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April 14, 1994

Top Hat Plan Exemption  
Pension and Welfare Benefits Administration  
Room N-5644  
U.S. Department of Labor  
200 Constitution Avenue N.W.  
Washington, DC 20210

Re: Summit Envirosolutions, Inc.  
Stock Appreciation Rights Plan

Dear Sir or Madam:

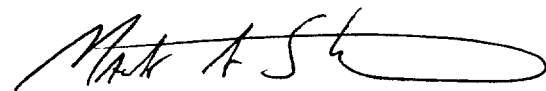
Enclosed, for your information and to comply with the alternate reporting requirements of ERISA Section 2520.104-23, is the plan document for the Summit Envirosolutions, Inc. Stock Appreciation Rights Plan ("SAR Plan").

This SAR Plan is an unfunded, non-qualified plan and it is the sole "Top Hat" plan sponsored by the following employer for the purpose of providing supplemental pension benefits for a select group of management or highly compensated employees:

Summit Envirosolutions, Inc.  
Suite #100  
1201 Wayzata Boulevard  
Minnetonka, MN 55305  
41-1667349

Do not hesitate to contact me if you have any questions or need further information.

Sincerely,



Mark A. Sletto, P.A.

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Enclosure

cc: William J. Stoddard  
Vance B. Grannis, Jr.

**SUMMIT ENVIROSOLUTIONS, INC.  
STOCK APPRECIATION RIGHTS PLAN**

**ARTICLE I  
ESTABLISHMENT AND PURPOSE**

**1.1 Establishment**

Summit Envirosolutions, Inc. ("Employer") a Minnesota Corporation, hereby establishes this Summit Envirosolutions, Inc. Stock Appreciation Rights Plan ("SAR Plan") as described herein.

**1.2 Purpose**

The purposes of this SAR Plan are: (a) to fairly compensate a select group of management or highly compensated employees for their contribution to increasing the value of the Employer; (b) to provide greater incentive for such employees to exert their best efforts on behalf of the Employer; (c) to attract and retain in the employ of the Employer persons of outstanding competence and ability to contribute significantly to the business; and (d) to further the identity of interest of such employees with those of the Employer's shareholders.

**ARTICLE II  
DEFINITIONS**

Except as otherwise set forth below, capitalized terms in this SAR Plan shall have the meaning set forth in the Plan.

**2.1 Administrator**

Administrator means Summit Envirosolutions, Inc.

**2.2 Beneficiary**

Beneficiary means the person designated as provided in Section 5.5 to receive the benefits which are payable under this SAR Plan upon or after the death of a Participant.

**2.3 Disability**

Disability means a physical or mental condition of a Participant resulting from bodily injury, disease, or mental disorder which renders him incapable of continuing any gainful occupation and which constitutes total disability under the Federal Social Security Acts.

#### **2.4 Employee**

Employee means any person who is employed by the Employer.

#### **2.5 Employee Stock Ownership Plan (ESOP)**

Employer Stock Ownership Plan or ESOP means an "employee stock ownership plan" as that term is defined in section 401(l) of the Internal Revenue Code of 1986, as amended.

#### **2.6 Employer**

Employer means Summit Envirosolutions, Inc.

#### **2.7 Maturity Event**

A Maturity Event is a date upon which a Participant becomes eligible for payment of benefits under this SAR Plan due to the Participant's death, Disability or Termination of Service or to the Employer's Call of SAR rights as set forth in Article V.

#### **2.8 Participant**

Participant means any person who participates in this SAR Plan as provided in Article III, and has not for any reason become ineligible to participate further in this SAR Plan.

#### **2.9 Plan**

Plan means the Summit Envirosolutions, Inc. Employee Stock & Incentive Savings Plan, including any amendments thereto.

#### **2.10 Qualifying Employer Securities**

Qualifying Employer Securities shall have the same meaning as set forth in the Plan.

#### **2.11 Stock Appreciation Right or SAR**

Stock Appreciation Right or SAR means the right to receive a payment in cash from the Employer pursuant to Article V for SAR Units credited to the Participant as of a maturity event.

#### **2.12 SAR Plan**

SAR Plan means this instrument, including all amendments thereto.

#### **2.13 SAR Unit**

SAR Unit means a single unit of Stock Appreciation Rights or "SAR", which unit share corresponds with a single share of Qualifying Employer Securities.

#### **SAR Plan**

## **2.14 SAR Unit Value**

SAR Unit Value means the value of a single SAR Unit which shall equal the value of a single share of Qualifying Employer Securities as determined by the Trustee's of the Plan on the Plan's most recent Valuation Date.

## **ARTICLE III ADMINISTRATION**

### **3.1 Administrative Authority**

This SAR Plan shall be administered by the Administrator and such administration shall be in accordance with the authority and responsibilities as set forth in the Summit Envirosolutions, Inc. Employee Stock & Incentive Savings Plan ("Plan"). To the extent such Plan provisions do not provide for issues that arise in connection with the administration of this SAR Plan, the Administrator shall have full power, discretion, and responsibility to:

- a. Adopt rules and regulations not inconsistent with the declared purposes and specific provisions of the SAR Plan and for its administration;
- b. Interpret and construe the provisions of this SAR Plan and to administer this SAR Plan;
- c. Determine from time to time the status of all Participants for purposes of this SAR Plan, and determine the rights of Participants under this SAR Plan;
- d. Determine the persons eligible to be Participants under this SAR Plan.

Determinations made by the Administrator shall be final, conclusive and binding upon all persons, including, without limitation, the Employer and Participants under the SAR Plan.

## **ARTICLE IV ELIGIBILITY**

### **4.1 Eligibility**

Eligibility for this SAR Plan shall be limited to Employees who are also members of "a select group of the Employer's management or highly compensated employees", as defined in ERISA Section 201(2).

## **4.2 Participation**

Participation in this SAR Plan shall be limited to eligible Employees who, in the opinion of the Board of Directors, are in a position to make substantial contributions to the management, growth, and success of the Employer's business.

However, persons compensated on the basis of a fee or retainer, as distinguished from a salary, shall not be eligible to participate in this SAR Plan.

## **ARTICLE V PURCHASE OF STOCK APPRECIATION RIGHTS**

### **5.1 Stock Appreciation Rights Available for Purchase**

The Board of Directors shall have absolute discretion to determine the number, timing, sale price and other terms, to the extent consistent with this SAR Plan, of the SAR Units that are made available for purchase by Participants. The terms of any such SAR Unit offering shall be set forth in writing and provided to the Participant. SAR Unit offerings can, but need not be, the same for each Participant or for each offering.

### **5.2 Exercise of SAR**

Participants exercise SAR Unit offerings by fulfilling, in a timely manner, all of the terms of the written SAR Unit offering.

### **5.3 Evidence of SAR Exercise**

Upon the Participant's timely exercise of an SAR Unit offering, the Employer shall prepare a Certificate of Equity Appreciation Rights ("Certificate"). This Certificate shall include the name of the Participant who exercised his or her SAR Units, the number of SAR Units exercised, the price per SAR Unit that the Participant paid, and the effective date of the exercise ("Exercise Date"). The form of the Certificate shall be as set forth as Appendix A or in such other suitable instrument approved by the Board of Directors. The certificate shall also provide for the payment of sums based on the SAR Unit Value, with payment to occur as set forth in Article VI of this SAR Plan.

## **VI FORM OF AWARD AND TIME OF PAYMENT**

### **6.1 Death**

In the event of the Participant's death prior to Termination of Service with the Employer, the Employer shall pay to the

Participant's Beneficiary (as last designated by the Participant in writing to the Employer) a sum of money that will be determined by multiplying the number of SAR Units exercised by the Participant on or prior to the date of his death by the SAR Unit Value.

#### **6.2 Disability**

In the event of the Participant's Disability prior to Termination of Service with the Employer, the Employer shall pay to the Participant a sum of money that will be determined by multiplying the number of SAR Units exercised by the Participant on or before the date of his Disability by the SAR Unit Value.

#### **6.3 Termination of Service**

In the event of the Participant's Termination of Service with the Employer, other than by death or Disability, the Employer shall pay to the Participant a sum of money that shall be determined by multiplying the number of SAR Units exercised by the Participant on or before the date one (1) calendar year prior to the date of the Participant's Termination of Employment, by the SAR Unit Value.

For SAR Units exercised within one (1) calendar year prior to Termination of Service, the Employer shall pay to the Participant a sum of money that shall be determined to be the lesser of the exercise price that the Participant paid for such SAR Units or the amount determined by multiplying the number of such SAR Units by the SAR Unit Value.

#### **6.4 Call of SARs**

If the Employer, in its sole discretion, determines to Call in the Units awarded to any Participant pursuant to this SAR Plan ("Call"), for any reason, such as due to a merger, consolidation, and/or sale to an ESOP or an outside entity, the Employer shall have the right to pay a sum of money that shall be determined by multiplying the number of SAR Units exercised by the Participant on the Call date by the SAR Unit Value.

The Employer shall provide written notification to the Participant of the Employer's decision to exercise its right to Call under this Section 6.4 at such time as the Employer deems appropriate, notwithstanding any other notice to or election by the Participant.

#### **6.5 Payment of Benefits**

The amount payable to a Participant or the Participant's Beneficiary under this SAR Plan shall be paid in the form of a single lump sum cash payment. If the amount payable becomes due on account of the Participant's death or Disability, payment shall be made within one (1) calendar year of the earlier of the date of the Participant's death or the date the Administrator determines that

the Participant became Disabled.

If the amount payable becomes due on account of the Participant's Termination of Service, the payment will be made within three (3) calendar years of the date of the Participant's Termination of Service.

#### **6.6 Forfeiture of Benefits**

The SAR rights exercised pursuant to this SAR Plan are subject to forfeiture in the event that the Participant fails to follow the terms of any employment contract or agreement, including a non-compete agreement, in force at any time that the Participant is credited with Stock Appreciation Rights under the terms of this SAR Plan.

### **ARTICLE VII FUNDING, PROPERTY AND FIDUCIARY RESPONSIBILITY**

#### **7.1 Plan is Unfunded**

The SAR Plan is an unfunded employee benefit plan under ERISA Section 201(2), 301(a)(3) and 401(a)(1). Plan benefits are to be paid solely from the general assets of the Employer. No amounts are or shall be held in a trust or similar arrangement of any kind. Any Participant account maintained by the Employer in regard to this SAR Plan shall be for accounting purposes only.

#### **7.2 Plan Benefits Are Unsecured and Participants Are Unsecured Creditors of the Employer**

To the extent that a Participant or any person has a right to receive payments from the Employer under the terms of this SAR Plan, such right shall be no greater than the right of any unsecured general creditor of the Employer. The Employer shall have no obligation hereunder to maintain any account or accounts on behalf of Participants and if any such account is so maintained, the Employer shall have no obligation to invest amounts so held.

Participants, and any person claiming a right hereunder, shall rely solely on the unsecured promise of the Employer set forth herein. Nothing in this SAR Plan (which may be amended or terminated at any time) shall be construed to give any Participant, or any other person, right, title, interest or claim in or to any specific asset, fund, reserve, account or property of any kind whatsoever owned by the Employer or in which it may have an interest, now or in the future.

#### **7.3 No Fiduciary Relationship or Responsibility**

Under ERISA and related federal laws, neither the Employer nor SAR Plan

Administrator, whether jointly or severally, are fiduciaries with respect to the SAR Plan, and have no fiduciary obligation with respect to any Participant or any person claiming a right hereunder. Further, nothing herein contained, and no action or inaction arising pursuant hereto shall give rise under state or federal law to a trust of any kind or create any fiduciary relationship of any kind or degree for the benefit of Participants, any Beneficiary, or any other person.

#### **7.4 Plan Is Not Subject to ERISA**

This SAR Plan is an unfunded employee benefit plan maintained by the Employer primarily for the purpose of providing supplemental pension benefits for a select group of management or highly compensated employees as defined in ERISA, as amended from time to time. As such, it is exempt from all participation, vesting, survivor annuity and related requirements of ERISA pursuant to section 301(a)(3) of ERISA, and from all fiduciary responsibility requirements of ERISA pursuant to section 401(a)(1) of ERISA.

### **ARTICLE VIII AMENDMENT AND TERMINATION**

#### **8.1 Employer's Right**

The Employer shall have the right at any time to terminate, amend, modify or suspend this SAR Plan, in whole or in part, and if suspended, may reinstate, any or all of the provisions of this Plan, except that no amendment, modification, or termination of this SAR Plan by the Employer will adversely affect SAR Units previously exercised hereunder.

### **ARTICLE IX MISCELLANEOUS**

#### **9.1 Participant's Rights**

Nothing contained in this SAR Plan or in any Certificate is to be construed to:

- a. Constitute a contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee.
- b. Constitute an agreement to transfer to any Employee or the Employee's Beneficiary, nor shall either be deemed to acquire any right, title, or interest whatsoever in or to, any of the capital stock of the Employer;

- c. Give any Employee any right to be offered SAR Units other than in the sole discretion of the Board of Directors;
- d. Limit in any way the right of the Employer to terminate an Employee's employment at any time, with or without cause or notice; or
- e. Constitute or be evidence of any agreement or understanding that the Employer will employ the Employee in any particular position or at any particular rate of compensation.

## **9.2 Construction Of Plan**

This SAR Plan shall be construed, the rights created hereby shall be governed, and the remedies available shall be provided in accordance with the laws of the State of Minnesota.

## **9.3 Board of Directors**

Whenever reference is made in this Plan to the Board of Directors it will be deemed to refer also to any duly appointed committee of the Board of Directors.

## **9.4 Gender And Number**

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

## **9.5 Alienation**

No benefit which shall be payable pursuant to the terms of the SAR Plan to any person (including a Participant or his Beneficiary) shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor shall it be subject to attachment or legal process for or against such person, and the same shall not be recognized by the Administrator, except to such extent as may be required by law.

A legend consisting of the above anti-alienation provisions shall be included on the face of the Certificate provided to the Participant upon exercise of an SAR Units offering.

- c. Give any Employee any right to be offered SAR Units other than in the sole discretion of the Board of Directors;
- d. Limit in any way the right of the Employer to terminate an Employee's employment at any time, with or without cause or notice; or
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A legend consisting of the above anti-alienation provisions shall be included on the face of the Certificate provided to the Participant upon exercise of an SAR Units offering.

**9.6 Receipt and Release for Payments**

Any payment to any Participant, his legal representative, Beneficiary, or to any guardian or committee appointed for such Participant or Beneficiary in accordance with the provisions of the SAR Plan, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Employer. However, the Employer may require such Participant, legal representative, Beneficiary, guardian or committee, as a condition precedent to such payment, to execute a receipt and release thereof in such form as shall be determined by the Employer.

**9.7 Withholding for Federal, State and/or Local Taxes**

The Employer or the Administrator shall have the right to deduct from any payments made hereunder any taxes it believes it is required to withhold from such payments, and take any other action with respect to a Participant's benefit under this SAR Plan as each, in its sole discretion, may deem necessary to comply with any federal, state, or local tax laws and regulations, or other laws or regulations.

**9.8 Action by the Employer**

Whenever the Employer under the terms of the SAR Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

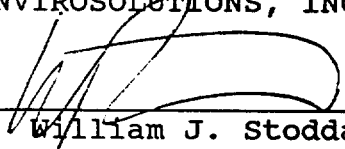
**9.9 Headings**

The headings and subheadings of this SAR Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

IN WITNESS WHEREOF, this SAR Plan is effective this 7 day of MARCH, 1994.

SUMMIT ENVIROSOLUTIONS, INC.

By

  
\_\_\_\_\_  
William J. Stoddard

Its

\_\_\_\_\_  
President

Dated

3/7/94  
\_\_\_\_\_