties, or other responsibilities without the employee’s prior approval;
- the relocation of the executive from his base location on the date of the employment agreement, excluding travel required in order to perform the executive’s job responsibilities;
- any purported termination by the Company of the executive’s employment otherwise as permitted by the agreement; and
- any material breach by the Company of any provision of the agreement, except that an insubstantial or inadvertent breach by the Company which is promptly remedied by the Company after receipt of notice by the executive is not considered a material breach.

If the executive officer terminates his employment for “good reason” or the Company terminates the executive’s employment without cause, the Company will pay the executive officer a sum equal to the total Accrued Amounts, plus one year of full base salary. If the executive terminates his employment for a reason other than for good reason, the Company will pay to the executive the amount equal to the Accrued Amounts. If there is a “Change in Control” (as defined below), all outstanding stock options to purchase common stock held by the executive officer will immediately become vested and exercisable in full.

Accordingly, under the terms of the Employments Agreements, if the employment of our Chief Executive Officer, Chief Operating Officer, or Chief Financial Officer would have been terminated on June 1, 2009, by reason of death, disability or for cause, each would have received his salary through June 1, 2009, but no severance payments. If, on such date, each such executive officer would have terminated his employment for “good reason” or we would have terminated his employment without “cause,” each would have received his salary through June 1, 2009 in addition to severance payments equal to \$253,094, \$216,320, and \$200,000, respectively.

A “Change in Control” is generally deemed to have occurred if: (a) a transaction in which any person, entity, corporation, or group (as such terms are defined in Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (other than the Company, or a profit sharing, employee ownership or other employee benefit plan sponsored by the Company or any subsidiary of the Company): (i) will purchase any of the Company’s voting securities (or securities convertible into such voting securities) for cash, securities or other consideration pursuant to a tender offer, or (ii) will become the “beneficial owner” (as such term is defined in Rule 13d-3 under the Exchange Act, directly or indirectly (in one transaction or a series of transactions), of securities of the Company representing 50% or more of the total voting power of the then outstanding securities of the Company ordinarily having the right to vote in the election of directors; or (b) a change, without the approval of at least two-thirds of the Board of Directors then in office, of a majority of the Company’s Board of Directors; or (c) the Company’s execution of an agreement for the sale of all or substantially all of the Company’s assets to a purchaser which is not a subsidiary of the Company; or (d) the Company’s adoption of a plan of dissolution or liquidation; or (e) the Company’s closure of the Company’s facility where the executive works; or (f) the Company’s execution of an agreement for a merger or consolidation or other business combination involving the Company in which the Company is not the surviving corporation, or, if immediately following such merger or consolidation or other business combination, less than fifty percent (50%) of the surviving corporation’s outstanding voting stock is held by persons who are stockholders of the Company immediately prior to such merger or consolidation or other business combination; or (f) such event that is of a nature that is required to be reported in response to Item 5.01 of Form 8-K, as in effect on the date hereof, pursuant to Section 13 or 15(d) of the Exchange Act.

The amounts payable with respect to a termination (other than base salary and amounts otherwise payable under any Company employee benefit plan) are payable only if the termination constitutes a “separation from service” (as defined under Treasury Regulation Section 1.409A-1(h)).

Role of Executive Officers in Compensation Decisions

The Compensation Committee makes all compensation decisions for the named executive officers and equity awards to all of our officers. Decisions regarding the non-equity compensation of other officers are made by the Chief Executive Officer.

The Chief Executive Officer annually reviews the performance of each of the named executive officers (other than the Chief Executive Officer whose performance is reviewed by the Compensation Committee). Based on such reviews, the Chief Executive Officer presents a recommendation to the Compensation Committee, which may include salary adjustments, bonus and equity based awards, and annual award. The Compensation Committee considers such recommendation in light of the compensation philosophy and objectives described above and the process described below. Based on its analysis, the Compensation Committee exercises its discretion in accepting or modifying all such recommendations. The Chief Executive Officer is not present during the voting or deliberations of the Compensation Committee with respect to the Chief Executive Officer’s compensation. Beginning in 2009, the compensation for our Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer is set forth in their respective Employment Agreements.

The Compensation Committee’s Processes

The Compensation Committee has established certain processes designed to achieve our executive compensation objectives. These processes include the following:

- **Company Performance Assessment.** The Compensation Committee assesses our performance in order to establish compensation ranges and, as described below, to establish specific performance measures that determine incentive compensation under the Company’s Executive Management Incentive Plan. For this purpose, the Compensation Committee considers numerous measures of performance of both us and industries with which we compete.

- **Individual Performance Assessment.** Because the Compensation Committee believes that an individual's performance should effect an individual's compensation, the Compensation Committee evaluates each named executive officer's performance. With respect to the named executive officers, other than the Chief Executive Officer, the Compensation Committee considers the recommendations of the Chief Executive Officer. With respect to all named executive officers, the Compensation Committee exercises its judgment based on its interactions with the executive officer, such officer's contribution to our performance and other leadership achievements. This process was undertaken with respect to our Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer in setting the base salary for each such officer set forth in the Employment Agreements.
- **Peer Group Assessment.** The Compensation Committee benchmarks our compensation program with a group of companies against which the Compensation Committee believes we compete for talented individuals (the "Peer Group"). The composition of the Peer Group is periodically reviewed and updated by the Compensation Committee. The companies currently comprising the Peer Group are Clean Harbors, Inc., American Ecology Corporation, and EnergySolutions, Inc., each of which is a waste disposal/management company. The Compensation Committee considers the Peer Group's executive compensation programs as a whole and the compensation of individual officers in the Peer Group, if job responsibilities are meaningfully similar. The Compensation Committee also considers individual factors such as experience level of the individual and market conditions. The Compensation Committee believes that the Peer Group comparison helps insure that our executive compensation program is competitive with other companies in the industry. This process was undertaken with respect to our Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer in setting the base salary for each such officer set forth in the Employment Agreements.

2008 Executive Compensation Components

For the fiscal year ended December 31, 2008, the principal components of compensation for executive officers were:

- base salary;
- performance-based incentive compensation;
- long term incentive compensation;
- retirement and other benefits; and
- perquisites and other personal benefits.

Based on the “Summary Compensation Table”, salary accounted for approximately 72.7% of the total compensation of the executive officers while non-equity incentive, option award, and other compensation accounted for approximately 27.3% of the total compensation of the executive officers.

Base Salary

The named executive officers, other officers, and other employees of the Company receive a base salary during the fiscal year. Base salary ranges for executive officers are determined for each executive based on his or her position and responsibility by using market data and comparisons to the Peer Group.

During its review of base salaries for executives, the Compensation Committee primarily considers:

- market data and Peer Group comparisons;
- internal review of the executive’s compensation, both individually and relative to other officers; and
- individual performance of the executive.

Salary levels are typically considered annually as part of the performance review process as well as upon a promotion or other change in job responsibility. Merit based salary increases for executives are based on the Committee’s assessment of the individual’s performance. Beginning in 2009, the base salary for the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer is set forth in the Employment Agreements.

Performance-Based Incentive Compensation

The Compensation Committee has the latitude to design cash and equity-based incentive compensation programs to promote high performance and achievement of our corporate objectives by Directors and the named executives, encourage the growth of stockholder value and enable employees to participate in our long-term growth and profitability. The Compensation Committee may grant stock options and/or performance bonuses. In granting these awards, the Compensation Committee may establish any conditions or restrictions it deems appropriate. In addition, the Chief Executive Officer has discretionary authority to grant stock options to certain high-performing executives.

All awards of stock options are made at or above the market price at the time of the award. Stock options may be awarded to newly hired or promoted executives at the discretion of the Compensation Committee, following the hiring or promotion. Grants of stock options to newly hired executive officers who are eligible to receive them are made at the next regularly scheduled Compensation Committee meeting following their hire date.

2008 Executive Management Incentive Plan

The Company maintains an Executive Management Incentive Plan (the “MIP”), which is an annual cash incentive program. The MIP provides guidelines for the calculation of annual cash incentive based compensation, subject to the Compensation Committee oversight and modification. In 2008, the Compensation Committee approved individual MIP plan for our Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer. Each MIP provided cash compensation based on achievement of performance thresholds, with the amount of such compensation established as a percentage of based salary. The potential target performance compensation ranges from 25% to 44% of the 2008 base salary for the Chief Financial Officer and 50% to 87% of the base salary for both the Chief Operating Officer and Chief Executive Officer.

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

Performance compensation earned under each MIP by the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer are reduced by 15% if unbilled trade receivable balances older than December 31, 2006 is not reduced by \$3,000,000 or more from the unbilled balance as of December 31, 2007 to December 31, 2008. For 2008, performance compensation earned under the MIP was reduced by 15% because unbilled trade receivable balances older than December 31, 2006 was not reduced by \$3,000,000 or more. The minimum performance compensation becomes payable upon achieving 85% to 100% of corporate performance objectives, with the maximum performance compensation becoming payable upon achieving 161% of such objectives. The Compensation Committee sets the revenue and net income components of the performance compensation objectives using our annually approved budget for the upcoming fiscal year. In making the annual determination of the minimum and maximum performance levels, the Compensation Committee considered the specific circumstances facing the Company during the coming year. The Compensation Committee generally sets the minimum and maximum levels such that the relative difficulty of achieving these levels is consistent from year to year.

In 2006, each named executive officer achieved above the minimum performance compensation level but below the maximum performance compensation level. None of the named executive officers met the minimum performance compensation level in 2007 or 2008.

The annual MIP compensation is calculated and prepaid on a quarterly basis. The following table sets forth the MIP compensation earned in fiscal year 2008 under the 2008 MIP:

| Name | MIP | MIP | MIP | MIP | Total |
|------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-----------|
| | Compensation 1st Qtr 2008 | Compensation 2nd Qtr 2008 | Compensation 3rd Qtr 2008 | Compensation 4th Qtr 2008 | |
| Dr. Louis Centofanti | \$ 22,359 | \$ – | \$ – | \$ (6,845) (2) | \$ 15,514 |
| Larry McNamara | \$ 19,874 | \$ – | \$ – | \$ (6,084) (2) | \$ 13,790 |
| Steven T. Baughman (1) | \$ 9,937 | \$ – | \$ – | \$ – | \$ 9,937 |

(1) Resigned as Chief Financial Officer, effective October 31, 2008.

(2) Represents overpayment of MIP bonus for 2008, of which \$4,107 for Dr. Centofanti and \$3,651 for Mr. McNamara was recovered by the Company through payroll deduction on May 15, 2009. The remaining \$2,738 for Dr. Centofanti and \$2,433 for Mr. McNamara will be recovered by the Company through future payroll

deduction. See “2009 MIP” below for additional information.

2009 MIP

During May 2009, the Compensation Committee approved individual management incentive plans for fiscal year 2009 for Dr. Louis F. Centofanti, our Chief Executive Officer, Larry McNamara, our Chief Operating Officer, and Ben Naccarato, our Chief Financial Officer. The MIPs are effective as of January 1, 2009. Each MIP provides cash compensation based on achievement of performance thresholds, with the amount of such compensation established as a percentage of base salary. The potential target performance compensation ranges from 25% to 44% of the 2009 base salary for the Chief Financial Officer and 50% to 87% of the base salary for each of the Chief Operating Officer and Chief Executive Officer.

The performance compensation for the Chief Operating Officer and Chief Executive Officer is based upon achievement of corporate financial net income and revenue, health, safety, and environmental compliance objectives during fiscal year 2009. Of the total potential performance compensation, 55% is based on net income goals, 15% is based on revenue goals, 15% is based on the number of health and safety claim incidents that occur during fiscal year 2009, and the remaining 15% is based on the number of notices alleging violations relating to environmental, health or safety requirements under our permit or license violations that occur during the fiscal year. The revenue and net income components are based on our board approved 2009 budget.

The performance compensation for the Chief Financial Officer is based upon achievement of net income, administrative expense, financial oversight, centralization of accounting and information technology functions objectives, as well as the timely filing with the SEC of the Company's annual and quarterly reports and Form 8-Ks. Of the total potential performance compensation, 25% is based on net income goals, 15% is based on maintaining or reducing our budgeted administrative expense, 10% is based on the timeliness of the Company's annual, quarterly, and Form 8-K report filings with the SEC, 10% is based on financial oversight, 10% is based on compliance with the requirements of the Sarbanes-Oxley Act of 2002, and 30% is based on accounting centralization and information technology objectives. The net income and administrative expense components are based on our board approved 2009 budget.

Performance compensation earned under each MIP by the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer will be reduced by 15% if the Company's unbilled trade receivable balance older than December 31, 2006, is not reduced by \$4.0 million or more as of December 31, 2009, from the unbilled balance as of December 31, 2008. The minimum performance compensation becomes payable upon achieving between 85% to 100% of corporate financial objectives, with the maximum performance compensation becoming payable upon achieving 161% of such objectives, except the Chief Financial Officer's minimum performance compensation for achieving administrative expense goals is based on maintaining the Company's administrative expense at 100% of the objective, with the maximum performance compensation payable if administrative expense is 88% of the objective.

The annual MIP compensation is estimated and prepaid on a quarterly basis. The following table sets forth the estimated MIP compensation earned for the first quarter of 2009:

| Name | Title | MIP Compensation 1st Quarter 2009 |
|-------------------------|-------------------------|---|
| Dr. Louis F. Centofanti | Chief Executive Officer | \$ 29,888 |
| Larry McNamara | Chief Operating Officer | \$ 26,567 |
| Ben Naccarato | Chief Financial Officer | \$ 8,775 |

The following table sets forth the MIP compensation paid on May 15, 2009 for the first quarter of 2009. The amount paid to the Chief Executive Officer and Chief Operating Officer includes a partial reimbursement to the Company resulting from overpayment of 2008 MIP bonus of \$4,107 and \$3,651, respectively. The remaining \$2,738 and \$2,433 in overpayment of 2008 MIP for the Chief Executive Officer and Chief Operating Officer, respectively, will be recovered by the Company through future payroll deduction.

| Name | Title | MIP Compensation 1st Quarter 2009 |
|-------------------------|-------------------------|---|
| Dr. Louis F. Centofanti | Chief Executive Officer | \$ 25,781 |
| Larry McNamara | Chief Operating Officer | \$ 22,916 |
| Ben Naccarato | Chief Financial Officer | \$ 8,775 |

Based on the amount of annual MIP compensation paid with respect to the 1st quarter of 2009, if the participants achieve the maximum amounts that may be earned for the remaining three quarters of 2009, the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer would earn approximately \$221,455, \$189,278, and \$87,500, under their respective MIP arrangement for 2009.

Pursuant to the terms of the MIP, if at the conclusion of any calendar quarter, the MIP compensation prepayment due to the Chief Executive Officer, Chief Operating Officer, or Chief Financial Officer is less than the amount prepaid in the previous quarters during 2009 to such individual and the overpayment exceeds \$25,000, the MIP participant will reimburse the Company for the amount of the overpayment through payroll deductions in accordance with the Company's normal payroll practices. Notwithstanding such provisions, the Board of Directors and management have interpreted the MIP to require the executive who has received an overpayment under the MIP to reimburse the Company for such overpayment, irrespective to the amount of such overpayment. Accordingly, as reflected in the table above, the first quarter prepayment under the 2009 MIP was partially reduced by amount of MIP overpayment during 2008. The remaining 2008 MIP overpayment totaling \$5,171 for the Chief Executive Officer and Chief Financial Officer as discussed above will be deducted through future payroll deduction.

If the MIP participant's employment with the Company is voluntarily or involuntarily terminated prior to a regularly scheduled MIP compensation payment period, no MIP payment will be payable for and after such period. The Compensation Committee retains the right to modify, change or terminate each MIP at any time and for any reason.

Long-Term Incentive Compensation

Employee Stock Option Plan

The 2004 Stock Option Plan (the "2004 Option Plan") encourages participants to focus on long-term performance and provides an opportunity for executive officers and certain designated key employees to increase their stake in us. Stock options succeed by delivering value to the executive only when the value of our stock increases. The 2004 Option Plan authorizes the grant of non-qualified stock options and incentive stock options for the purchase of Common Stock.

The 2004 Option Plan assists the Company to:

- enhance the link between the creation of stockholder value and long-term executive incentive compensation;
- provide an opportunity for increased equity ownership by executives; and
- maintain competitive levels of total compensation.

Stock option award levels are determined based on market data, vary among participants based on their positions with us and are granted generally at the Compensation Committee's regularly scheduled July or August meeting. Newly hired or promoted executive officers who are eligible to receive options are generally awarded such options at the next regularly scheduled Compensation Committee meeting following their hire or promotion date.

Options are awarded with an exercise price equal to or not less than the closing price of the Company's Common Stock on the date of the grant as reported on the NASDAQ. In certain limited circumstances, the Compensation Committee may grant options to an executive at an exercise price in excess of the closing price of the Company's Common Stock on the grant date. The Compensation Committee will not grant options with an exercise price that is less than the closing price of the Company's Common Stock on the grant date.

On August 5, 2008, the Compensation Committee, with the approval of our Board of Directors authorized the grant of incentive stock options ("ISO") to certain executive officers, officers and employees of the Company which allows for the purchase of up to 918,000 shares of Common Stock under the Company's 2004 Option Plan (see "Grant of Plan-Based Award" for options granted to our named executive officers from the August 5, 2008 grant). The options have a six year term with a staggered vesting period of three years at 33.3% increment per year. No options were granted to any named executives in 2007 due to timing constraints resulting from our acquisition of our PFNWR

facility and the divestiture efforts of our Industrial Segment facilities. The stock options granted prior to 2006 generally have a ten year term with annual vesting of 20% over a five year period. In anticipation of the adoption of SFAS 123R, on July 28, 2005, the Compensation Committee accelerated the vesting of all then outstanding and unvested options. The options granted in 2006 by the Compensation Committee are for a six year term with vesting period of three years at 33.3% increment per year. Vesting ceases upon termination of employment and exercise right of the vested option amount ceases upon three months from termination of employment except in the case of death or retirement (subject to a six month limitation), or disability (subject to a one year limitation). Prior to the exercise of an option, the holder has no rights as a stockholder with respect to the shares subject to such option.

In the event of a change of control (as defined in the “1993 Non-Qualified Stock Option Plan” and “2004 Stock Option Plan”) of the Company, each outstanding option and award granted under the plans shall immediately become exercisable in full notwithstanding the vesting or exercise provisions contained in the stock option agreement.

The August 5, 2008, ISO grant as mentioned above, included 150,000, 150,000, 40,000 and 90,000 options made to our Chief Executive Officer, Chief Operating Officer, Interim Chief Financial Officer (who was named as our Chief Financial Officer by our Board of Director on February 26, 2009), and previous Chief Financial Officer, respectively. The 90,000 ISO grant to our previous Chief Financial Officer was forfeited upon his resignation, effective October 31, 2008.

Accounting for Stock-Based Compensation

On January 1, 2006, we adopted Statement of Financial Accounting Standards 123R (“SFAS 123R”), “Share-Based Payment”, a revision of SFAS No. 123, “Accounting for Stock-Based Compensation”, superseding Accounting Principles Board Opinions (“APB Opinion”) No. 25, “Accounting for Stock Issued to Employees”, and its related implementation guidance. This Statement establishes accounting standards for entity exchanges of equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the statement of operations based on their fair values.

We adopted SFAS 123R utilizing the modified prospective method in which compensation cost is recognized beginning with the effective date based on SFAS 123R requirements for all (a) share-based payments granted after the effective date and (b) awards granted to employees and directors prior to the effective date of SFAS 123R that remain unvested on the effective date.

Prior to our adoption of SFAS 123R, on July 28, 2005, the Compensation Committee of the Board of Directors approved the acceleration of vesting for all the outstanding and unvested options to purchase Common Stock awarded to employees as of the approval date. The Board of Directors approved the accelerated vesting of these options based on the belief that it was in the best interest of our stockholders to reduce future compensation expense that would otherwise be required in the statement of operations upon adoption of SFAS 123R, effective beginning January 1, 2006.

Retirement and Other Benefits

401(k) Plan

We adopted the Perma-Fix Environmental Services, Inc. 401(k) Plan (the “401(k) Plan”) in 1992, which is intended to comply with Section 401 of the Internal Revenue Code and the provisions of the Employee Retirement Income Security Act of 1974. All full-time employees who have attained the age of 18 are eligible to participate in the 401(k) Plan. Eligibility is immediate upon employment but enrollment is only allowed during two yearly open periods of January 1 and July 1. Participating employees may make annual pretax contributions to their accounts up to 100% of their compensation, up to a maximum amount as limited by law. We, at our discretion, may make matching contributions based on the employee's elective contributions. Company contributions vest over a period of five years. We matched 25% of our employees' contributions in 2008. We contributed \$401,000 in matching funds during 2008, with approximately \$20,625 for our named executive officers during 2008. Effective March 1, 2009, the Company suspended its matching contribution in an effort to reduce costs in light of the recent economic environment. The Company will evaluate the reversal of this suspension as the economic environment improves.

Perquisites and Other Personal Benefits

The Company provides executive officers with limited perquisites and other personal benefits that the Company and the Compensation Committee believe are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain superior employees for key positions. The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to executive officers. The executive officers are provided an auto allowance or use of a company car.

Compensation Committee Report

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

THE COMPENSATION AND STOCK OPTION COMMITTEE

Jack Lahav, Chairman

Jon Colin

Joe Reeder

Dr. Charles E. Young

Summary Compensation Table

The following table summarizes the total compensation paid or earned by each of the executive officers for the fiscal years ended December 31, 2008, 2007, and 2006.

| Name and Principal Position | Year | Salary (\$) | Bonus (\$ (3)) | Non-Equity | | | Total Compensation (\$) |
|--|------|----------------|-------------------|------------------------------|--|---------------------------------------|-------------------------------|
| | | | | Option Awards (\$ (4)) | Incentive Plan Compensation (\$ (5)) | All other Compensation (\$ (7)) | |
| Dr. Louis Centofanti Chairman of the Board, President and Chief Executive Officer | 2008 | 251,410 | — | 52,556 | 15,514(6) | 12,875 | 332,355 |
| | 2007 | 241,560 | — | 28,918 | 17,550 | 12,875 | 300,903 |
| | 2006 | 232,269 | — | 24,098 | 143,324 | 13,601 | 413,292 |
| Ben Naccarato (1) Vice President and Chief Financial Officer | 2008 | 176,136 | 25,000(8) | 7,749 | — | 3,875 | 212,760 |
| | 2007 | 166,610 | 25,000 | 1,446 | — | 3,125 | 196,181 |
| | 2006 | 150,192 | 78,315 | 1,205 | — | 9,277 | 238,989 |
| Steven Baughman (2) Vice President and Chief Financial Officer | 2008 | 196,573 | — | 10,811 | 9,937(6) | 11,375 | 228,696 |
| | 2007 | 205,200 | — | 29,230 | 7,800 | 12,875 | 255,105 |
| | 2006 | 123,077 | — | 18,419 | 63,709 | 9,000 | 214,205 |
| Larry McNamara Chief Operating Officer | 2008 | 214,720 | — | 95,933 | 13,790(6) | 12,875 | 337,318 |
| | 2007 | 206,769 | — | 72,295 | 15,000 | 12,875 | 306,939 |
| | 2006 | 193,558 | — | 60,246 | 122,500 | 12,750 | 389,054 |
| Robert Schreiber, Jr. President of SYA | 2008 | 184,588 | 88,386(9) | 11,169 | — | 12,676 | 296,819 |
| | 2007 | 197,000 | 35,204 | 7,230 | — | 18,114 | 257,548 |
| | 2006 | 158,292 | 5,915 | 6,025 | — | 14,502 | 184,734 |

(1) Named as Chief Financial Officer and Secretary of the Board of Directors by the Company's Board of Directors on February 26, 2009. Mr. Naccarato was named as Interim Chief Financial Officer and Secretary of the Board of Directors effective November 1, 2008 by the Company's Board of Directors on October 24, 2008. Mr. Naccarato served as the Vice President, Corporate Controller/Treasurer prior to being named Interim Chief Financial Officer and Secretary of the Board of Directors.

(2) Resigned as Chief Financial Officer, Vice President, and Secretary of the Board of Director effective October 31, 2008.

(3) No bonus was paid to a named executive officer, except as part of a non-equity incentive plan. See footnote (8) below for \$25,000 earned by Mr. Naccarato for 2008.

(4) This amount reflects the expense to the Company for financial statement reporting purposes for the fiscal year indicated, in accordance with SFAS 123R of options granted under the 2004 Option Plan. There was no expense for options granted prior to 2006, which were fully vested prior to 2006, and are not included in these amounts. No options were granted to any named executives in 2007.

(5) Represents performance compensation earned under the Company's MIP. The MIP is described under the heading "Executive Management Incentive Plan".

(6) Represents 2008 performance compensation earned in 2008 under the Company's MIP.

(7) The amount shown includes a monthly automobile allowance of \$750 or the use of a company car, and where applicable, our 401(k) matching contribution.

| Name | Auto Allowance or | | Total |
|-----------------------|-------------------|-------------|-----------|
| | 401(k) match | Company Car | |
| Dr. Louis Centofanti | \$ 3,875 | \$ 9,000 | \$ 12,875 |
| Ben Naccarato | \$ 3,875 | \$ — | \$ 3,875 |
| Steven Baughman | \$ 3,875 | \$ 7,500 | \$ 11,375 |
| Larry McNamara | \$ 3,875 | \$ 9,000 | \$ 12,875 |
| Robert Schreiber, Jr. | \$ 5,125 | \$ 7,551 | \$ 12,676 |

(8) Amount represents bonus earned for 2008 as Vice President, Corporate Controller/Treasurer. Amount was paid on April 17, 2009.

(9) Amount includes \$87,886 in bonus earned for 2008, of which \$40,000 was paid on April 3, 2009 and \$47,886 was paid on April 17, 2009.

The compensation plan under which the awards in the following "Grant of Plan-Based Awards Table" were made are generally described in the Compensation Discussion and Analysis section, and include the Company's MIP, which is a non-equity incentive plan, and the Company's 2004 Stock Option Plan, which provides for grant of stock options to our employees.

Grant of Plan-Based Awards Table

Estimated Future Payouts
Under Non-Equity Incentive
Plan Awards

| Name | Grant Date | Threshold \$ | Target \$ (1) | Maximum \$ (1) | All other Option Awards: Number of Securities Underlying Options (#) | Exercise or Base Price of Option Awards (\$/Sh) | Grant Date |
|-------------------------|------------|-----------------|------------------|-------------------|---|--|--|
| | | | | | | | Fair Value of Option Awards (\$)(3) |
| Dr. Louis Centofanti | 8/5/2008 | — | — | — | 150,000 | 2.28 | 175,500 |
| | N/A | — | 126,547 | 221,455 | — | — | — |
| Ben Naccarato | 8/5/2008 | — | — | — | 40,000 | 2.28 | 46,800 |
| | N/A | — | — | — | — | — | — |
| Steven Baughman | 8/5/2008 | — | — | — | 90,000(2) | 2.28 | 105,300 |
| | N/A | — | 54,080 | 94,639 | — | — | — |

| | | | | | | | |
|--------------------------|----------|---|---------|---------|---------|------|---------|
| Larry McNamara | 8/5/2008 | — | — | — | 150,000 | 2.28 | 175,500 |
| | N/A | — | 108,160 | 189,278 | — | — | — |
| Robert Schreiber, Jr. | 8/5/2008 | — | — | — | 25,000 | 2.28 | 29,250 |
| | N/A | — | — | — | — | — | — |

(1) The amounts shown in column titled “Target” reflect the minimum payment level under the Company’s MIP which is paid with the achievement of 85% to 100% of the target amount. The amount shown in column titled “Maximum” reflects the maximum payment level of reaching 161% of the target amount. These amounts are based on the individual’s current salary and position.

(2) Resigned as Chief Financial Officer effective October 31, 2008. The options granted were forfeited by Mr. Baughman upon his resignation.

(3) Calculated using the fair value of \$1.17 per share as determined on the date of grant in accordance with SFAS 123R times the number of options granted.

Outstanding Equity Awards at Fiscal Year

The following table sets forth unexercised options held by the named executive officers as of the fiscal year-end.

Outstanding Equity Awards at December 31, 2008

| Name | Number of Securities underlying Unexercised Options | | Option Awards Equity Incentive Plan Awards: | | |
|-----------------------|---|--------------------------|---|----------------------------|------------------------|
| | (#) Exercisable | (#) (1) Unexercisable | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date |
| Dr. Louis Centofanti | 70,000 | — | — | 1.25 | 4/10/2010 |
| | 100,000 | — | — | 1.75 | 4/3/2011 |
| | 100,000 | — | — | 2.19 | 2/27/2013 |
| | 66,667 | 33,333(2) | — | 1.86 | 3/2/2012 |
| | — | 150,000(3) | — | 2.28 | 8/5/2014 |
| Ben Naccarato | 20,000 | — | — | 1.44 | 10/28/2014 |
| | 3,333 | 1,667(2) | — | 1.86 | 3/2/2012 |
| | — | 40,000(3) | — | 2.28 | 8/5/2014 |
| Steven Baughman (4) | — | 33,333(2) | — | 1.86 | 3/2/2012 |
| | — | 90,000(3) | — | 2.28 | 8/5/2014 |
| Larry McNamara | 50,000 | — | — | 1.25 | 4/10/2010 |
| | 120,000 | — | — | 1.75 | 4/3/2011 |
| | 100,000 | — | — | 2.19 | 2/27/2013 |
| | 166,667 | 83,333(2) | — | 1.86 | 3/2/2012 |
| | — | 150,000(3) | — | 2.28 | 8/5/2014 |
| Robert Schreiber, Jr. | 15,000 | — | — | 1.25 | 4/10/2010 |
| | 50,000 | — | — | 1.75 | 4/3/2011 |
| | 50,000 | — | — | 2.19 | 2/27/2013 |
| | 16,667 | 8,333(2) | — | 1.86 | 3/2/2012 |
| | — | 25,000(3) | — | 2.28 | 8/5/2014 |

(1) In the event of a change in control (as defined in the Option Plan) of the Company, each outstanding option and award shall immediately become exercisable in full notwithstanding the vesting or exercise provisions contained in

the stock option agreement.

- (2) Incentive stock option granted on March 2, 2006 under the Company's Option Plan. The option is for a six year term and vests over a three year period at one third increments per year.
- (3) Incentive stock option granted on August 5, 2008 under the Company's Option Plan. The option is for a six year term and vests over a three year period, at one third increments per year.
- (4) Resigned as Chief Financial Officer, Vice President, and Secretary of the Board of Director effective October 31, 2008. All stock options noted were forfeited by Mr. Baughman upon his resignation.

The following table sets forth the number of options exercised by the named executive officers in 2008:

Option Exercises and Stock Vested Table

| Name | Option Awards | |
|-------------------------|--|------------------------------------|
| | Number of Shares Acquired on Exercises (#) | Value Realized On Exercise (\$)(1) |
| Dr. Louis F. Centofanti | 5,000 | 5,500 |
| Steven Baughman (2) | 33,334 | 19,667 |
| Larry Mcnamara | — | — |
| Robert Schreiber, Jr. | 15,000 | 17,550 |

(1) Based on the difference between the closing price of our Common Stock reported on NASDAQ Capital Market on the exercise date and the exercise price of the option.

(2) Resigned as Chief Financial Officer effective October 31, 2008.

Equity Compensation Plans

The following table sets forth information as of December 31, 2008, with respect to our equity compensation plans.

| Plan Category | Equity Compensation Plan | | |
|--|---|---|---|
| | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
| Equity compensation plans Approved by stockholders | 3,417,347 | \$ 2.03 | 1,104,669 |
| Equity compensation plans not Approved by stockholders | — | — | — |
| Total | 3,417,347 | \$ 2.03 | 1,104,669 |

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Security Ownership of Certain Beneficial Owners

The table below sets forth information as to the shares of Common Stock beneficially owned as of June 15, 2009, by each person known by us to be the beneficial owners of more than 5% of any class of our voting securities.

| Name of Beneficial Owner | Title | Amount and | Percent |
|--------------------------|-------|------------|---------|
|--------------------------|-------|------------|---------|

| | Of Class | Nature of Ownership | Of Class (1) |
|--|----------|------------------------|-----------------|
| Heartland Advisors, Inc. Management (2) | Common | 4,600,058 | 8.48% |
| Rutabaga Capital Management LLC/MA (3) | Common | 4,166,956 | 7.69% |
| Conus Partners, Inc. (4) | Common | 3,333,665 | 6.15% |

(1) The number of shares and the percentage of outstanding Common Stock beneficially owned by a person are based upon 54,219,324 shares of Common Stock issued and outstanding on June 15, 2009, and the number of shares of Common Stock which such person has the right to acquire beneficial ownership of within 60 days. Beneficial ownership by our stockholders has been determined in accordance with the rules promulgated under Section 13(d) of the Exchange Act.

(2) This information is based on the Schedule 13F-HR/A, filed with the SEC on May 18, 2009, which provides that Heartland Advisors, Inc., an investment advisor, has sole voting power over 4,382,935 of such shares and no voting power over 217,123 of such shares, and sole dispositive power over all of the shares. The address of Heartland Advisors, Inc. is 789 North Water Street, Suite 500, Milwaukee, WI 53202.

(3) This information is based on the Schedule 13F-HR, filed with the SEC on May 11, 2009, which provides that Rutabaga Capital Management LLC/MA, an investment advisor, has sole voting and dispositive power over such shares. The address of Rutabaga Capital Management LLC/MA is 64 Broad Street, Boston, MA 02109.

(4) This information is based on the Schedule 13F-HR filed with the SEC on May 15, 2009, which provides that Conus Partner, Inc., a hedge fund management institution, shares voting and dispositive power over such shares. The address of Conus Partner, Inc. is 49 West 38th Street, New York, New York 10018.

Capital Bank represented to us that:

- As of May 19, 2009, Capital Bank holds of record as a nominee for, and as an agent of, certain accredited investors, 3,964,998 shares of our Common Stock.;
 - All of the Capital Bank's investors are accredited investors;
- None of Capital Bank's investors beneficially own more than 4.9% of our Common Stock and to its best knowledge, none of Capital Bank's investors act together as a group or otherwise act in concert for the purpose of voting on matters subject to the vote of our stockholders or for purpose of dispositive or investment of such stock;
- Capital Bank's investors maintain full voting and dispositive power over the Common Stock beneficially owned by such investors; and
- Capital Bank has neither voting nor investment power over the shares of Common Stock owned by Capital Bank, as agent for its investors.
- Capital Bank believes that it is not required to file reports under Section 16(a) of the Exchange Act or to file either Schedule 13D or Schedule 13G in connection with the shares of our Common Stock registered in the name of Capital Bank.
- Capital Bank is not the beneficial owner, as such term is defined in Rule 13d-3 of the Exchange Act, of the shares of Common Stock registered in Capital Bank's name because (a) Capital Bank holds the Common Stock as a nominee only and (b) Capital Bank has neither voting nor investment power over such shares.

Notwithstanding the previous paragraph, if Capital Bank's representations to us described above are incorrect or if Capital Bank's investors are acting as a group, then Capital Bank or a group of Capital Bank's investors could be a beneficial owner of more than 5% of our voting securities. If Capital Bank is deemed the beneficial owner of such shares, the following table sets forth information as to the shares of voting securities that Capital Bank may be considered to beneficially own on May 19, 2009.

| Name of Record Owner | Title Of Class | Amount and Nature of Ownership | Percent Of Class (1) |
|-------------------------------|----------------|--------------------------------|----------------------|
| Capital Bank Grawe Gruppe (2) | Common | 3,964,998(2) | 7.31% |

(1) This calculation is based upon 54,219,324 shares of Common Stock issued and outstanding on June 15, 2009 plus the number of shares of Common Stock which Capital Bank, as agent for certain accredited investors has the right to acquire within 60 days, which is none.

(2) This amount is the number of shares that Capital Bank has represented to us that it holds of record as nominee for, and as an agent of, certain of its accredited investors. As of the date of this report, Capital Bank has no warrants or options to acquire, as agent for certain investors, additional shares of our Common Stocks. Although Capital Bank is the record holder of the shares of Common Stock described in this note, Capital Bank has advised us that it does not believe it is a beneficial owner of the Common Stock or that it is required to file reports under Section 16(a) or Section 13(d) of the Exchange Act. Because Capital Bank (a) has advised us that it holds the Common Stock as a nominee only and that it does not exercise voting or investment power over the Common Stock held in its name and that no one investor of Capital Bank for which it holds our Common Stock holds more than 4.9% of our issued and outstanding Common Stock and (b) has not nominated, and has not sought to nominate, and does not intend to nominate in the future, any person to serve as a member of our Board of Directors, we do not believe that Capital Bank is our affiliate. Capital Bank's address is Burgring 16, A-8010 Graz, Austria.

Security Ownership of Management

The following table sets forth information as to the shares of voting securities beneficially owned as of June 15, 2009, by each of our Directors and named executive officers and by all of our directors and executive officers as a group. Beneficial ownership has been determined in accordance with the rules promulgated under Section 13(d) of the Exchange Act. A person is deemed to be a beneficial owner of any voting securities for which that person has the right to acquire beneficial ownership within 60 days.

| Name of Beneficial Owner (2) | Number of Shares of Common Stock | Percentage of Common Stock (1) |
|--|--|--------------------------------------|
| Dr. Louis F. Centofanti (3) | 1,339,934(3) | 2.45% |
| Jon Colin (4) | 221,133(4) | * |
| Robert L. Ferguson(5) | 320,228(5) | * |
| Jack Lahav (6) | 838,511(6) | 1.54% |
| Joe Reeder (7) | 948,643(7) | 1.75% |
| Larry Shelton (8) | 87,545(8) | * |
| Dr. Charles E. Young (9) | 120,033(9) | * |
| Mark A. Zwecker (10) | 391,474(10) | * |
| Steven Baughman (11) | 366,675(11) | * |
| Larry McNamara (12) | 570,000(12) | * |
| Robert Schreiber, Jr. (13) | 250,877(13) | * |
| Ben Naccarato (14) | 38,333(14) | * |
| Directors and Executive Officers as a Group (11 persons) | 5,126,711(15) | 9.16% |

*Indicates beneficial ownership of less than one percent (1%).

(1) See footnote (1) of the table under “Security Ownership of Certain Beneficial Owners”.

(2) The business address of each person, for the purposes hereof, is c/o Perma-Fix Environmental Services, Inc., 8302 Dunwoody Place, Suite 250, Atlanta, Georgia 30350.

(3) These shares include (i) 605,934 shares held of record by Dr. Centofanti; (ii) options to purchase 370,000 shares which are immediately exercisable and options to purchase 50,000 shares which are exercisable on August 5, 2009; and (iii) 314,000 shares held by Dr. Centofanti's wife. Dr. Centofanti has sole voting and investment power of these shares, except for the shares held by Dr. Centofanti's wife, over which Dr. Centofanti shares voting and investment power.

(4) Mr. Colin has sole voting and investment power over these shares which include: (i) 129,133 shares held of record by Mr. Colin, and (ii) options to purchase 92,000 shares of Common Stock, which are immediately exercisable.

(5) Mr. Ferguson has sole voting and investment power over these shares which include: (i) 227,164 shares of Common Stock held of record by Mr. Ferguson, (ii) 27,046 shares held in Mr. Ferguson's individual retirement account, (iii) 24,018 shares held by Ferguson Financial Group LLC (“FFG LLC”), of which Mr. Ferguson is the manager; and (iv) options to purchase 42,000 shares, which are immediately exercisable.

(6) Mr. Lahav has sole voting and investment power over these shares which include: (i) 746,511 shares of Common Stock held of record by Mr. Lahav; (ii) options to purchase 92,000 shares, which are immediately exercisable.

(7) Mr. Reeder has sole voting and investment power over these shares which include: (i) 861,643 shares of Common Stock held of record by Mr. Reeder, and (ii) options to purchase 87,000 shares, which are immediately exercisable.

(8) Mr. Shelton has sole voting and investment power over these shares which include: (i) 33,545 shares of Common Stock held of record by Mr. Shelton, and (ii) options to purchase 54,000 shares, which are immediately exercisable.

(9) Dr. Young has sole voting and investment power over these shares which include: (i) 30,033 shares held of record by Dr. Young; and (ii) options to purchase 90,000 shares, which are immediately exercisable.

(10) Mr. Zwecker has sole voting and investment power over these shares which include: (i) 299,474 shares of Common Stock held of record by Mr. Zwecker; and (ii) options to purchase 92,000 shares, which are immediately exercisable.

(11) Mr. Baughman has sole voting and investment power over these shares.

(12) Mr. McNamara has sole voting and investment power over these shares which include: options to purchase 520,000 shares, which are immediately exercisable and options to purchase 50,000 shares, which are exercisable on August 5, 2009.

(13) Mr. Schreiber has joint voting and investment power, with his spouse, over 102,544 shares of Common Stock beneficially held and sole voting and investment power over options to purchase 140,000 shares, which are immediately exercisable and options to purchase 8,333 shares, which are exercisable on August 5, 2009.

(14) Mr. Naccarato has sole voting and investment power over these shares which include: options to purchase 25,000 shares, which are immediately exercisable and options to purchase 13,333 shares, which are exercisable on August 5, 2009.

(15) Shares do not reflect shares held of record by Mr. Baughman as Mr. Baughman resigned as Chief Financial Officer, Vice President, and Secretary of the Board of Directors effective October 31, 2008. Amount includes 1,606,000 options, which are immediately exercisable to purchase 1,606,000 shares of Common Stock and 121,666 options, which are exercisable on August 5, 2009, to purchase 121,666 shares of Common Stock.

PROPOSAL 2 – APPROVAL OF THE FIRST AMENDMENT TO THE 2004 STOCK OPTION PLAN

Background. In 2004, the Board of Directors adopted the 2004 Stock Option Plan (the “2004 Option Plan”), and the 2004 Option Plan was approved by our stockholders at the annual meeting held on July 28, 2004. The 2004 Option Plan authorizes the grant of non-qualified and incentive stock options to officers and employees (including an employee who is a member of the Board of Directors). The Board of Directors believes that the 2004 Option Plan serves to:

(a) enhance the Company’s ability to attract, retain, and reward qualified employees, and

(b) to provide incentive for such employees to render outstanding service to the Company and its stockholders.

First Amendment. Currently, the maximum number of shares of our Common Stock that may be issued under the 2004 Option Plan is 2,000,000, of which 166,502 shares have previously been issued under the 2004 Option Plan and 1,832,499 shares are issuable under outstanding options granted under the 2004 Option Plan. As a result, an aggregate of 1,999,001 of the 2,000,000 shares authorized under the 2004 Option Plan have been previously issued or reserved for issuance, and only 999 shares remain available for issuance under the 2004 Option Plan. In order to continue the benefits that are derived through the 2004 Option Plan, on May 1, 2009, our Compensation Committee approved and recommended that our Board of Directors approved the First Amendment to the 2004 Option Plan (the “First Amendment”) to increase from 2,000,000 to 3,000,000 the number of shares of our Common Stock reserved for

issuance under the 2004 Option Plan. Our Board of Directors approved the First Amendment on May 1, 2009. The adoption of the First Amendment to the 2004 Option Plan is subject to shareholder approval. The First Amendment is attached as Appendix "A" to this Proxy Statement.

Pursuant to Rule 16b-3 of the Securities Exchange Act, as amended, and the NASDAQ rules, our stockholders are being asked to approve the First Amendment to the 2004 Option Plan at the annual meeting. The principal features of the 2004 Option Plan, as amended by the First Amendment, are summarized below.

Administration. The 2004 Option Plan is administered by the Compensation Committee, which administrative authority was delegated by the Board of Directors. Subject to the express provisions of the 2004 Option Plan, the Compensation Committee has complete authority to:

- determine when and to whom options are granted and the type and amounts of options;
- determine the terms, conditions and provisions of, and restrictions relating to, each option granted;
- interpret and construe the 2004 Option Plan and any agreement (“Agreement”) evidencing and describing an option;
- prescribe, amend and rescind rules and regulations relating to the 2004 Option Plan; and
- take any other action it considers necessary or desirable to implement and to carry out the purposes of the 2004 Option Plan.

Available Shares. If the First Amendment is adopted, the 2004 Option Plan will provide that the maximum number of shares of our Common Stock that may be issued under the 2004 Plan is 3,000,000 shares (subject to adjustment as provided in the 2004 Plan), of which 1,999,001 have previously been issued or reserved for issuance under the 2004 Option Plan. As of the record date, the fair market value of a share of our common stock was \$2.36, based on the closing price of such stock as reported on NASDAQ on such date. Accordingly, the aggregate fair market value of the additional 1,000,000 shares of our Common Stock that may be granted under the 2004 Option Plan if the First Amendment is approved was \$2,360,000 as of the record date. Shares of our Common Stock subject to options that are canceled or expired without being exercised will again be available for awards under the 2004 Option Plan. The shares of Common Stock to be delivered under the 2004 Option Plan will be made available from our authorized and unissued shares.

New Plan Benefit. Awards made under the 2004 Option Plan are discretionary. Therefore, it is not possible to determine the benefits that will be received in the future by participants in the 2004 Option Plan.

Eligibility. Stock options may be granted under the 2004 Option Plan to officers and other employees of the Company who at the time of grant of an award under the 2004 Option Plan are regularly employed by the Company, including any full-time, salaried officer or employee who is also a member of the Board.

Terms of Options. The options available to be granted are of two types: (a) incentive stock options intended to qualify as such under Section 422 of the Internal Revenue Code, of 1986, as amended, and (b) nonqualified stock options. Only full-time salaried officers or employees may be granted incentive stock options. The 2004 Stock Plan provides that the terms of each option granted will include the following:

a. **Exercise Price.** The exercise price of options granted under the 2004 Option Plan to an individual who is not a 10% stockholder at the time the option is granted will be not be less than the fair market value of the shares of Common Stock subject to the option at the time the option is granted, as determined by the Compensation Committee in accordance with the terms of the 2004 Option Plan. The exercise price of options granted under the 2004 Option Plan to an individual who is a 10% stockholder at the time the option is granted will be not be less than 110% of the fair market value of the shares of Common Stock subject to the option at the time the option is granted. The exercise price is payable in cash.

b. **Vesting of Options.** The Compensation Committee may provide that options will become exercisable according to a defined vesting schedule.

c. Option Terms. The term of each option will be fixed by the Compensation Committee, but will not exceed 10 years from the date the option was granted, or in the case of incentive stock options granted to a 10% stockholder, five years from the date the option was granted.

Amendment, Termination, and Change in Control. The Board of Directors may terminate or amend the 2004 Option Plan at any time. However, the Board of Directors may not amend the 2004 Option Plan without shareholder approval if such amendment:

- would adversely effect the 2004 Option Plan's compliance with the requirements of Rule 16b-3 or other applicable law;
 - would materially increase the benefits under the 2004 Option Plan;
- would increase the number of shares issuable under the 2004 Option Plan; or
- would modify the eligibility requirements under the 2004 Option Plan.

The amendment or termination of the 2004 Option Plan will not adversely affect any option granted prior to such amendment or termination. However, any option may be modified or canceled if and to the extent permitted by the 2004 Option Plan or Agreement or with the consent of the participant to whom such option was granted.

In the event of a Change in Control all incentive stock options and nonqualified stock options shall become fully exercisable. A "Change of Control" generally means:

- the acquisition by any person or group, other than the Company and certain related entities, of more than 50% of the outstanding shares of common stock;
- a change in the majority of the members of the Board of Directors during any two year period which is not approved by at least two-thirds of the members of the Board of Directors who were members at the beginning of the two year period;
- a merger or consolidation involving the Company in which the stockholders of the Company prior to the effective date of the transaction do not have more than 50% of the voting power of the surviving entity immediately following the transaction; or
 - the liquidation or dissolution of the Company.

In the event of certain reorganizations, consolidations or mergers, each participant will be entitled to receive options covering shares of the reorganized, consolidated or merged corporation in the same proportion as granted to the participant prior to such event at an equivalent exercise price, and subject to the same terms and conditions as the 2004 Option Plan.

Adjustments. Subject to any required action by the stockholders of the Company, if there is any change in the Common Stock of the Company by reason of any stock dividend, recapitalization, combination or subdivision of shares, or other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company, the number of shares available for options and the number of shares subject to any outstanding options, which are not yet vested, and the price thereof, as applicable, will be appropriately adjusted.

Federal Tax Consequences.

Incentive Stock Options. An optionee does not recognize income on the grant of an incentive stock option. If an optionee exercises an incentive stock option in accordance with the terms of the option and does not dispose of the shares acquired within two years from the date of the grant of the option nor within one year from the date of exercise, the optionee will not realize any income by reason of the exercise, and the Company will be allowed no deduction by reason of the grant or exercise. The optionee's basis in their shares acquired upon exercise will be the amount paid upon exercise. When the optionee holds the shares as a capital asset at the time of sale or other disposition of the shares, any gain or loss recognized on the sale or other disposition will be capital gain or loss. The amount of gain or loss will be the difference between the amount realized on the disposition of the shares and the basis in the shares.

If an optionee disposes of the shares within two years from the date of grant of the option or within one year from the date of exercise (“Early Disposition”), the optionee will realize ordinary income at the time of such Early Disposition which will equal the excess, if any, of the lesser of:

- the amount realized on the Early Disposition, or
- fair market value of the shares on the date of exercise, over the optionee’s basis in the shares.

The Company will be entitled to a deduction in an amount equal to such income. The excess, if any, of the amount realized on the Early Disposition of such shares over the fair market value of the shares on the date of exercise will be capital gain, provided the optionee holds the shares as a capital asset at the time of Early Disposition. If an optionee disposes of such shares for less than their basis in the shares, the difference between the amount realized and their basis will be a capital loss, provided the optionee holds the shares as a capital asset at the time of disposition.

The excess of the fair market value of the shares at the time the incentive stock option is exercised over the exercise price for the shares is an item of tax preference for purposes of the alternative minimum tax rules under the Code.

Nonqualified Stock Options. An Optionee will realize no taxable income at the time an option is granted under the 2004 Plan. Ordinary income will generally be realized by the optionee at the time of the exercise of an option. The amount of income will be equal to the difference between the exercise price and the fair market value of the shares on the date of exercise. Tax withholding is required on such income. When an optionee disposes of shares of Common Stock acquired upon the exercise of the option, any amount received in excess of the fair market value of the shares on the date of exercise will be treated as capital gain, and if the amount received is less than the fair market value of the shares on the date of exercise, the loss will be treated as capital loss assuming the option is held as a capital asset.

The Company will be entitled to a deduction for federal income tax purposes at the same time and in the same amount as the optionee is considered to have realized ordinary income on the exercise of a nonqualified stock option.

The above-described tax consequences are based upon present federal income tax laws, and thus are subject to change when laws change.

THE BOARD OF DIRECTORS OF THE COMPANY RECOMMENDS THAT THE STOCKHOLDERS VOTE “FOR” APPROVAL OF THE FIRST AMENDMENT TO THE 2004 STOCK PLAN.

PROPOSAL 3 - RATIFICATION OF INDEPENDENT PUBLIC ACCOUNTANTS

The Audit Committee has appointed BDO Seidman, LLP (“BDO”) as independent registered public accounting firm to audit the consolidated financial statements of the Company for fiscal year 2009. BDO has been the Company’s independent accountant since December 18, 1996. It is expected that representatives of BDO will be present at the annual meeting, will have an opportunity to make a statement if they desire to do so, and will be available to answer appropriate questions.

The affirmative vote of the holders of a majority of the Common Stock present in person or by proxy at the Meeting and entitled to vote is required for adoption of this proposal.

Audit Fees

The aggregate fees and expenses billed by BDO for professional services rendered for the audit of the Company’s annual financial statements for the fiscal years ended December 31, 2008 and 2007, for the reviews of the financial statements included in the Company’s Quarterly Reports on Form 10-Q for those fiscal years, and for review of documents filed with the Securities and Exchange Commission for those fiscal years were approximately \$548,000 and \$557,000, respectively. Audit fees for 2008 and 2007 include approximately \$179,000 and \$175,000, respectively, in fees related to the audit of internal control over financial reporting.

Audit-Related Fees

The aggregate fees and expenses billed by BDO for audit related services for the fiscal years ended December 31, 2008 and 2007 totaled \$55,000 and \$12,000, respectively. Fees for 2008 included consulting on various accounting and reporting matters and audit of the Company’s 401(K) Plan. Fees for 2007 included consulting on various

accounting and reporting matters. BDO was not engaged to audit the Company's 401(K) Plan in 2007.

Tax Services

BDO was not engaged to provide tax services to the Company for the fiscal years ended December 31, 2008 and 2007.

The Audit Committee of the Company's Board of Directors has considered whether BDO's provision of the services described above for the fiscal years ended December 31, 2008 and 2007, is compatible with maintaining its independence.

Engagement of the Independent Auditor

The Audit Committee is responsible for approving all engagements with BDO and any members of the BDO Alliance network of firms to perform audit or non-audit services for us, prior to engaging these firms to provide those services. All of the services under the headings Audit Fees, Audit Related Fees, and Tax Services were approved by the Audit Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X of the Exchange Act. The Audit Committee's pre-approval policy provides as follows:

- The Audit Committee will review and pre-approve on an annual basis any known audit, audit-related, tax and all other services, along with acceptable cost levels, to be performed by BDO and any members of the BDO Alliance network of firms. The Audit Committee may revise the pre-approved services during the period based on subsequent determinations. Pre-approved services typically include: Audits, quarterly reviews, regulatory filing requirements, consultation on new accounting and disclosure standards, employee benefit plan audits, reviews and reporting on management's internal controls and specified tax matters.
- Any proposed service that is not pre-approved on the annual basis requires a specific pre-approval by the Audit Committee, including cost level approval.
- The Audit Committee may delegate pre-approval authority to one or more of the Audit Committee members. The delegated member must report to the Audit Committee, at the next Audit Committee meeting, any pre-approval decisions made.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" RATIFICATION OF THE REAPPOINTMENT OF BDO AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

STOCKHOLDER PROPOSALS FOR THE 2010 ANNUAL MEETING OF STOCKHOLDERS

Any stockholder who wishes to present a proposal for consideration at the annual meeting of stockholders to be held in 2010 must submit such proposal in accordance with the rules promulgated by the Securities and Exchange Commission. In order for a proposal to be considered for inclusion in the Company's proxy materials relating to the 2010 Annual Meeting of Stockholders, the stockholder must submit such proposal in writing to the Company so that it is received no later than February 28, 2010.

Any stockholder proposal submitted with respect to the Company's 2010 Annual Meeting of Stockholders which proposal is received by the Company after May 13, 2010, will be considered untimely for purposes of Rule 14a-4 under the Exchange Act, and the Company may vote against such proposal using its discretionary voting authority as authorized by proxy. However, if the date of the 2010 Annual Meeting has changed more than 30 days from the date of this year's Annual Meeting, the notice must be received a reasonable time before we send our proxy materials for the 2010 Annual Meeting in order to be timely received.

All such proposals should be addressed to the Secretary of the Corporation, Perma-Fix Environmental Services, Inc., 8302 Dunwoody Place, Suite 250, Atlanta, Georgia 30350.

OTHER MATTERS

Other Business

The Board of Directors has no knowledge of any business to be presented for consideration at the Meeting other than as described above. Should any such matters properly come before the Meeting or any adjournment thereof, the persons named in the enclosed Proxy Card will have discretionary authority to vote such proxy in accordance with their best judgment on such matters and with respect to matters incident to the conduct of the Meeting.

Additional copies of the Annual Report and the Notice of Annual Meeting, Proxy Statement and accompanying Proxy Card may be obtained from the Company.

In order to assure the presence of the necessary quorum at the Meeting, please sign and mail the enclosed Proxy Card promptly in the envelope provided. No postage is required if mailed within the United States. The signing of the Proxy Card will not prevent your attending the Meeting and voting in person, should you so desire.

Annual Report on Form 10-K

A copy of the Company's 2008 Annual Report accompanies this Proxy Statement. Upon written request, the Company will send you, without charge, a copy of its Annual Report on Form 10-K (without exhibits) for the fiscal year ended December 31, 2008, including the financial statements and schedules, which the Company has filed with the Securities and Exchange Commission. Copies of the exhibits to the Form 10-K are available, but a reasonable fee per page will be charged to the requesting stockholder. Each written request must set forth a good faith representation that, as of the record date, the person making the request was a beneficial owner of the Company's Common Stock entitled to vote at the Meeting. Stockholders should direct the written request to the Company's Chief Financial Officer at 8302 Dunwoody Place, Suite 250, Atlanta, Georgia 30350.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held July 29, 2009

Our 2009 Proxy Materials and Annual Report to Stockholders for the fiscal year 2008 are available at
<http://www.cstproxy.com/perma-fix/2009>

Order of the Board of Directors

Ben Naccarato
Secretary
Atlanta, Georgia
June 26, 2009

APPENDIX "A"

FIRST AMENDMENT
to
2004 STOCK OPTION PLAN

THIS FIRST AMENDMENT TO THE PERMA-FIX ENVIRONMENTAL SERVICES, INC. 2004 STOCK OPTION PLAN (the "First Amendment") was approved by the Board of Directors (the "Board") of Perma-Fix Environmental Services, Inc. (the "Company") to be effective on May 1, 2009, subject to the approval of the shareholders of the Company.

WHEREAS, paragraph 8.1 of the 2004 Stock Option Plan (the "Plan"), provides that the Board may at any time, and from time to time and, in any respect amend or modify the Plan;

WHEREAS, as of May 1, 2009, the maximum number of shares of our common stock that may be issued under the Plan is 2,000,000 shares (subject to adjustment as provided in the 2004 Plan), of which 1,999,001 have previously been issued or reserved for issuance under the Plan, comprised of 166,502 shares that have been issued previously, and 1,832,499 shares issuable under outstanding options granted under the Plan; and

WHEREAS, in order to continue to attract, retain, and reward qualified employees of the Company, and to provide an additional incentive for such employees to render outstanding service to the Company and its stockholders, the Board is of the opinion that it is necessary that the maximum number of shares of Common Stock that may be issued under the Plan be increased from 2,000,000 to 3,000,000 shares (subject to adjustment as provided in the Plan).

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

Amendment to Section 4.1:

Section 4.1 of the Plan is hereby amended by deleting the number "2,000,000" and substituting in lieu thereof the number "3,000,000."

The Plan is hereby amended and modified only to the extent specifically amended or modified by this First Amendment to the 2004 Stock Option Plan. None of the other terms, conditions or provisions of the Plan, is amended or modified by this First Amendment to the 2004 Stock Option Plan.

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

2004 STOCK OPTION PLAN

The Board of Directors of Perma-Fix Environmental Services, Inc., a Delaware corporation (the "Company"), has adopted this 2004 Stock Option Plan (the "Plan") on June 14, 2004, to be effective upon the approval of a majority of the stockholders of the Company present in person or by proxy at any regular or special meeting of the stockholder of the Company (the date of such approval being the "Effective Date"), as follows:

1. Purpose. This Plan allows selected officers, and employees, including any employee who is also a member of the Board of Directors, of the Company or any Subsidiary who bear a large measure of responsibility for the success of the Company to acquire and retain a proprietary interest in the Company and to participate in the future of the Company as stockholders. The purpose of this Plan is to advance the interests of the Company and its stockholders by enabling the Company and the Subsidiaries to offer to its officers and employees equity interests in the Company, thereby enhancing the Company's ability to attract, retain and reward such individuals, and by providing such individuals an incentive to render outstanding service to the Company and to the Company's stockholders.

2. Definitions. For purposes of the Plan, the following terms will be defined as set forth below:

2.1 "10% Stockholder" means an individual who owns, at the time a Stock Option is granted, shares of stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary (computed in accordance with Section 422(b)(6) of the Code).

2.2 "Act" means the Securities Act of 1933, as amended from time to time, or any successor statute or statutes thereto.

2.3 "Agreement" means the agreement between the Company and the Participant setting forth the terms and conditions of a Stock Option granted under the Plan.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Change of Control" means a change of control of the Company pursuant to paragraph 7.2 hereof.

2.6 "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute or statutes thereto.

2.7 "Committee" has the meaning set forth in Section 3.1 of this Agreement.

2.8 "Common Stock" means the Common Stock of the Company, par value \$.001 per share.

- 2.9 "Disability" means termination of employment of a Participant after incurring "disability" as defined in Section 22(e)(3) of the Code.
- 2.10 "Employee" means any person, including officers and directors, who is employed on a full time basis by the Company or a Subsidiary, including any full-time, salaried officer or employee who is a member of the Board.
- 2.11 "Exchange Act" means the Securities and Exchange Act of 1934, as amended from time to time, or any successor statutes thereto.
- 2.12 "Fair Market Value," unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, means as of any given date: (a) if the Common Stock of the Company is listed for trading on one or more national securities exchanges or the Nasdaq Stock Market, Inc. (the "Nasdaq"), the reported last sales price on such principal exchange or the Nasdaq as of the on the first day prior to the date of grant on which such Common Stock was so traded; (b) if the Common Stock of the Company is not listed for trading on a national securities exchange or the Nasdaq but is traded in the over-the-counter market, the mean of the highest and lowest bid prices for such Common Stock on the first day prior to the date of grant on which such prices existed; or (c) if the price of such Common Stock is not report or listed as described in (a) and (b) above, then the "Fair Market Value" of such Common Stock will be determined by the Committee as of the relevant date, and the Committee will utilize any reasonable and prudent method in determining such Fair Market Value and will not be liable for any such determination made in good faith.
- 2.13 "Incentive Stock Option" or "ISO" means any option to purchase shares of Common Stock that is granted pursuant to this Plan and which is intended to be, and designated as, an "incentive stock option" within the meaning of Section 422 of the Code.
- 2.14 "Nonqualified Stock Option" means any option to purchase shares of Common Stock that is granted pursuant this Plan, which is not an Incentive Stock Option.
- 2.15 "Participant" means an eligible Employee of the Company or a Subsidiary who has been granted a Stock Option under the Plan.
- 2.16 "Retirement" means with respect to an Employee, termination of all service as an employee at or after the normal or early retirement date set forth in any policy adopted by the Company, or if no such policy has been adopted, such time as determined by the Committee.
- 2.17 "Stock Option" means any Incentive Stock Option or Nonqualified Stock Option.

2.18 "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if, at the time of the granting of the option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the corporations in such chain.

3. Administration.

3.1 Committee. The Plan shall be administered by the Board, which may delegate authority to administer this Plan to the Compensation and Stock Option Committee of the Board, as such Committee is from time to time constituted. If the Board has not designated a Compensation and Stock Option Committee, then the Board may delegate the authority to administer this Plan to (i) any committee consisting solely of at least two "non-employee directors" within the meaning of Rule 16-3 under the Exchange Act. All references in the Plan to the "Committee" shall mean the Board, the Compensation Committee, or any such other committee designated by the Board that is administering this Plan. The membership of the Committee at all times will be constituted so as to not adversely affect the compliance of the Plan with the requirements of Rule 16b-3 under the Exchange Act, to the extent it is applicable, or with the requirements of any other applicable law, rule, or regulation.

3.2 Committee Procedures. The Committee will select one of its members as its Chairman and will hold its meetings at such times and places as it will deem advisable. A majority of its members will constitute a quorum, and all determinations will be made by a majority of such quorum. Any determination reduced to writing and signed by a majority of the members of the Committee will be fully effective and a valid act of the Committee as if it had been made by a majority vote at a meeting duly called and held. The membership of the Committee at all times will be constituted so as to not adversely affect the compliance of the Plan with the requirements of Rule 16b-3 under the Exchange Act, to the extent it is applicable, or with the requirements of any other applicable law, rule, or regulation.

3.3 Power and Authority. The Committee will have full power and authority to do all things necessary or appropriate to administer this Plan according to its terms and provisions (excluding the power to appoint members of the Committee and to terminate, modify, or amend the Plan, except as otherwise authorized by the Board), including, but not limited to, the full power and authority to:

- award Stock Options, pursuant to the terms of this Plan, to eligible individuals described under paragraph 5 hereof;
 - select the eligible individuals to whom Stock Options may from time to time be awarded under the Plan;

- determine the Incentive Stock Options, Nonqualified Stock Options, or any combination thereof, to be awarded under the Plan to one or more eligible Employees;
 - determine the number of shares to be covered by each Stock Option granted under the Plan;
 - determine the form and content of all Agreements;
- determine the terms and conditions not inconsistent with the terms of the Plan, of any Stock Option granted (including, but not limited to, exercise price, any restrictions or limitations, and any vesting, exchange, surrender, cancellation, acceleration, termination, exercise or forfeiture provisions, as the Committee will determine);
- determine any specified performance goals or such other factors or criteria which need to be attained for the vesting of a Stock Option granted under the Plan;
- determine the terms and conditions under which Stock Options are to operate on a tandem basis and/or in conjunction with or apart from other equity or cash awards made by the Company or any Subsidiary outside of this Plan;
- determine the extent and circumstances under which Common Stock and other amounts payable with respect to a Stock Option will be deferred, which may be either automatic or at the election of the Participant;
- substitute (a) new Stock Options for previously granted Stock Options, which previously granted Stock Options have the same or higher option exercise prices and/or contain other less favorable terms, and (b) new awards of any other type for previously granted awards of the same or other type, which previously granted awards are upon less favorable terms; and
- exercise such other powers as may be necessary or desirable to implement the provisions of this Plan and to carry out its purposes.

3.4 Interpretation of Plan. Subject to paragraphs 3.3 and 8 of the Plan, the Committee will have the authority at its discretion to (a) adopt, alter and repeal such general and special administrative rules, regulations, and practices governing this Plan as it will, from time to time, deem advisable, (b) construe and interpret the terms and provisions of this Plan and any Stock Option issued under this Plan, (c) determine and interpret the form and substance of all Agreements relating to Stock Options, and (d) otherwise supervise the administration of this Plan. Anything in this Plan to the contrary notwithstanding, no term of this Plan relating to Incentive Stock Options will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, to disqualify this Plan under Section 422 of the Code, or, without the consent of the Participant(s) affected, to disqualify any Incentive Stock Option under Section 422 of the Code. Subject to paragraphs 3.3 and 8 hereof, all decisions made by the Committee pursuant to the provisions of this Plan will be made in the Committee's sole discretion and will be final and binding upon all persons granted Stock Options pursuant to this Plan.

3.5 Limitation on Liability. No member of the Board shall be liable for any action taken or determination made in good faith and in a manner reasonably believed to be in the best interests of the Company with respect to the Plan or any Stock Option granted pursuant to this Plan.

4. Shares Subject to Plan.

4.1 Number of Shares. The maximum number of shares of Common Stock that may be issued under this Plan will be equal 2,000,000, subject to adjustment as set forth in Section 10 of this Agreement.

4.2 Character of Shares. The Company may elect to satisfy its obligations to a Participant exercising a Stock Option entirely by issuing authorized and unissued shares of Common Stock to the Participant, entirely by transferring treasury shares to the Participant, or in part by issuing authorized and unissued shares and the balance by transferring treasury shares.

5. Eligibility. Incentive Stock Options may be granted only to Employees, including any Employee who is a director of the Company. Nonqualified Stock Options may be granted to Employees, officers and directors of the Company, including directors who are not Employees of the Company.

6. Stock Options.

6.1 Types of Stock Options. Stock Options granted under the Plan may be of two types: (a) Incentive Stock Options and (b) Nonqualified Stock Options. Any Stock Option granted under the Plan will contain such terms, not inconsistent with this Plan, as the Committee may approve. The Committee will have the authority to grant to any eligible Employee either Incentive Stock Options or Nonqualified Stock Options, or both types of Stock Options. To the extent that any Stock Option (or portion thereof) intended to be an Incentive Stock Option does not qualify for any reason as an Incentive Stock Option, it will constitute a separate Nonqualified Stock Option. The Company shall have no liability to an Employee, or any other party, if a Stock Option (or any part thereof) which is intended to be an Incentive Stock Option is not an Incentive Stock Option. Stock Options will be granted for no consideration other than services to the Company or a Subsidiary.

6.2

Exercise Price.

- Not a 10% Stockholder. The exercise price of any Incentive Stock Option granted under this Plan to an individual who is not a 10% Stockholder at the time the Incentive Stock Option is granted will be not less than the Fair Market Value of the shares of Common Stock subject to the Stock Option at the time the Incentive Stock Option is granted.
- 10% Stockholder. The exercise price of any Incentive Stock Option granted under the Plan to an individual who is a 10% Stockholder at the time the Stock Option is granted will be not less than 110% of the Fair Market Value of the shares of Common Stock subject to the Incentive Stock Option at the time the Incentive Stock Option is granted.

6.3 Option Term. The term of each Stock Option will be fixed by the Committee, but no Stock Option will be exercisable more than 10 years after the date on which the Stock Option is granted or, in the case of an Incentive Stock Option granted to a 10% Stockholder, five years after the date on which the Incentive Stock Option is granted.

6.4 Exercise of Nonqualified Stock Options. Nonqualified Stock Options will be exercisable at such time or times and subject to such terms and conditions as will be determined by the Committee.

6.5

Exercise of Incentive Stock Options.

- By an Employee. No Incentive Stock Option granted under this Plan will be exercisable after the expiration of 10 years from the date such ISO is granted, except that no ISO granted to a person who is a 10% Stockholder will be exercisable after the expiration of five years from the date such ISO is granted. Unless such requirements are waived by the Committee, the Participant, while still in the employment of the Company or any Subsidiary, may exercise the ISO as set forth in the applicable Agreement.
- Termination of Employment. No Participant may exercise an ISO after the Participant is no longer an Employee, except (a) if a Participant ceases to be an Employee on account of a Disability, the Participant may exercise the ISO within 12 months after the date on which the Participant ceased to be an Employee; (b) if a Participant ceases to be an Employee on account of Retirement, the former employee may exercise the ISO within six months after the date on which the Participant retired; and (c) if a Participant ceases to be an Employee for any other reason (other than death), the Participant may exercise the ISO within three months after termination of employment. In each case, the ISO may be exercised only for the number of shares for which the Participant could have exercised at the time the Participant ceased to be an Employee.

•In Case of Death. If any Participant who was granted an ISO dies prior to the termination of such ISO, such ISO may be exercised within six months after the death by the personal representative or executor of the estate of the Participant, or by a person who acquired the right to exercise such ISO by bequest, inheritance, or by reason of the death of such Participant, provided that (a) such Participant died while an employee of the Company or a Subsidiary or (b) such Participant had ceased to be an Employee on account of a Disability or died within three months after the date on which he ceased to be an employee. The ISO may be exercised only as to the number of shares exercisable by the Participant as of the date of death.

6.6 Termination of Options. A Stock Option granted under this Plan will be considered terminated, in whole or in part, to the extent that it can no longer be exercised for shares originally subject to it, provided that a Stock Option will be considered terminated at an earlier date upon surrender for cancellation by the Participant to whom such Stock Option was granted.

6.7 Notice of Exercise and Payment. Subject to any installment, exercise and waiting period provisions that are applicable in a particular case, Stock Options granted under this Plan may be exercised, in whole or in part, at any time during the term of the Stock Option, by giving written notice of such exercise to the Company identifying the Stock Option being exercised and specifying the number of shares then being purchased. Such notice will be accompanied by payment in full of the exercise price, which will be made by wire transfer, certified check or bank check or personal check, in each case payable to the order of the Company. The Company will not be required to deliver certificates for shares of Common Stock with respect to which a Stock Option is exercised until the Company has confirmed the receipt of good and valuable funds in payment of the exercise price. A partial exercise of a Stock Option will not affect the right to exercise the Stock Option from time to time in accordance with this Plan as to the remaining shares of Common Stock subject to the Stock Option.

6.8 Issuance of Shares. As soon as reasonably practicable after its receipt of notice of exercise and payment in full of the exercise price, the Company will cause one or more certificates for the shares so purchased to be delivered to the Participant or the Participant's beneficiary or estate, as the case may be. No Participant, beneficiary, or estate will have any of the rights of a stockholder with reference to shares of Common Stock subject to a Stock Option until after the Stock Option has been duly exercised and certificates representing the shares of Common Stock so purchased pursuant to the Stock Option have been delivered to the Participant, the Participant's beneficiary or Participant's estate.

6.9 \$100,000 Per Year Limitation. To the extent that the aggregate Fair Market Value of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year (under all of the Company's plans) exceeds \$100,000, such excess Incentive Stock Options will be treated as Nonqualified Stock Options for purposes of Section 422 of the Code.

6.10 Buyout and Settlement Provisions. The Committee may at any time offer to buy out for cash or otherwise settle a Stock Option previously granted, based upon such terms and conditions as the Committee will establish and communicate to the Participant at the time that such offer is made, including a settlement for exchange of a different award under the Plan for the surrender of the Stock Option.

7. Acceleration.

7.1 Acceleration Upon Change of Control. Unless the award Agreement provides otherwise or unless the Participant waives the application of this Section 7.1 prior to a Change of Control (as hereinafter defined), each outstanding Stock Option granted under the Plan will immediately become exercisable in full notwithstanding the vesting or exercise provisions contained in the Agreement immediately prior to a Change of Control.

7.2 Change of Control Defined. A "Change of Control" will be deemed to have occurred upon any of the following events:

- The consummation of any merger, reverse stock split, recapitalization or other business combination of the Company, with or into another corporation or other entity, or an acquisition of securities or assets by the Company, pursuant to which the Company is not the continuing or surviving corporation or pursuant to which shares of Common Stock would be converted into cash, securities or other property, other than a transaction in which the majority of the holders of Common Stock immediately prior to such transaction will own at least 50% of the total voting power of the then-outstanding securities of the surviving corporation immediately after such transaction; or
- A transaction in which any person (as such term is defined in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), corporation or other entity (other than the Company, or any profit-sharing, employee ownership or other employee benefit plan sponsored by the Company or any Subsidiary, or any trustee of or fiduciary with respect to any such plan when acting in such capacity, or any group comprised solely of such entities): (a) will purchase any Common Stock (or securities convertible into Common Stock) for cash, securities or any other consideration pursuant to a tender offer or exchange offer, without the prior consent of the Board, or (b) will become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly (in one transaction or a series of transactions), of securities of the Company representing 50% or more of the total voting power of the then-outstanding securities of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors (calculated as provided in Rule 13d-3(d) in the case of rights to acquire the Company's securities); or

- If, during any period of two consecutive years, individuals who at the beginning of such period constituted the entire Board and any new director whose election by the Board, or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election by the stockholders was previously so approved, cease for any reason to constitute a majority thereof; or

- Upon a complete liquidation or dissolution of the Company.

7.3 General Waiver by Board. The Committee may, after the grant of a Stock Option, accelerate the vesting of all or any part of any Stock Option, and/or waive any limitations or restrictions, if any, for all or any part of a Stock Option.

8. Amendments and Termination.

8.1 Amendments to Plan; Termination. The Board may at any time, and from time to time, amend any of the provisions of the Plan, and may at any time suspend or terminate the Plan; provided, however, that no such amendment will be effective unless and until it has been duly approved by the stockholders of the outstanding shares of Common Stock if (a) such amendment materially increases the benefits accruing to participants under this Plan; (b) such amendment increases the number of securities which may be issued under this Plan (except as provided by Section 10 of this Plan); (c) such amendment materially modifies the requirements as to eligibility for participation in this Plan; or, (d) the failure to obtain such approval would adversely affect the compliance of the Plan with the requirements of Rule 16b-3 under the Exchange Act, or with the requirements of any other applicable law, rule or regulation.

8.2 Amendments to Stock Options. The Board may amend the terms of any Stock Option granted under the Plan; provided, however, that subject to Section 10.2 hereof, no such amendment may be made by the Board which in any material respect impairs the rights of the Participant without the Holder's consent.

9. Term of Plan. The Plan will be effective as of the Effective Date. Any Stock Options granted under the Plan prior to such approval will be effective upon, and subject to, approval of the Plan by the Company's stockholders (and no Stock Options will vest or otherwise become free of restrictions prior to such approval). No Stock Options will be granted pursuant to the Plan on or after the 10th anniversary of the Effective Date, but Stock Options granted prior to such 10th anniversary may extend beyond that date. The Plan will terminate after the 10th anniversary of the Effective Date or if later, at such time as all Stock Options granted under the Plan are no longer outstanding.

10. Adjustment Upon Change of Shares.

10.1 Stock Splits, etc. Subject to any required action by the stockholders of the Company, the number of shares of Common Stock for which Stock Options may thereafter be granted, and the number of shares of Common Stock then subject to Stock Options previously granted, and the price per share payable upon exercise of such Stock Option will be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock of the Company resulting from a subdivision or consolidation of shares of Common Stock or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company.

10.2 Merger; Reorganization. If the Company is reorganized or consolidated or merged with another corporation, in which the Company is the non-surviving corporation, a Participant of an outstanding Stock Option granted under this Plan will be entitled (subject to the provisions of this paragraph 10) to receive options covering shares of such reorganized, consolidated or merged corporation in the same proportion as granted to Participant prior to such reorganization, consolidation or merger at an equivalent exercise price, and subject to the same terms and conditions as this Plan. For purposes of the preceding sentence, the excess of the aggregate Fair Market Value of shares subject to the option immediately after the reorganization, consolidation or merger over the aggregate exercise price of such shares will not be more than the excess of the aggregate Fair Market Value of all shares of Common Stock subject to the Stock Option immediately before such reorganization, consolidation or merger over the aggregate exercise price of such shares of Common Stock, and the new Stock Option or assumption of the old Stock Option by any surviving corporation will not give the Participant additional benefits which he did not have under the old Stock Option.

10.3 Determination of Committee. To the extent that the foregoing adjustments relate to the shares of Common Stock of the Company, such adjustments will be made by the Committee, whose determination in that respect will be final, binding and conclusive, provided that each Incentive Stock Option granted pursuant to this Plan will not be adjusted in a manner that causes the Incentive Stock Option to fail to continue to qualify as an incentive stock option within the meaning of Section 422 of the Code.

10.4 No Rights. Except as expressly provided in this paragraph 10, the Participant will have no rights by reason of any subdivision or consolidation of shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, merger, consolidation, reorganization or spin-off of assets or stock of another corporation, and any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, will not affect, and no adjustment by reason thereof will be made with respect to, the number or price of shares of Common Stock subject to Stock Options granted under this Plan.

10.5 Authority of Company. The grant of a Stock Option pursuant to this Plan will not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

11. General Provisions.

11.1 Investment Representations. The Committee may require each person acquiring shares of Common Stock pursuant to a Stock Option under this Plan to represent to and agree with the Company in writing that, among other things, the Participant is acquiring the shares for investment purposes only without a view to distribution thereof.

11.2 Additional Incentive Arrangements. Nothing contained in this Plan will prevent the Board from adopting such other or additional incentive arrangements as it may deem desirable, including, but not limited to, the granting of Stock Options and the awarding of stock and cash otherwise than under this Plan. Such arrangements may be either generally applicable or applicable only in specific cases.

11.3 No Right of Employment. Nothing contained in this Plan or in any Stock Option hereunder will be deemed to confer upon any employee of the Company or any Subsidiary any right to continued employment with the Company or any Subsidiary, nor will it interfere in any way with the right of the Company or any Subsidiary to terminate the employment of any of its employees at any time.

11.4 Withholding Taxes. Not later than the date as of which an amount first becomes includible in the gross income of the Participant for federal income tax purposes with respect to any award under the Plan, the Participant will pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any federal, state and local taxes of any kind required by law to be withheld or paid with respect to such amount. The obligations of the Company under this Plan will be conditional upon such payment or arrangements and the Company will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant from the Company.

11.5 Governing Law. This Plan and all awards made and actions taken thereunder will be governed by and construed in accordance with the laws of the State of Delaware (without regard to choice of law provisions).

- 11.6 Other Benefit Plans. Any award granted under this Plan will not be deemed compensation for purposes of computing benefits under any retirement plan of the Company or any Subsidiary and will not affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation (unless required by specific reference in any such other plan to awards under this Plan).
- 11.7 Employee Status. The Committee may decide in each case to what extent leaves of absence for government or military service, illness, temporary disability, or other reasons, will not interrupt continuous employment. Any Stock Options granted under this Plan will not be affected by any change of employment, so long as the Participant continues to be an Employee of the Company or any Subsidiary.
- 11.8 Restrictions on Transfer. A Stock Option may not be transferred except by will or by the laws of descent and distribution, and may not be alienated, sold, assigned, hypothecated, pledged, exchanged, transferred, encumbered or charged, and any attempt to alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same will be void. No right or benefit hereunder will in any manner be liable for or subject to the debts, contracts, liabilities or torts of the person entitled to such benefit. Unless otherwise provided in this Plan or the Agreement, any Stock Option granted under this Plan is only exercisable during the lifetime of the Participant by the Participant or by his guardian or legal representative.
- 11.9 Applicable Laws. The obligations of the Company with respect to all Stock Options under this Plan will be subject to (a) all applicable laws, rules and regulations, including, without limitation, the requirements of all federal securities laws, rules and regulations and state securities and blue sky laws, rules and regulations, and such approvals by any governmental agencies as may be required, including, without limitation, the effectiveness of a registration statement under the Securities Act, and (b) the rules and regulations of any national securities exchange on which the Common Stock may be listed or the Nasdaq if the Common Stock is designated for quotation thereon.
- 11.10 Conflicts. If any of the terms or provisions of the Plan conflict with the requirements of Rule 16b-3 under the Exchange Act, or with the requirements of any other applicable law, rule or regulation, and/or with respect to Incentive Stock Options, Section 422 of the Code, then such terms or provisions will be deemed inoperative to the extent they so conflict with the requirements of said Rule 16b-3, and/or with respect to Incentive Stock Options, Section 422 of the Code. With respect to Incentive Stock Options, if this Plan does not contain any provision required to be included herein under Section 422 of the Code, such provision will be deemed to be incorporated herein with the same force and effect as if such provision had been set out at length herein.

- 11.11 Written Agreements. Each Stock Option granted under this Plan will be evidenced by, and will be subject to the terms of the Agreement approved by the Committee and executed by the Company and the Participant. The Committee may terminate any award made under this Plan if the Agreement relating thereto is not executed and returned to the Company within 30 days after the Agreement has been delivered to the Participant for his or her execution.
- 11.12 Indemnification of Committee. In addition to such other rights of indemnification as they may have as directors or as members of the Committee, the members of the Committee will be indemnified by the Company against the reasonable expenses, including attorneys' fees actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any award granted thereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it will be adjudged in such action, suit or proceeding that such Committee member is liable for negligence or misconduct in the performance of his duties; provided that within 60 days after institution of any such action, suit or proceeding a Committee member shall in writing offer the Company the opportunity, at its own expense, to handle and defend the same.
- 11.13 Common Stock Certificates. All certificates for shares of Common Stock delivered under this Plan will be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of any stock exchange upon which the Common Stock is then listed, any applicable federal or state securities law and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.
- 11.14 Unfunded Status of Plan. This Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant by the Company, nothing contained herein will give any such Participant any rights that are greater than those of a general creditor of the Company.
- 11.15 Liability of the Company. Neither the Company, its directors, officers or employees or the Committee, nor any Subsidiary which is in existence or hereafter comes into existence, shall be liable to any Participant or other person if it is determined for any reason by the Internal Revenue Service or any court having jurisdiction that any Incentive Stock Option granted hereunder does not qualify for tax treatment as an Incentive Stock Option under Section 422 of the Code.

FOLD AND DETACH HERE AND READ THE REVERSE SIDE

PROXY

Perma-Fix Environmental Services, Inc.
THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS
For Annual Meeting of Stockholders to be held July 29, 2009

The undersigned hereby appoints Dr. Louis F. Centofanti and Ben Naccarato, and each of them severally, the undersigned's proxies, with full power of substitution, to attend the Annual Meeting of the Stockholders of Perma-Fix Environmental Services, Inc. (the "Company") at the Crowne Plaza Hotel, Atlanta-Airport, 1325 Virginia Avenue, Atlanta, Georgia 30344, at 11:00 a.m. (EDST), on July 29, 2009, and at any adjournment of that meeting, and to vote the undersigned's shares of Common Stock, as designated on the reverse side.

(Continued, and to be marked, dated and signed, on the other side)

VOTE BY INTERNET OR MAIL
 QUICK EASY IMMEDIATE

Voting by Internet is quick, easy and immediate. As a stockholder of Perma-Fix Services, Inc., you have the option of voting your shares electronically through the Internet, eliminating the need to return the proxy card. Your electronic vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned the proxy card. Votes submitted electronically over the Internet must be received by 7:00 p.m., Eastern Daylight Saving Time, on July 28, 2009.

To Vote Your Proxy by Internet
 www.continentalstock.com

Have your proxy card available when you access the above website. Follow the prompts to vote your shares.

PLEASE DO NOT RETURN THE CARD BELOW IF YOU ARE VOTING ELECTRONICALLY.

To Vote Your Proxy by Mail

Mark, sign, and date your proxy card below, detach it, and return it in the postage-paid envelope provided.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held July 29, 2009. The Proxy Statement and our 2008 Annual Report to Stockholders are available at:

<http://www.cstproxy.com/perma-fix/2009>

FOLD AND DETACH HERE AND READ THE REVERSE SIDE

PROXY

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE IN ITEMS 1, 2 AND 3. IF THE UNDERSIGNED MAKES NO SPECIFICATIONS, THIS PROXY WILL BE VOTED "FOR" ITEMS 1, 2 AND 3 AND IN THE DISCRETION OF THE PROXIES WITH RESPECT TO ANY MATTER REFERRED TO IN ITEM 4.

Please mark your votes like this x

| | FOR | WITHHOLD AUTHORITY | | FOR | AGAINST | ABSTAIN |
|---|-----------------------|-----------------------|---|-----------------------|-----------------------|-----------------------|
| 1. ELECTION OF DIRECTORS (To withhold authority to vote for an individual nominee, strike through the nominees name below) | <input type="radio"/> | <input type="radio"/> | 2. PROPOSAL TO APPROVE THE FIRST AMENDMENT TO THE 2004 STOCK OPTION PLAN | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 01 Dr. Louis F. Centofanti | | | 3. RATIFICATION OF THE APPOINTMENT OF BDO SEIDMAN, LLP AS THE INDEPENDENT AUDITORS OF THE | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 05 Joe R. Reeder | | | | | | |
| 02 Jon Colin | | | | | | |
| 06 Larry Shelton | | | | | | |
| 03 Robert L. Ferguson | | | | | | |
| 07 Dr. Charles E. Young | | | | | | |
| 04 Jack Lahav | | | | | | |

08 Mark A.
Zwecker

COMPANY FOR
FISCAL YEAR 2009

4. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournment thereof.

COMPANY ID:

PROXY NUMBER:

ACCOUNT NUMBER:

Signature

Signature

Date

Please sign exactly as your name appears below, date and return this Proxy Card promptly, using the self-addressed, prepaid envelope enclosed for your convenience. Please correct your address before returning this Proxy Card. Persons signing in fiduciary capacity should indicate that fact and give their full title. If a corporation, please sign in full corporate name by the president or other authorized officer. If a partnership, please sign in the partnership name by an authorized person. If joint tenants, both should sign.
