

TECUMSEH PRODUCTS COMPANY
Compensation Committee

CHARTER

Adopted by the Board of Directors: August 26, 2008

Purpose

The purpose of the Committee shall be to assist the Board of Directors of Tecumseh Products Company (the “Corporation”) in its oversight of the Corporation’s compensation policies and procedures.

In discharging its oversight role, the Committee shall have full access to all books, records, facilities and personnel of the Corporation and the power to retain outside counsel, compensation consultants or other advisors to assist it in fulfilling its responsibilities. The Corporation shall provide adequate resources to support the Committee’s activities, including compensation of the Committee’s counsel, consultants and other advisors. The Committee shall have the sole authority to retain, compensate, direct, oversee and terminate counsel, compensation consultants, and other advisors hired to assist the Committee, who shall be accountable ultimately to the Committee.

Authority and Responsibility

The functions set forth below shall be the common recurring activities of the Committee in carrying out its oversight purpose. These functions are set forth as a guide with the understanding that the Committee may divert from this guide as appropriate given the circumstances. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee’s purposes or assigned by the Board from time to time.

The Committee may form, and delegate any of its responsibilities to, a subcommittee so long as such subcommittee is solely comprised of one or more members of the Committee and such delegation is not otherwise inconsistent with law and applicable rules and regulations of the SEC and the Nasdaq Stock Market.

The Committee has the authority and responsibility to:

1. Establish and review the objectives of the Corporation’s executive compensation programs and its basic compensation policies.
2. Review and approve corporate goals and objectives relevant to the compensation of the Corporation’s officers, including annual and long-term performance goals and objectives.

3. Evaluate at least annually the performance of the Corporation's CEO and determine the salary of the CEO, subject to approval of the Board of Directors.
4. Review and approve any employment, compensation, benefit or severance agreement with any of the Corporation's officers, which shall be subject to approval by the Board of Directors where such agreement is with the CEO.
5. Each year, after consultation with the CEO, evaluate the performance of and determine and approve salaries for the Corporation's officers other than the CEO and for any other employees of the Corporation or any of its subsidiaries that have been determined by the Board of Directors to be "executive officers" for purposes of reporting under the Securities Exchange Act of 1934 (the "Exchange Act").
6. Constitute the "Compensation Committee" or the "Governance, Compensation, and Nominating Committee" as referred to in each of the Corporation's compensation plans for executives or directors, as each such plan has been and hereafter may be amended from time to time; and the Committee is hereby appointed by the Board of Directors to administer each such plan.
7. Administer all other present and future plans and programs under which the Corporation's executive officers or members of its Board of Directors are compensated, and authorize all awards made pursuant to such plans and programs, except for any plan or program that the Board of Directors expressly specifies is to be administered by a person or persons other than the Committee.
8. Periodically review the operation of the Corporation's executive and director compensation programs to determine whether they are fulfilling their purposes and consider and make recommendations to the Board of Directors concerning changes or new compensation programs the Committee believes would benefit the Corporation and its shareholders.
9. Review and discuss with management the Corporation's Compensation Discussion and Analysis disclosure required by Securities and Exchange Commission ("SEC") regulations and determine whether to recommend to the Board of Directors that it be included in the Corporation's proxy statement.
10. Prepare the report of the Committee required to be included in the Corporation's proxy statement, in accordance with applicable rules and regulations of the SEC and other applicable regulatory bodies.
11. Develop a policy on compensation consultant independence.
12. Present to the Board of Directors an annual performance evaluation of the Committee.

13. Review and assess the adequacy of this charter on a periodic basis, and recommend any proposed changes to the Board of Directors for approval.

Membership

The membership of the Committee will be comprised of at least three directors, designated by and serving at the pleasure of the Board. All members must be independent within the meaning of the applicable rules of the Nasdaq Stock Market and the standards set forth in the Corporation's Corporate Governance Guidelines. In addition, no director may serve unless he or she is a "Non-Employee Director" for purposes of Rule 16b-3 under the Exchange Act, and (ii) satisfies the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code.

Committee Meetings and Procedures

The Committee shall meet as often as it determines necessary, but not less than two times per year. Meetings of the Committee may be held telephonically. The Chairman of the Committee or a majority of the members of the Committee may call special meetings of the Committee, as circumstances require.

A majority of the members of the Committee will constitute a quorum for the transaction of business. Action of the Committee must be authorized by the affirmative votes of a majority of the members present at a meeting at which a quorum is present.

Chairman; Procedures

The Board of Directors may designate one of the Committee members as Chairman of the Committee, and if it does not, the Committee will select one of its members to serve as Chairman. A Chairman designated by the Board of Directors will serve at the pleasure of the Board, and a Chairman selected by the Committee will serve at the pleasure of the Committee. The Chairman will preside at all Committee meetings at which he or she is present. The Committee may fix its own rules of procedure so long as they do not conflict with the Corporation's articles of incorporation or bylaws, the resolutions establishing the Committee or state law.

Records and Reports

The Committee will keep a record of its proceedings and report them to the Board of Directors at such times as the Board may specify.