

PERMA FIX ENVIRONMENTAL SERVICES INC  
Form DEF 14A  
August 06, 2012

---

---

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 14A

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:

5)

Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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 September 13, 2012

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

Notice is hereby given that the 2012 Annual Meeting of Stockholders (the "Meeting") of Perma-Fix Environmental Services, Inc. (the "Company") will be held at the Hilton Atlanta Airport, 1031 Virginia Avenue, Atlanta, Georgia 30354, on Thursday, September 13, 2012, at 11:00 a.m. (EDST), for the following purposes:

1. To elect six directors to serve until the next Annual Meeting of Stockholders or until their respective successors are duly elected and qualified;
2. To ratify the appointment of BDO USA, LLP as the independent registered public accounting firm of the Company for the 2012 fiscal year;
3. To approve, on an advisory basis, the 2011 compensation of our named executive officers;
4. To approve the Second Amendment to the Company's 2003 Outside Directors Stock Plan; and
5. 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 July 25, 2012, will be entitled to notice of, and to vote at, the Meeting or at any postponement or adjournment thereof.

This Notice of Annual Meeting of Stockholders, our annual report for 2011, this 2012 Proxy Statement, and the accompanying Proxy Card are being first mailed to stockholders on August 6, 2012.

The Company's Annual Report for 2011 is enclosed for your reference.

By the order of the Board of Directors

/s/Ben Naccarato

Ben Naccarato  
Secretary

Atlanta, Georgia  
August 6, 2012

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.cstproxyvote.com](http://www.cstproxyvote.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  
2012 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 2012 Annual Meeting of Stockholders to be held at the Hilton Atlanta Airport, 1031 Virginia Avenue, Atlanta, Georgia, 30354, on Thursday, September 13, 2012, at 11:00 a.m. (EDST), and any adjournments thereof (the "Meeting").

Who is entitled to vote at the Meeting?

Only the holders of Common Stock of record at the close of business on July 25, 2012 (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, 56,140,017 shares of Common Stock (which excludes 38,210 treasury shares) were 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 ratification of the appointment of BDO USA, LLP as the independent registered public accounting firm requires the affirmative vote of a majority of the votes cast at the Meeting.
- The approval of the 2011 compensation of our named executive officers requires the affirmative vote of a majority of the votes cast at the Meeting. While the Board of Directors intends to carefully consider the shareholder vote resulting from this proposal, the final vote will not be binding and is advisory in nature. Abstentions will not be counted either for or against this proposal.
- The approval of the Second Amendment to the Company's 2003 Outside Directors Stock 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.

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 (b) will have the effect of a vote against the ratification of the appointment of the independent registered public accounting firm and (c) will have the effect of a vote against the resolution on executive compensation.

How do I cast my vote?

Edgar Filing: PERMA FIX ENVIRONMENTAL SERVICES INC - Form DEF 14A

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.cstproxyvote.com](http://www.cstproxyvote.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, 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 2012 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. If your proxy indicates an abstention from voting on a proposal, the shares represented will be counted as present for the purpose of determining a quorum.

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.

Who votes shares held in my brokerage account?

If you are a beneficial owner whose shares are held of record by a broker, you must instruct your broker how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any matter on which the broker does not have discretionary authority to vote (“non-discretionary” matter). The election of directors, the advisory vote to approve compensation of our named executive officers, and the approval of the Second Amendment to the Company’s 2003 Outside Directors Plan are non-discretionary matters. Without your voting instruction on such non-discretionary matters, a “broker non-vote” will occur. In these cases, the broker can register your shares as being present at the Meeting for purposes of determining the presence of a quorum, but will not be able to vote on these three matters for which specific authorization is required.

Your broker is permitted to vote on your behalf on the matter of the ratification of BDO USA, LLP as the Company’s independent registered public accounting firm for the 2012 fiscal year. This matter is considered a “discretionary” matter; as such, your broker may elect to vote on your behalf even if you do not provide instruction to your broker on how to vote on this matter.

Because a “broker non-vote” is not considered to be eligible to vote, it is not counted in determining whether a proposal has been approved. It is particularly important that you, the beneficial owner, instruct your broker how you wish to vote your shares on all of the matters.

Who will count the votes?

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

Where can I find the voting results of the Meeting?

We will announce the voting results at the Meeting and publish final results in a Form 8-K to be filed with the Securities and Exchange Commission within four business days after the Meeting.

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. We also have retained The Proxy Advisory Group, LLC to assist us in the solicitation of votes described above. We will pay The Proxy Advisory Group, LLC a base fee of \$9,000, plus customary costs and expenses for this service. 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 Meeting will be open to the examination of any stockholder for any purpose germane to the Meeting during ordinary business hours commencing 10 days before the Meeting. Prior to the Meeting, the list will be maintained at our principal executive offices located at 8302 Dunwoody Place, Suite 250, Atlanta, Georgia 30350.

#### 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 newly created directorships created by the Board of Directors' action.

The six nominees for membership on our Board of Directors named below were recommended by our Corporate Governance and Nominating Committee to serve as members of the Board of Directors. All nominees are incumbent directors and meet the qualifications for membership on our Board of Directors as set forth in the Company's Amended and Restated Bylaws.

Mr. Robert L. Ferguson, age 79, who is currently serving as a member of the Board of Directors, notified the Company on July 15, 2012, that he will not stand for re-election. Mr. Ferguson has not advised the Company that his decision to not stand for re-election was due to any disagreement with the Company.

The Company's Amended and Restated Bylaws provide that the number of the Company's directors shall be at least three and no more than seven, as may be determined from time to time by resolution adopted by affirmative vote of a majority of the entire Board of Directors. Because Mr. Ferguson is not standing for re-election, the Board of Directors has reduced the number of directors from seven to six.

#### Nominees for Directors

The following biographical information includes a discussion of the specific experience, qualifications, attributes or skills that led to the conclusion by our Corporate Governance and Nominating Committee that each of the nominees is qualified to serve as one of our Directors:

Dr. Louis F. Centofanti  
Age: 68

Dr. Centofanti has served as Board Chairman since joining the Company in February 1991. Dr. Centofanti also served as Company President and Chief Executive Officer (February 1991 to September 1995) and again in March 1996 was elected Company President and Chief Executive Officer. 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. (later sold to USPCI), a hazardous waste management company specializing in treating PCB contaminated oil. 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.

As founder of Perma-Fix, PPM, Inc., and senior executive leader at USPCI, Dr. Centofanti combines extensive business experience in the waste management industry with a drive for innovative technology which is critical for a waste management company. In addition, his service in the government sector provides a solid foundation for the continuing growth of the

Company's business. Dr. Centofanti's understanding of all aspects of the Company and his extensive knowledge of its history, coupled with his drive for innovation and excellence, positions our Board Chairman, President and Chief Executive Officer, to optimize our role in this competitive, evolving market.

Jack Lahav  
Age: 63

Jack Lahav, a director since September 2001, 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 co-founded Lamar Signal Processing, Inc., a digital signal processing company, was president of Advanced Technologies, Inc., a robotics company, and director of Vocaltec Communications, Ltd., a publicly-traded telecom equipment provider. From 2001 to 2004, Mr. Lahav served as Chairman of Quigo Technologies, Inc., a private search-engine marketing company acquired by AOL in December 2007. Mr. Lahav currently serves as Chairman of Phoenix Audio Technologies, a private company that provides audio communication solutions for VoIP and other internet applications, and Doclix Inc, a privately-held internet marketing company.

Having launched a number of successful businesses, Mr. Lahav has established a record of success in developing and growing a business. His “know how” enables him to provide important perspectives to the Board relating to a variety of business challenges. His commitment to charitable organizations provides a unique component of a well-rounded Board.

Honorable Joe R.  
Reeder  
Age: 64

Mr. Reeder, a director since April 2003, served as the Shareholder-in-Charge of the Mid-Atlantic Region (1999-2008) for Greenberg Traurig LLP, one of the nation's largest law firms, with 35 offices and over 1,750 attorneys worldwide. He is currently a shareholder in the law firm. His clientele includes sovereign nations, international corporations, and law firms throughout the U.S. As the 14th Undersecretary of the U.S. Army (1993-97), Mr. Reeder also served for three years as Chairman of the Panama Canal Commission's Board of Directors where he oversaw a multibillion-dollar infrastructure program. He serves on the boards of the National Defense Industry Association (NDIA) (and chairs NDIA's Ethics Committee), the Armed Services YMCA, the USO, the International Advisory Board of the Panama Canal, and the Peace Research Endowment (which he chairs). He also serves on the board for a number of other private companies and charitable organizations. Following successive appointments by Governors Mark Warner and Tim Kaine, Mr. Reeder served seven years as Chairman of two Commonwealth of Virginia military boards. Mr. Reeder is also a frequent television commentator on legal and national security issues. Among other corporate positions, he has been a director since September 2005 for ELBIT Systems of America, LLC, a NASDAQ company that provides product and system solutions focusing on defense, homeland security, and commercial aviation. A graduate of West Point who served in the 82d Airborne Division following Ranger School, Mr. Reeder earned his J.D. from the University of Texas and his L.L.M. from Georgetown University.

Mr. Reeder has a distinguished career in providing solutions to complex issues involving substantial domestic and international concerns. He has demonstrated extensive knowledge and problem-solving background, particularly related to our nuclear business, which skills enhance the Board's ability to address challenging issues in the nuclear market.

Larry M. Shelton  
Age: 58

Mr. Shelton, a director since July 2006, currently is the Chief Financial Officer of S K Hart Management, LC, an investment holding company. He has held this position since 1999. Mr. Shelton has over 18 years of experience as financial executive officer for several waste management companies. He was Chief Financial Officer of Envirocare of Utah, Inc. (1995-1999), and Chief Financial Officer of USPCI, Inc. (1982-1987). Mr. Shelton has served 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, since July 1989, and Pony Express Land Development, Inc., a privately-held land development company, since December 2005. Mr. Shelton has a B.A. in accounting from the University of Oklahoma.

With his years of accounting experience as Chief Financial Officer for various companies, including a number of waste management companies, Mr. Shelton combines extensive knowledge and understanding of accounting principles, financial reporting requirements, evaluating and overseeing financial reporting processes and business savvy.

Dr. Charles E.  
Young  
Age: 81

Dr. Charles E. Young, a director since July 2003, currently serves as a director (since September 2011) of SteriMed, Inc., a privately held company in the medical waste business. He was president of the University of Florida from November 1999 to January 2004 and Chancellor of the University of California, Los Angeles (UCLA) for 29 years until his retirement in 1997. He also was the President of Qatar Foundation from 2004 to November 2005. In addition, from December 2009 to June 2010, he served as the Chief Executive Officer of the Los Angeles Museum of Contemporary Art. Dr. Young has chaired 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 has served on the Board of Directors of I-MARK, Inc., a privately held software and professional services company since 1997. He previously served on the Board of Directors of Intel Corp. and Nicholas-Applegate Growth Equity Fund, Inc., as well as Fiberspace, Inc., a privately-held company that designs and manufacturers stabilized laser products, Student Advantage, Inc., an integrated media and commerce company, and AAFL Enterprises, a sports development company. 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.

Having presided over two major universities with multi-billion budgets and myriad educational foundations, and as a former board member for a publicly-held multi-billion dollar corporation, Dr. Young brings unique perspectives and extensive experience to our Board. His savvy in the process of policy making and long-term leadership development provides a valuable component of a well-rounded Board.

Mark A. Zwecker  
Age: 62

Mark Zwecker, a director since the Company's inception in January 1991, assumed the position of Director of Finance in 2006 for Communications Security and Compliance Technologies, Inc., a software company developing security products for the mobile workforce, and also serves as an advisor to Plum Combustion, Inc., an engineering and manufacturing company developing high performance combustion technology. From 1997 to 2006, Mr. Zwecker served as President of ACI Technology, LLC, an IT services provider, and from 1986 to 1998, he served as Vice President of Finance and Administration for American Combustion, Inc., a combustion technology solution provider. In 1983, with Dr. Centofanti, Mr. Zwecker co-founded a start-up, PPM, Inc., a hazardous waste management company. 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.

As a director since our inception, Mr. Zwecker's understanding of our business provides valuable insight to the Board. With years of experience in operations and finance for various companies, including a number of waste management companies, Mr. Zwecker combines extensive knowledge of accounting principles, financial reporting rules and regulations, the ability to evaluate financial results, and understanding of financial reporting processes. He has an extensive background in operating complex organizations. Mr. Zwecker's experience and background positions him well to serve as a member of our Audit Committee.

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" THE ELECTION OF THE SIX NOMINEES AS THE COMPANY'S DIRECTORS.**

Board Independence

The Board of Directors has determined that each of Messrs. 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 he serves as a senior executive of the Company. The Board of Directors also does not consider Mr. Ferguson to be “independent” based on the transactions between Mr. Ferguson and us which are described under “Certain Relations and Related Transactions – Mr. Robert L. Ferguson”. Mr. Ferguson is not standing for re-election at this Meeting.

#### Board Leadership Structure

Dr. Louis Centofanti, the Company’s President and Chief Executive Officer, also holds the position of the Chairman of the Board. The Company believes such structure currently promotes the best interests of our stockholders. Dr. Centofanti’s extensive knowledge of the history of the Company, its customers, and his background in our complex and unique nuclear business, enables him to provide guidance to our Board with day to day and long-term strategic business recommendations and decisions which ultimately enhance shareholder value.

Although the Company’s Amended and Restated Bylaws do not formally require the designation of an independent Lead Director, because the positions of Chairman and Chief Executive Officer are held by the same person, Mr. Mark Zwecker was appointed by our Board of Directors and has served as the independent Lead Director since February 2010. The Board believes that the Lead Director enhances the Board’s ability to fulfill its responsibilities independently in the best interests of the Company’s stockholders. The Lead Director’s role includes:

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

#### Meetings and Committees of the Board of Directors

During 2011, the Board of Directors held eight meetings, which included four 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 2011. The Company does not currently have a policy with respect to the attendance of its directors at annual meetings; however, the Company encourages each of its directors to attend whenever possible. All members of our Board of Directors attended our 2011 Annual Meetings of Stockholders. The Board of Directors has an Audit Committee, Compensation and Stock Option Committee, Corporate Governance and Nominating Committee, and a Research and Development 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 our website at [www.perma-fix.com](http://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 2011 were Mark A. Zwecker (Chairman), Larry M. Shelton, and Dr. Charles E. Young, who replaced Jon Colin on August 24, 2011. Mr. Jon Colin did not stand for re-election at the Company's 2011 Annual Meeting of Stockholders held on August 24, 2011. The Board of Directors has determined that each of the current three members of the Audit Committee is (and Mr. Jon Colin, a former member of the Audit Committee was) an "audit committee financial expert" as defined by Item 407(d)(5)(ii) 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. The Audit Committee held six meetings during 2011.

#### 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 2011 were Jack Lahav (Chairman), Joe R. Reeder, Dr. Charles E. Young, and Jon Colin. Mr. Colin is no longer a member effective August 24, 2011 as he did not stand for re-election as a Board member at the Company's 2011 Annual Meeting of Stockholders. The Compensation and Stock Option Committee held five meetings in 2011.

#### Corporate Governance and Nominating Committee:

The Corporate Governance and Nominating Committee recommends to the Board of Directors candidates to fill vacancies on the Board and the nominees for election as the directors at each annual meeting of stockholders. In making such recommendation, the Corporate Governance and Nominating Committee takes into account information provided to them from the candidate, as well as the Corporate Governance and Nominating Committee's own knowledge and information obtained through inquiries to third parties to the extent the Corporate Governance and Nominating Committee deems appropriate. The Company's Amended and Restated Bylaws sets forth certain minimum director qualifications to qualify for nomination for elections as a Director. To qualify for nomination or election as a director, an individual must:

- be an individual at least 21 years of age who is not under legal disability;
- have the ability to be present, in person, at all regular and special meetings of the Board of Directors;
  - not serve on the boards of more than three other publicly held companies;
- satisfy the director qualification requirements of all environmental and nuclear commissions, boards or similar regulatory or law enforcement authorities to which the Corporation is subject so as not to cause the Corporation to fail to satisfy any of the licensing requirements imposed by any such authority;
- not be affiliated with, employed by or a representative of, or have or acquire a material personal involvement with, or material financial interest in, any "Business Competitor" (as defined);
  - not have been convicted of a felony or of any misdemeanor involving moral turpitude; and
- have been nominated for election to the Board of Directors in accordance with the terms of the Amended and Restated Bylaws.

In addition to the minimum director qualifications as mentioned above, each candidate's qualifications are also reviewed to include:

- standards of integrity, personal ethics and value, commitment, and independence of thought and judgment;
  - ability to represent the interests of the Company's stockholders;
- ability to dedicate sufficient time, energy and attention to fulfill the requirements of the position; and
- diversity of skills and experience with respect to accounting and finance, management and leadership, business acumen, vision and strategy, charitable causes, business operations, and industry knowledge.

The Corporate Governance and Nominating Committee does not assign specific weight to any particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Corporate Governance and Nominating Committee does not have a formal policy for the consideration of diversity in identifying nominees for directors. However, the Company believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge, and abilities that will allow the Board to fulfill its responsibilities.

#### Stockholder Nominees

The Corporate Governance and Nominating Committee will consider properly submitted stockholder nominations for candidates for membership on the Board of Directors from stockholders who meet each of the requirements set forth in the Amended and Restated Bylaws, including, but not limited to, the requirements that any such stockholder own at least 1% of the Company's shares of the Common Stock entitled to vote at the meeting on such election, has held such shares continuously for at least one full year, and continuously holds such shares through and including the time of the annual or special meeting. Nominations of persons for election to the Board of Directors may be made at any Annual Meeting of Stockholders, or at any Special Meeting of Stockholders called for the purpose of electing directors. Any stockholder nomination ("Proposed Nominee") must comply with the requirements of the Company's Amended and Restated Bylaws and the Proposed Nominee must meet the minimum qualification requirements as discussed above. For a nomination to be made by a stockholder, such stockholder must provide advance written notice to the Corporate Governance and Nominating Committee, delivered to the Company's principal executive office address (i) in the case of an Annual Meeting of Stockholders, no later than the 90th day nor earlier than the 120th day prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders; and (ii) in the case of a Special Meeting of Stockholders called for the purpose of electing directors, not later than the 10th day following the day on which public disclosure of the date of the Special Meeting of Stockholders was made.

The Corporate Governance and Nominating Committee will evaluate the qualification of the proposed nominee and the proposed nominee's disclosure and compliance requirements in accordance with the Company's Amended and Restated Bylaws. If the Board of Directors, upon the recommendation of the Corporate Governance and Nominating Committee, determines that a nomination was not made in accordance with the Amended and Restated Bylaws, the Chairman of the Meeting shall declare the nomination defective and it will be disregarded.

Members of the Corporate Governance and Nominating Committee during 2011 were Joe R. Reeder (who replaced Dr. Charles E. Young as the Chairman, effective August 24, 2011), Jack Lahav, 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 2011. 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](http://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.

#### Research and Development Committee

Effective August 24, 2011, we established a separately-designated standing Research and Development Committee (the "R&D Committee") which members include Mr. Robert L. Ferguson (Chairman) and Dr. Louis Centofanti. Because Mr. Ferguson is not standing for re-election at this Meeting, the Board currently intends to disband the R&D Committee.

The R&D Committee outlines the structures and functions of the Company's research and development strategies, the acquisition and protection of the Company's intellectual property rights and assets, and provides its perspective on such matters to the Board of Directors. The R&D Committee does not have a charter. The Research and Development Committee held weekly telephonic meeting since its inception.

Dr. Centofanti will continue to lead and provide oversight on the Company's research and development strategies and initiatives upon disbandment of the R&D Committee.

#### Risk Oversight by Our Board

The Board is responsible for understanding the risks the Company faces, what steps management is taking to manage those risks and if the steps taken are effective in managing those risks. It is also important that the Board understands what level of risk is appropriate for the Company. While the Board of Directors has the ultimate oversight

responsibility for the risk management process, certain committees play an integral part in fulfilling the Board's oversight responsibilities in certain areas of risk. In particular, the Audit Committee focuses on financial and enterprise risk exposures, including internal controls. The Audit Committee reviews and discusses with management and internal audit our major financial risk exposures, including risks related to fraud, liquidity and regulatory compliance, our policies with respect to risk assessment and risk management, and the steps management has taken to monitor and control such exposures at least quarterly and whenever warranted. The Compensation and Stock Option Committee strives to create incentives that do not encourage excessive risk-taking beyond the Company's ability to effectively identify and manage risk. To monitor such risks, the Board receives regular updates from management of higher risk activities that we face, such as our closure policies and status of our pending litigation. Each of our directors has access to our named executive officers and any other members of our management to discuss and monitor potential risks.

## Code of Ethics

We have adopted a Code of Ethics that applies to all our executive officers, including our principal executive officer, principal financial officer, and controller. Our Code of Ethics is available on our website at [www.perma-fix.com](http://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 2011, we provided the following annual compensation to directors who are not employees:

- on the date of our 2011 Annual Meeting, each of our five continuing non-employee directors was awarded options to purchase 12,000 shares of our Common Stock. Our one newly elected non-employee director (Mr. Robert L. Ferguson) was awarded options to purchase 30,000 shares of our Common Stock. The grant date fair value of each option award received by our non-employee directors was \$0.94 per share, based on the date of grant, pursuant to Accounting Standards Codification (“ASC”) 718, “Compensation – Stock Compensation;”
  - a quarterly director fee of \$6,500;
  - an additional quarterly fee of \$1,000 to our Research and Development Chairperson;
  - an additional quarterly fee of \$5,500 to our Audit Committee Chair; and
- a fee of \$1,000 for each Board meeting attended and a \$500 fee for each telephonic conference call attended.

Each director may elect to have 65% or 100% of such fees payable in Common Stock under the 2003 Outside Director Plan, with the remaining payable in cash. The terms of the 2003 Outside Directors Plan are further described below under “2003 Outside Directors Plan.”

The table below summarizes the director compensation expenses recognized by the Company for the director option and stock (resulting from fees earned) awards for the year ended December 31, 2011.

## Director Compensation

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 A. Zwecker	18,900	46,800	11,280	—	—	—	76,980
Jon Colin (5)	—	27,181	—	—	—	—	27,181
Robert L. Ferguson (4)	4,585	11,352	28,200	—	—	—	44,137
Jack Lahav	—	42,000	11,280	—	—	—	53,280
Joe R. Reeder	10,500	26,001	11,280	—	—	—	47,781
Charles E. Young	11,200	27,734	11,280	—	—	—	50,214
Larry M. Shelton	11,200	27,734	11,280	—	—	—	50,214

- (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 above represent the portion of the director's fees paid in cash 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."
- (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 at each quarter end times the number of shares issuable under the award. The amount shown is the fair value of the Common Stock on the date of the award.

(3) Options granted under the Company's 2003 Outside Director Plan resulting from re-election and election to the Board of Directors on August 24, 2011. Options are for a 10 year period with an exercise price of \$1.41 per share and are fully vested in six months from grant date. The value of the option award for each outside director is calculated based on the fair value of the option per share (\$0.94) on the date of grant times the number of options granted, which was 12,000 for each director with the exception of 30,000 for Robert L. Ferguson and none for Mr. Jon Colin, pursuant to ASC 718, "Compensation – Stock Compensation." The following is the aggregate number of outstanding non-qualified stock options held by non-employee directors at December 31, 2011:

Name	Options outstanding as of December 31, 2011
Mark A. Zwecker	113,000
Jon Colin (5)	101,000
Robert L. Ferguson	84,000
Jack Lahav	113,000
Joe R. Reeder	123,000
Charles E. Young	126,000
Larry M. Shelton	90,000

(4) Elected as a Board member at the Company's 2011 Annual Meeting of Stockholders held on August 24, 2011. Mr. Ferguson is not standing for re-election at this Meeting.

(5) Elected not to stand for re-election at the Company's 2011 Annual Meeting of Stockholders held on August 24, 2011.

#### 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 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 756,000 shares of Common Stock have been granted and are outstanding under the 2003 Directors Plan, of which 666,000 were vested as of December 31, 2011.

As a member of the Board of Directors, each director elects to receive either 65% or 100% of the director's fees in shares of our Common Stock. The shares received by each director is calculated 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 fees, if any, is payable in cash. In 2011, the fees earned by our outside directors totaled approximately \$265,000. Reimbursements of expenses for attending meetings of the Board are paid in cash at the time of the applicable Board meeting. As a management director, Dr. Centofanti is not eligible to participate in the 2003 Directors Plan. 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 1,054,168 shares of our Common Stock in payment of director fees since the inception of the 2003 Directors Plan.

In the event of a “change of control” (as defined in the 2003 Outside Directors Stock Plan), each outstanding stock option and stock award 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 2011, the Compensation and Stock Option Committee for our Board of Directors was composed of Jack Lahav (Chairman), Jon Colin (who did not stand for re-election at our Annual Meeting of Shareholders on August 24, 2011), 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 Securities and Exchange Commission regulations in 2011.

#### 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 a Company employee.

#### Certain Relationships and Related Transactions

##### Audit Committee Review

Our Audit Committee Charter provides for the review of any related party transactions, other than transactions involving an employment relationship with the Company, which are reviewed by the Compensation and Stock Option Committee. Although we do not have written policies for the review of related party transactions, the Audit Committee reviews transactions between the Company and its directors, executive officers, and their respective immediate family members. In reviewing a proposed transaction, the Audit Committee takes into account, among other factors it deems appropriate:

- (1) the extent of the related person's interest in the transaction;
- (2) whether the transaction is on terms generally available to an unaffiliated third-party under the same or similar circumstances;
- (3) the cost and benefit to the Company;
- (4) the impact or potential impact on a director's independence in the event the related party is a director, an immediate family member of a director or an entity in which a director is a partner, stockholder or executive officer;
- (5) the availability of other sources for comparable products or services;
- (6) the terms of the transaction; and
- (7) the risks to the Company.

Related party transactions are reviewed by the Audit Committee prior to the consummation of the transaction. With respect to a related party transaction arising between Audit Committee meetings, the Chief Financial Officer may present it to the Audit Committee Chairman, who will review and may approve the related party transaction subject to ratification by the Audit Committee at the next scheduled meeting. Our Audit Committee shall approve only those transactions that, in light of known circumstances are not inconsistent with the Company's best interest.

#### Mr. Robert Schreiber, Jr.

During March 2011, we entered into a new lease with Lawrence Properties LLC, a company jointly owned by Robert Schreiber, Jr., the President of Schreiber, Yonley and Associates, and Mr. Schreiber's spouse. Mr. Schreiber is a member of our executive management team. The new lease is for a term of five years starting June 1, 2011. The new lease replaced the prior five-year lease with Lawrence Properties LLC, which expired on May 31, 2011. Under the new lease, we pay monthly rent of approximately \$11,400, which we believe is lower than costs charged by unrelated third party landlords. Additional rent will be assessed for any increases over the new 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 2011 of approximately \$173,000. 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 Perma-Fix Northwest, Inc. (“PFNW”) (f/k/a Nuvotec USA, Inc. (“Nuvotec”)) and Perm-Fix Northwest Richland, Inc. (“PFNWR”) (f/k/a Pacific EcoSolutions (“PEcoS”)), pursuant to the terms of the Merger Agreement, as amended, 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 was elected as a director at our Annual Meeting of Stockholders. Mr. Ferguson served as a director until his resignation in February 2010. Mr. Ferguson was recommended by the Corporate Governance and Nominating Committee and the Board of Directors nominated Mr. Ferguson to stand for election as a director at our 2011 Annual Meeting of Stockholders, at which time he was elected as a director. Mr. Ferguson is not standing for re-election at the Meeting.

Pursuant to the terms of the Merger Agreement, as consideration for the acquisition of PFNW and PFNWR by the Company, Mr. Ferguson (or entities controlled by him):

- (a) received a total of \$224,560 cash and 192,783 shares of our Common Stock in July 2007; and
- (b) is entitled to receive 21.29% of an aggregate earn-out amount of \$4,552,000, based on the annual revenues of our nuclear business (as defined) over the four year period ended on June 30, 2011. The aggregate earn-out amount was paid as follows:
  - (i) an aggregate \$2,574,000 in earn-out amount was paid in cash; and
  - (ii) we issued a promissory note, dated September 28, 2010, in the principle amount of \$1,322,000, which provides for 36 equal monthly payments of \$40,000, consisting of interest (annual interest rate of 6%) and principal, starting October 15, 2010.

The total \$3,896,000 in earn-out amount paid to date or to be paid pursuant to the promissory note excludes approximately \$656,000 in Offset Amount, which represents potential indemnification obligations (as defined by the Merger Agreement) which may be payable to the Company by the former shareholders of Nuvotec. Pursuant to the Merger Agreement, the aggregate amount of any Offset Amount may total up to \$1,000,000, except an Offset Amount is unlimited as to indemnification relating to liabilities for taxes, misrepresentation or inaccuracies with respect to the capitalization of Nuvotec or PEcoS or for willful or reckless misrepresentation of any representation, warranty or covenant.

Mr. Ferguson acquired from Mr. William Lampson one-half of a Warrant (the “Lampson Warrant”) for the purchase up to 135,000 of the Company’s Common Stock at \$1.50 per share. We originally issued the Lampson Warrant to Mr. Lampson as consideration for a loan in the principal amount of \$3,000,000 on May 8, 2009, from Mr. Lampson and Mr. Diehl Rettig (who is deceased). The terms of the loan were amended on April 18, 2011, to provide that the remaining principal balance of \$990,000 is payable in 12 monthly principal payments plus accrued interest starting May 8, 2011. In connection with the loan amendment, the expiration date of the Lampson Warrant was extended one year to May 8, 2012. As a result of the acquisition of one-half of the Lampson Warrant by Mr. Ferguson, Mr. Ferguson and Mr. Lampson each held a Warrant for the purchase of up to 67,500 shares of Common Stock at \$1.50 per share and with an expiration date of May 8, 2012. The Warrants as discussed above were not exercised and expired on May 8, 2012.

Christopher Leichtweis

The Company is obligated to make lease payments of approximately \$29,000 per month through June 2018, pursuant to a Lease Agreement, dated June 1, 2008 (the “Lease”), between Leichtweis Enterprises, LLC, as lessor, and Safety and

Ecology Holdings Corporation (“SEHC”), as lessee. Leichtweis Enterprises, LLC, is owned by Mr. Christopher Leichtweis, who was named as a Senior Vice President of the Company and President of Safety and Ecology Corporation upon the acquisition of SEHC and its subsidiaries, Safety and Ecology Corporation, SEC Federal Services Corporation, Perma-Fix Environmental Services UK Limited (f/k/a Safety and Ecology Corporation Limited, a United Kingdom operation) and SEC Radcon Alliance, LLC (of which we own 75%) (collectively, “SEC”) by the Company from Homeland Capital Security Corporation (“Homeland”) on October 31, 2011. The Lease covers SEHC’s principal offices in Knoxville, Tennessee.

Under an agreement of indemnity, SEC, Leichtweis and his spouse, jointly and severally, agreed to indemnify the individual surety with respect to contingent liabilities that may be incurred by the individual surety under certain of SEC's bonded projects. In addition, SEC has agreed to indemnify Leichtweis against judgments, penalties, fines, and expense associated with those SEC performance bonds that Leichtweis has agreed to indemnify in the event SEC cannot perform, which has an aggregate bonded amount of approximately \$10,900,000. The indemnification agreement provided by SEC to Leichtweis also provides for compensating Leichtweis at a rate of 0.75% of the value of bonds (60% having been paid previously and the balance at substantial completion of the contract).

Upon the closing of the acquisition of SEHC and its subsidiaries by the Company from Homeland on October 31, 2011, certain security holders of Homeland ("Management Investors") purchased 813,007 restricted shares of the Company's Common Stock for a total consideration of approximately \$1,000,000, or \$1.23 a share, which was the average of the closing prices of the Company's Common Stock as quoted on the Nasdaq during the 30 trading days ending on the trading day immediately prior to the closing of the acquisition. The purchase of the Company's Common Stock was pursuant to a private placement under Section 4(2) of the Securities Act of 1933, as amended (the "Act") or Rule 506 of Regulation D promulgated under the Act. Mr. Leichtweis purchased 747,112 of the 813,007 shares of the Company's Common Stock for the aggregate purchase price of approximately \$918,948 or \$1.23 per share. The purchase price for these shares was deducted from the consideration paid to Homeland for the acquisition of SEHC.

#### Employment Agreements

We have an employment agreement with each of Dr. Centofanti (our President and Chief Executive Officer), Ben Naccarato (our Chief Financial Officer), James Blankenhorn (our Chief Operating Officer) and Christopher Leichtweis (our Senior Vice President and President of SEC). Each employment agreement provides for annual base salaries, bonuses, and other benefits commonly found in such agreements. In addition, each employment agreement provides that in the event of termination of such officer without cause or termination by the officer for good reason (as such terms are defined in the employment agreement), the terminated officer shall receive payments of an amount equal to benefits that have accrued as of the termination but not yet paid, plus an amount equal to one year's base salary at the time of termination. In addition, the employment agreements provide that in the event of a change in control (as defined in the employment agreements), all outstanding stock options to purchase our common stock granted to, and held by, the officer covered by the employment agreement to be immediately vested and exercisable.

#### 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, 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 2011 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), except Mr. Joe Reeder, who inadvertently failed to timely file two Form 4's to report two transactions.

#### 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 Securities and Exchange 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, 2011.

-

The Audit Committee has discussed with BDO USA, 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 USA, 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 USA, LLP, the independent registered public accounting firm's independence.

In connection with the Audit Committee's discussion with BDO USA, LLP, as described above, the Audit Committee discussed and considered the nature and scope of the non-audit services performed by BDO USA, LLP for the year ended December 31, 2011, and determined that the audit and non-audit services provided by BDO USA, LLP were compatible with maintaining the independence of BDO USA, 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, 2011, for filing with the Securities and Exchange Commission. The Audit Committee also appointed BDO USA, LLP as the Company's independent registered public accounting firm for 2012.

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

Mark Zwecker (Chairman)  
 Larry Shelton  
 Dr. Charles E. Young

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	68	Chairman of the Board, President and Chief Executive Officer
Mr. Ben Naccarato	49	Chief Financial Officer, Vice President, and Secretary
Mr. James A. Blankenhorn	47	Chief Operating Officer, Vice President
Mr. Robert Schreiber, Jr.	61	President of Schreiber, Yonley & Associates ("SYA"), a subsidiary of the Company, and Principal Engineer
Mr. Christopher P. Leichtweis	53	President of SEC, Senior Vice President

Dr. Louis F. Centofanti  
 See "Election of Directors" for further information on Dr. Centofanti.

Mr. Ben Naccarato  
 Mr. Naccarato has served as the Chief Financial Officer since 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 was 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. James A. Blankenhorn  
 Mr. Blankenhorn was appointed by the Company's Board of Directors on February 18, 2011 as the Company's Chief Operating Officer. Mr. Blankenhorn's employment with the Company became effective on June 1, 2011. Mr. Blankenhorn has 24 years of experience in the nuclear industry supporting U. S. Department of Defense programs, and the Department of Energy's Environmental Management and National Nuclear Security Administration programs. Prior to joining Perma-Fix, Mr. Blankenhorn served in a variety of senior management positions at URS Corporation, a publicly traded Company which provides engineering, construction, and technical services for public

agencies and private sectors. His most recent position held at URS was the deputy project manager for the West Valley Environmental Services, LLC, in western New York where he directed a staff of 360 in the deactivation, decommissioning and clean-up of facilities at West Valley. From 2008 to early 2010, Mr. Blankenhorn was program director with Los Alamos National Security, LLC, responsible for the Waste Disposition Project at the Los Alamos National Laboratory where he supervised 440 people and was responsible for improving performance and achieving cost savings while developing a long term strategy for legacy wastes. Mr. Blankenhorn spent 18 years at the Westinghouse Savannah River Company. Since 1986, Mr. Blankenhorn has been an officer (recently promoted to Colonel) in the U.S. Army and Army Reserve serving in leadership positions within the U.S. Army Nuclear, Biological, Chemical and Radiological program. Mr. Blankenhorn holds a Master of Strategic Studies from the U.S. Army War College, a Master of Science degree – Environmental/Hazardous Waste Management from National Technological University, and a Bachelor of Science degree – Chemistry from the Florida Institute of Technology.



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 held several executive roles in the firm until our acquisition of SYA. From 1978 to 1985, Mr. Schreiber was the 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.

Mr. Christopher P. Leichtweis

Mr. Leichtweis was appointed Senior Vice President of the Company and President of SEC upon the closing of the acquisition of Safety and Ecology Holdings Corporation (“SEHC”) and its subsidiaries (collectively, “SEC”) by the Company on October 31, 2011.

Prior to the acquisition of SEC by the Company, Mr. Leichtweis served as founder, President and CEO of SEC since 1991 and grew the domestic and international operations to more than 530 employees, eight offices, and revenues of approximately \$98,000,000 in SEC’s fiscal year 2011. From 2008 to prior to the acquisition, he served as President and Director of SEC’s parent (public) company Homeland Security Capital Corporation, growing the parent’s portfolio of three companies by 43% and expanding operations into many new commercial and federal markets.

Prior to founding SEC, Mr. Leichtweis served in various engineering and management positions at Bechtel National and Bechtel Environmental, Inc., a global Engineering and Construction Company, starting in 1985, and was a key contributor to the environmental clean-up of major federal nuclear legacy programs. He currently serves on many boards including his undergraduate University’s Foundation Board (State University of New York- Brockport) and is a distinguished graduate from the University of Tennessee. Mr. Leichtweis earned a B.S. degree in Physics from SUNY Brockport in 1983, and received his MBA from the University of Tennessee in December 2003. In addition, he is a Certified Industrial Hygienist by the American Board of Industrial Hygiene. Mr. Leichtweis was nationally recognized as the Southeast United States 2005 Ernst & Young Entrepreneur of the Year award winner.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

Our long-term success depends on our ability to efficiently operate our facilities, evaluate strategic acquisitions, 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 discussion and 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 Dr. Louis F. Centofanti, our Chief Executive Officer or “CEO,” Ben Naccarato, our Chief Financial Officer or “CFO,” Jim Blankenhorn, our Chief Operating Officer or “COO,” Robert Schreiber, President of SYA or “SYA President”, and Christopher Leichtweis, our Senior Vice President and President of SEC or “SEC President” (together, our named executive officers or “NEOs”) is fair, reasonable and competitive. Generally, the types of compensation and benefits provided to the NEOs 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 NEOs, 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:

15

---

- 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 (subject to size and revenues) that compete with us for talented individuals.
  - Compensation should reward performance.
  - Compensation should motivate executives to achieve our strategic and operational goals.

#### Employment Agreements

On August 24, 2011, we entered into employment agreements with our CEO, COO, and CFO, which were approved by the Compensation Committee and Board. These agreements provide that (a) Dr. Centofanti is to serve as our CEO and President, with an annual base salary of \$263,218; (b) Mr. Blan