

**TECUMSEH PRODUCTS COMPANY**  
**Governance, Compensation, and Nominating Committee**

**CHARTER**

*Adopted by the Board of Directors: January 28, 2004*

**Mission and Purpose**

The overall mission and purpose of the Governance, Compensation, and Nominating Committee is to seek to assist the Board of Directors in conducting the Corporation's business successfully and in a manner which will maximize the long-term benefit to its shareholders, including optimizing long-term financial success.

**Authority**

The Committee has authority to:

*Governance*

1. Actively develop and recommend to the Board of Directors strategies for achieving the Committee's mission and purpose.
2. Regularly monitor and report to the Board of Directors on the effectiveness of the Corporation's management policies and decisions, including management's execution of strategies developed pursuant to paragraph 1.
3. Annually report to the Board of Directors the Committee's assessment of the Board's performance in light of the Committee's mission and purpose. The Committee should provide this report after the financial statements for each fiscal year have been completed and at the same time as it presents its review of Board membership needs as described in paragraph 4. The report should be discussed with the full Board and should address the Board's contribution as a whole (rather than criticizing any particular directors), including discussion of specific areas where the Committee believes the Board's contribution could be improved.
4. Annually review with the Board of Directors the appropriate skills and characteristics required of Board members in the context of the then current composition and needs of the Board, including issues of diversity, age, and skills (such as understanding of marketing, manufacturing, international operations, and other important areas of the Corporation's business).

5. From time to time when requested by the Board of Directors, provide recommendations concerning other committees of the Board, including recommending committee members and chairs.

*Nominating*

6. Make recommendations to the Board of Directors concerning candidates for nomination to the Board of Directors, and in so doing, the Committee shall consider written shareholder suggestions for nominees (other than self-nominations) that the Corporation receives before December 31 of each year.

*Compensation*

7. Review the Corporation's general policies for compensating outside directors (considering, among other things, the policies of other comparable companies) and, if appropriate, make recommendations to the full Board concerning changes in those policies.

8. Each year, after consultation with the President, establish salaries for the Corporation's officers 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.

9. Constitute the "Committee" as defined in the Corporation's Management Incentive Plan, Voluntary Deferred Compensation Plan, Director Retention Phantom Stock Plan, and Director's Voluntary Deferred Compensation Plan.

10. Periodically review the operation of those plans and other 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.

11. Provide the Board of Directors with such other recommendations concerning compensation of officers, employees, and directors as the Board may from time to time request.

## **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, Inc.

## **Meetings**

Meetings of the Committee may be called by any member upon not less than one day's notice stating the place, date, and hour of the meeting. The notice may be written or oral and will be effective when received. Any member of the Committee may waive notice of any meeting, and no notice of any meeting need be given to any member who attends in person. The notice of meeting need not state the business proposed to be transacted.

## **Quorum and Voting**

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 or the resolutions establishing the Committee.

## **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.