

**C L I F F O R D
C H A N C E**

CLIFFORD CHANCE LLP

EXECUTION VERSION

DANFOSS POWER SOLUTIONS INC.

GENERAL UPSTREAM GUARANTEE

THIS GUARANTEE is made on _____ 26 March 2021

BY

- (1) **DANFOSS POWER SOLUTIONS INC.**, a Delaware Corporation ("**DPSI**" and the "**Guarantor**")

IN FAVOUR OF

- (2) Each **FINANCE PARTY** (each as defined below) (each a "**Beneficiary**").

WHEREAS

- (A) Danfoss A/S ("**Danfoss**"), Danfoss Finance I B.V. ("**DF I**"), Danfoss Finance II B.V. ("**DF II**") and DPSI have established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of notes (the "**Notes**"). Under the Programme, Notes issued by DF I will be guaranteed by both Danfoss and DPSI.
- (B) Danfoss, DF I and DF II have made applications to the Luxembourg Stock Exchange so that Notes issued under the Programme may be admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's Euro MTF Market.
- (C) In connection with the Programme, Danfoss, DF I and DF II and DPSI have prepared an offering circular dated _____ 26 March _____ 2021 (the "**Offering Circular**") which has been approved by the Luxembourg Stock Exchange under Part IV of the Luxembourg law on prospectuses for securities dated 16 July 2019. The Offering Circular does not constitute a prospectus issued in compliance with Regulation (EU) 2017/1129.
- (D) The proceeds of Notes issued by DF I under the Programme are intended to be used to fund DPSI and its subsidiaries. Such Notes issued by DF I will have the benefit of a guarantee from Danfoss (in addition to being guaranteed by DPSI). The guarantee by Danfoss provides a benefit to DPSI because it provides credit enhancement, and therefore reduces the cost of funding for DPSI. In consideration for such benefit provided by Danfoss through its guarantee of Notes issued by DF I under the Programme, DPSI has agreed to provide an unconditional and irrevocable guarantee to Danfoss, as contained herein.
- (E) This Guarantee is being given in order to avoid the structural subordination of the creditors of Danfoss as a result of the guarantees given, and finance raised, pursuant to the Programme.

NOW THEREFORE, in order to induce, and in consideration of, the purchase of the Notes issued by DF I, the Guarantor hereby covenants and agrees with, and represents and warrants to each Beneficiary as follows:

1. **INTERPRETATION**

1.1 **Definitions**

All terms and expressions which have defined meanings in the Offering Circular shall have the same meanings in this Guarantee except where the context requires otherwise or unless otherwise stated.

1.2 **Clauses**

Any reference in this Guarantee to a Clause is, unless otherwise stated, to a clause hereof.

"Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor statute.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. §1 et. seq.), as amended from time to time and any successor statute.

"Debtor Relief Laws" means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

"Excluded Swap Obligation" means, with respect to the Guarantor at any time, any Swap Contract, if, and to the extent that, all or a portion of the guarantee of the Guarantor of, or the grant by the Guarantor of a security interest to secure, such Swap Contract (or any guarantee thereof) is illegal at such time under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of the Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof).

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with applicable generally accepted accounting principles, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivatives transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in the paragraphs (a) to (h) above.

"Finance Parties" means any person to whom Danfoss A/S owes any Financial Indebtedness.

"Insolvency Event" means any of the following: (a) a court of competent jurisdiction shall enter a decree or order for relief in respect of Danfoss in an involuntary case under any Debtor Relief Law now or hereafter in effect, which decree or order is not stayed; or any other similar relief shall be granted under any applicable federal or state law; (b) an involuntary case shall be commenced against Danfoss under any Debtor Relief Law now or hereafter in effect; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Danfoss, or over all or a substantial part of its property, shall have been entered; or there shall have occurred the involuntary appointment of an interim receiver, trustee or other custodian of Danfoss for all or a substantial part of its property; or a warrant of attachment, execution or similar process shall have been issued against any substantial part of the property of Danfoss, and any such event described in this sub-clause (b) shall continue for sixty days without having been dismissed, bonded or discharged; (c) Danfoss shall have an order for relief entered with respect to it or shall commence a voluntary case under any Debtor Relief Law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property; or Danfoss shall make any assignment for the benefit of creditors; (d) Danfoss shall be unable, or shall fail generally, or shall admit in writing its inability, to pay its debts as such debts become due; or the Board of (e) Directors of Danfoss (or any committee thereof) shall adopt any resolution or otherwise authorize any action to approve any of the actions referred to in this definition of "Insolvency Event".

"Qualified ECP Guarantor" means, in respect of any Swap Contract, the Guarantor that has total assets exceeding US\$10,000,000 at the time such Swap Contract is incurred.

"Swap Contract" means (i) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Obligation" means, with respect to the Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

1.3 **Other agreements**

All references in this Guarantee to an agreement, instrument or other document shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, restated, extended, replaced or novated from time to time.

1.4 **Legislation**

Any reference in this Guarantee to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

1.5 **Headings**

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Guarantee.

1.6 **Benefit of Guarantee**

Any Financial Indebtedness, whether entered into before or after the date of this Guarantee, shall have the benefit of this Guarantee for so long as this Guarantee is in effect pursuant to Clause 4.2.2 below.

2. **GUARANTEE AND INDEMNITY**

2.1 **Guarantee**

The Guarantor hereby guarantees, as a primary obligor and not as a surety, to each Beneficiary and their respective permitted successors and assigns, the prompt payment in full when due (whether at stated maturity, by required prepayment, declaration, demand, by acceleration or otherwise) of the principal of and interest (including any interest, fees, costs or charges that would accrue but for the provisions of (i) the Title 11 of the United States Code after any bankruptcy or insolvency petition under Title 11 of the United States Code and (ii) any other Debtor Relief Laws) the due and punctual payment of all sums from time to time payable by Danfoss in respect of the relevant Financial Indebtedness as and when the same become due and payable and accordingly undertakes to pay to such Beneficiary, in the manner and currency prescribed by the relevant Financial Indebtedness, any and every sum or sums which Danfoss is at any time liable to pay in respect of such Financial Indebtedness and which Danfoss has failed to pay (whether at stated maturity, by required prepayment, declaration, demand, acceleration or otherwise) (such obligations, including any future increases in the amount thereof, being herein collectively called the "**Guaranteed Obligations**") (but excluding in all events, Excluded Swap Obligations) any of the Guaranteed Obligations, the Guarantor will promptly pay the same in cash, upon written demand, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by required prepayment, declaration, demand, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

2.2 **Obligations Unconditional.**

The obligations of the Guarantor under Clause 2.1 shall constitute a guaranty of payment and to the fullest extent permitted by applicable law, are absolute, irrevocable and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the Guaranteed Obligations of Danfoss under any Financial Indebtedness, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or Guarantor (except for payment in full). Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantor hereunder which shall remain absolute, irrevocable and unconditional under any and all circumstances as described above:

- (i) at any time or from time to time, without notice to the Guarantor, to the extent permitted by law, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;
- (ii) any of the acts mentioned in any of the provisions of this Guarantee, if any, or any other agreement or instrument referred to herein shall be done or omitted;

- (iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be amended in any respect, or any right under any other agreement or instrument referred to herein shall be amended or waived in any respect or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;
- (iv) any lien or security interest granted as security for any of the Guaranteed Obligations shall fail to be or remain perfected or the existence of any intervening lien or security interest; or
- (v) the release of any other Guarantor from its obligations hereunder.

The Guarantor hereby expressly waives (to the fullest extent permitted by law) diligence, presentment, demand of payment, protest and, to the extent permitted by law, all notices whatsoever, and any requirement that any Beneficiary exhaust any right, power or remedy or proceed against Danfoss under any agreement or instrument referred to herein, or against any other person under any other guarantee of, or security for, any of the Guaranteed Obligations. The Guarantor waives, to the extent permitted by law, any and all notice of the creation, renewal, extension, waiver, termination or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by any Beneficiary upon this Guarantee or acceptance of this Guarantee, and the Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Guarantee, and all dealings between the Borrower and the Beneficiaries shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guarantee. This Guarantee shall be construed as a continuing, absolute, irrevocable and unconditional guarantee of payment without regard to any right of offset with respect to the Guaranteed Obligations at any time or from time to time held by the Beneficiaries, and the obligations and liabilities of the Guarantor hereunder shall not be conditioned or contingent upon the pursuit by the Beneficiaries or any other Person at any time of any right or remedy against the Borrower or against any other Person which may be or become liable in respect of all or any part of the Guaranteed Obligations or against any collateral security or guarantee therefor or right of offset with respect thereto. This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantor and its successors and assigns, and shall inure to the benefit of the Beneficiaries, and their respective permitted successors and assigns, notwithstanding that from time to time during the term of this Guarantee there may be no Guaranteed Obligations outstanding.

2.3 Reinstatement.

The obligations of the Guarantor under this Clause 2 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Danfoss in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

2.4 Subrogation; Subordination.

The Guarantor hereby agrees that until payment in full of all Guaranteed Obligations it shall subordinate any claim and shall not exercise any right or remedy, direct or indirect, arising by reason of any performance by it of its guarantee in Clause 2.1, whether by subrogation, contribution or otherwise, against Danfoss or any other Guarantor of any of the Guaranteed Obligations or any security for any of the Guaranteed Obligations.

2.5 Remedies.

The Guarantor agrees that, as between the Guarantor and the Beneficiaries, the obligations of Danfoss under any Financial Indebtedness may be declared to be forthwith due and payable as provided in any agreement governing such Financial Indebtedness (and shall be deemed to have become automatically due and payable upon the occurrence of an Insolvency Event) for purposes of Clause 2.1, notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against Danfoss and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations shall forthwith become due and payable by the Guarantor for purposes of Clause 2.1.

2.6 Instrument for the Payment of Money.

The Guarantor hereby acknowledges that the guarantee in this Clause 2 constitutes an instrument for the payment of money, and consents and agrees that any Beneficiary, at its sole option, in the event of a dispute by the Guarantor in the payment of any moneys due hereunder, shall have the right to bring a motion-action under New York CPLR Section 3213.

2.7 Continuing Guaranty.

The guarantee in this Clause 2 is a continuing guarantee of payment, and shall apply to all Guaranteed Obligations whenever arising.

2.8 General Limitation on Guarantee Obligations.

In any action or proceeding involving any state corporate limited partnership or limited liability company law, or any applicable state, federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of the Guarantor under Clause 2.1 would otherwise be held or determined to be void, voidable, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under Clause 2.1, then, notwithstanding any other provision to the contrary, the amount of such liability shall, without any further action by the Guarantor or any other Person, be automatically limited and reduced to the highest amount (after giving effect to the liability under this Guaranty and the right of contribution established in Clause 2.9, but before giving effect to any other guarantee) that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

2.9 **Keepwell Agreement.**

Each Qualified ECP Guarantor, jointly and severally, hereby absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by any other Guarantor hereunder to honor all of such Guarantor's obligations under this Guarantee in respect of Swap Contracts (provided, each Qualified ECP Guarantor shall only be liable under this Clause 2.9 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Clause 2.9, or otherwise under this Guarantee, voidable under applicable law, including applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Clause 2.9 shall remain in full force and effect until all of the Guaranteed Obligations and all other amounts payable under this Guarantee shall have been paid in full. Each Qualified ECP Guarantor intends that this Clause 2.9 constitute, and this Clause 2.9 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

2.10 **Indemnity**

The Guarantor irrevocably and unconditionally agrees, to indemnify each Beneficiary from time to time from and against any loss, liability or cost incurred by such Beneficiary as a result of any of the obligations of Danfoss under or pursuant to any Financial Indebtedness or any provision thereof being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever, whether or not known to such Beneficiary or any other person, the amount of such loss being the amount which such Beneficiary would otherwise have been entitled to recover from Danfoss. Any amount payable pursuant to this indemnity shall be payable in the manner and currency prescribed by the Financial Indebtedness for payments by Danfoss. This indemnity constitutes a separate and independent obligation from the other obligations under this Guarantee and shall give rise to a separate and independent cause of action.

3. **COMPLIANCE WITH THE CONDITIONS**

The Guarantor covenants in favour of each Beneficiary that it will duly perform and comply with the obligations expressed to be undertaken by Danfoss in the Financial Indebtedness.

4. **PRESERVATION OF RIGHTS**

4.1 **Principal obligor**

The obligations of the Guarantor hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.

4.2 **Continuing obligations**

The obligations of the Guarantor herein contained shall:

- 4.2.1 constitute and be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever (and shall not be considered

satisfied by any intermediate payment or satisfaction of all or any of Danfoss' obligations under or in respect of any Financial Indebtedness as applicable); and

- 4.2.2 continue in full force and effect until all sums due (including actual or contingent obligations in respect thereof) have been paid in respect of the Notes issued by DF I under the Programme.

4.3 **Obligations not discharged**

Neither the obligations of the Guarantor herein contained nor the rights, powers and remedies conferred upon the Beneficiaries by this Guarantee or by law shall be discharged, impaired or otherwise affected by:

- 4.3.1 *Winding up*: the winding up, dissolution, administration, re-organisation or moratorium of Danfoss or any change in its status, function, control or ownership;
- 4.3.2 *Illegality*: any of the obligations of Danfoss under or in respect of any Financial Indebtedness as applicable, being or becoming illegal, invalid, unenforceable or ineffective in any respect;
- 4.3.3 *Indulgence*: time or other indulgence (including for the avoidance of doubt, any composition) being granted or agreed to be granted to Danfoss in respect of any of its obligations under or in respect of any Financial Indebtedness as applicable;
- 4.3.4 *Amendment*: any amendment, novation, supplement, extension, (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature) or replacement, waiver or release of, any obligation of Danfoss under or in respect of any Financial Indebtedness as applicable, or any security or other guarantee or indemnity in respect thereof and any extension of or any increase of the obligations of Danfoss in respect of any Financial Indebtedness as applicable or the addition of any new obligation(s) for Danfoss under the Financial Indebtedness as applicable; or
- 4.3.5 *Analogous events*: any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor herein or any of the rights, powers or remedies conferred upon the Beneficiaries or any of them by this Guarantee or by law.

4.4 **Settlement conditional**

Any settlement or discharge between the Guarantor and a Beneficiary or any of them shall be conditional upon no payment to the Beneficiary or any of them by Danfoss or any other person on Danfoss's behalf being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Finance Parties shall be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.

4.5 Exercise of Rights

No Beneficiary shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Guarantee or by law:

- 4.5.1 *Demand*: to make any demand of Danfoss, save for the presentation of the relevant Financial Indebtedness if applicable;
- 4.5.2 *Take action*: to take any action or obtain judgment in any court against Danfoss; or
- 4.5.3 *Claim or proof*: to make or file any claim or proof in a winding up or dissolution of Danfoss,

and (save as *aforesaid*) the Guarantor hereby expressly waives presentment, demand, protest and notice of dishonour in respect of any Financial Indebtedness as applicable.

4.6 Deferral of the Guarantor's rights

The Guarantor agrees (for such time as this Guarantee remains in effect), that so long as any sums are or may be owed by Danfoss in respect of any Financial Indebtedness as applicable or Danfoss is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantor will not exercise any rights which the Guarantor may at any time have by reason of the performance by the Guarantor of its obligations hereunder:

- 4.6.1 *Indemnity*: to be indemnified by Danfoss;
- 4.6.2 *Contribution*: to claim any contribution from any other guarantor of Danfoss's obligations under or in respect of any Financial Indebtedness; or
- 4.6.3 *Subrogation*: to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of any Beneficiary against Danfoss in respect of amounts paid by the Guarantor under this Guarantee or any security enjoyed in connection with the Financial Indebtedness by any Beneficiary.

4.7 Status of the Guarantee

The Guarantor (i) represents and warrants that its obligations under this Guarantee constitute direct, general, unconditional and unsecured obligations; and (ii) undertakes that its obligations hereunder will at all times rank (subject as *aforesaid*) at least *pari passu* with all of its other present and future unsecured and unsubordinated obligations, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. NOTIFICATION OF GUARANTEE

The Guarantor hereby authorises Danfoss to make this Guarantee available to each Beneficiary. The Guarantor hereby acknowledges the right of every Beneficiary to the production of this Guarantee.

6. **STAMP DUTIES**

The Guarantor shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Guarantee, and shall indemnify each Beneficiary against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

7. **BENEFIT OF GUARANTEE**

7.1 **Benefit**

This Guarantee shall enure to the benefit of each Beneficiary and its (and any subsequent) successors and assigns, each of which shall be entitled severally to enforce this Guarantee against the Guarantor.

7.2 **Assignment**

The Guarantor shall not be entitled to assign or transfer all or any of their respective rights, benefits and obligations hereunder. Each Beneficiary shall be entitled to assign all or any of its rights and benefits hereunder.

8. **PARTIAL INVALIDITY**

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

9. **NOTICES**

9.1 **Address for notices**

All notices and other communications to the Guarantor hereunder shall be made in writing (by letter or email) and shall be sent to the Guarantor at:

DANFOSS POWER SOLUTIONS INC.

Address: 2800 East 13th Street
50010 Ames, IA
United States of America

Email: RMumm@Danfoss.com

Attention: Rodney Mumm

or to such other address, email address or for the attention of such other person or department as the Guarantor has notified to the relevant Beneficiaries in the manner

prescribed for the giving of notices in connection with the relevant Financial Indebtedness as applicable.

9.2 Effectiveness

Every notice or other communication sent in accordance with Clause 9.1 (*Address for notices*) shall be effective upon receipt by the Guarantor; *provided that* any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Guarantor.

10. CURRENCY INDEMNITY

If any sum due from the Guarantor under this Guarantee or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under this Guarantee or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Guarantor, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to this Guarantee, the Guarantor shall indemnify each Beneficiary on demand against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Beneficiary may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation from the other obligations under this Guarantee and shall give rise to a separate and independent cause of action.

11. LAW AND JURISDICTION

11.1 Governing law

This Guarantee and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Guarantee and the transactions contemplated hereby shall be governed by, and construed in accordance with, the law of the State of New York.

11.2 Consent to Jurisdiction

The Guarantor irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against any Beneficiary in any way relating to this Guarantee or the transactions relating hereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such federal court. The Guarantor and each Beneficiary agree that a final judgment in any such action, litigation or

proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guarantee shall affect any right that each Beneficiary may otherwise have to bring any action or proceeding relating to this Guarantee against the Guarantor or its properties in the courts of any jurisdiction. The Guarantor irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Guarantee in any court referred to herein. The Guarantor and each Beneficiary hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.1. Nothing in this Guarantee will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

11.3 WAIVER OF JURY TRIAL

THE GUARANTOR AND EACH BENEFICIARY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). THE GUARANTOR AND EACH BENEFICIARY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTEE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

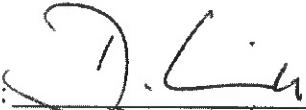
12. MODIFICATION

This Guarantee may be amended, and the observance of any term hereof may be waived (either retroactively or prospectively), with the written consent of the Guarantor and Danfoss and any such amendment or waiver shall be binding on all Beneficiaries.

[signatures on following page]

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

DANFOSS POWER SOLUTIONS INC.

By: 
Name: DANIEL LINTER
Title: CFO DANFOSS POWER SOLUTIONS