

TECUMSEH PRODUCTS COMPANY

Pension and Investment Committee Charter

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Overview

Tecumseh Products Company (“Company”) and its subsidiaries have established various defined benefit pension plans and retirement savings plans (see Exhibit A) which are qualified under Federal tax law and subject to Federal pension law. The Company has also established trusts (see Exhibit B) under which the assets set aside to fund obligations of those plans are held and managed.

The Company’s Board of Directors has delegated to the Pension Investment Committee (“Committee”) the responsibility to perform fiduciary functions and duties involving management or disposition of plan assets as conferred by plan documents or trust agreements together with such other responsibilities as may be expressly delegated to the Committee pursuant to any other valid delegation. However, the Committee’s responsibility shall not extend to control and management of the operation and administration of such plans as previously delegated (by Board resolution adopted May 24, 1995, to the Company’s President or its Vice President and Chief Financial Officer).

Committee’s functions and responsibilities:

- 1) Maintaining a funding policy for each plan, which
 -) establishes investment objectives and guidelines and
 -) establishes asset allocations to achieve objectives and to ensure adequate liquidity and asset diversification.
- 2) Determining (upon the recommendation of enrolled actuaries) actuarial standards applicable to plan funding as well as selecting and removing plan actuaries.
- 3) Determining investment authority and proxy voting authority among trustees, investment managers and any investments directed on behalf of the Company by the Committee.
- 4) Appointing and removing trustees and investment managers.
- 5) Monitoring and evaluating investment performance of trustees, investment managers and Committee-directed investments.
- 6) In the case of plans which permit participants to exercise investment control over their individual accounts (i) selecting, adding or removing investment funds, which funds may include funds that are managed by the trustee or an investment manager, as well as securities of an investment company or a similar investment fund and (ii) taking reasonable steps to assure compliance with Section 404(c) of ERISA.
- 7) Employing, monitoring and evaluating such clerical, legal, accounting, investment or other assistance as it deems necessary or appropriate for carrying out its responsibilities.
- 8) Providing liaison as needed to management and plan administrators with regard to matters which fall within or relate to the duties of this Committee in order to assist this Committee and such persons in the discharge of their duties with regard to the plans.

The Committee or any subcommittee may select a secretary, who need not be a Committee member. The Committee/subcommittee shall hold its meetings at such times and places as it may determine, may adopt and amend rules for the conduct of its business and except as may otherwise be provided by rules adopted by the Committee/subcommittee, make decisions and determinations by a majority of its members, including a writing signed by a majority of the Committee/subcommittee members which shall be as fully effective as if it had been made by a majority vote at a meeting duly called and held.

Delegation of Responsibilities

The Committee shall report to the Board of Directors periodically (but not less than annually) on the status of matters delegated to this Committee and upon this Committee's discharge of its duties.

The Committee is authorized to delegate to other responsible parties, including to a subcommittee or employees of the Company or subsidiary, any of the foregoing authorities. The Committee has made the following delegations to the Director of Employee Benefits under the Supervision of the Vice President and Chief Financial Officer:

- 1) Act as the liaison for communications between the Committee and the professional service providers retained by the Company
- 2) Play a major role in developing and recommending to the Committee a sound and consistent investment policy, including any ongoing required updates to the policy
- 3) Directly interface with investment managers to maintain asset allocation policy of each plan as directed by the Committee
 -) Clearly communicate the major duties and responsibilities of those accountable for achieving investment results
 -) Implement an investment performance measurement procedure and reporting system to facilitate the Pension Committee's ongoing review of investment performance.
- 4) Prepare materials for the Pension Committee to monitor and evaluate investment managers for:
 -) Compliance with investment policy and adherence to investment philosophies and process
 -) Significant changes in ownership, organizational structure, financial condition or senior personnel staffing of any investment manager
- 5) Monitor and evaluate the effectiveness of custodial services including significant changes in ownership, organizational structure, financial condition or senior personnel staffing of organizations
- 6) Coordinate from time to time the selection of investment managers (individual portfolio managers or commingled funds) and or custodian services

- 7) Provide all of the required analysis and information necessary to keep the Committee adequately informed as to the status of the trust investments.

COMMITTEE ADOPTION OF POLICY AND EFFECTIVE DATE

The Committee shall review the above-stated charter, as it deems necessary in determining the need for any modifications or amendments to this charter. This statement of Committee Charter was adopted by the Board in July, 2005 to be effective August 1, 2005.