

**TECUMSEH PRODUCTS COMPANY**  
**Compensation Committee**

**CHARTER**

*Amended, Restated and Adopted by the Board of Directors: September 23, 2013*

**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.

The Committee shall have direct, independent and confidential access to the Corporation’s other directors, management and personnel and all books, records and facilities of the Corporation to carry out the Committee’s purposes, and the Committee shall have authority to conduct or authorize investigations into any matters relating to the purposes, duties or responsibilities of the Committee.

**Authority and Responsibility**

The Committee is authorized to carry out the activities described below and other actions reasonably related to the Committee’s purposes or assigned by the Board from time to time.

The Committee has the authority and responsibility to:

1. Review the objectives and goals of the Corporation’s officer compensation programs and policies, including annual and long-term performance goals, and make recommendations to the Corporation’s Board of Directors (the “Board”) for determination.
2. Review any employment, compensation and benefits of any of the Corporation’s officers and make recommendations to the Board for determination.
3. Evaluate at least annually the performance of the Corporation’s Chief Executive Officer and recommend the salary and other compensation of the Chief Executive Officer to the Board for determination. The Chief Executive Officer may not be present during voting or deliberations on his or her compensation.
4. Each year, after consultation with the Chief Executive Officer, evaluate the performance of, and recommend to the Board for determination salaries and other compensation for, the Corporation’s officers other than the Chief Executive Officer and for any other employees of the Corporation or any of its subsidiaries that have been determined by the Board to be “executive officers” for purposes of reporting under the Securities Exchange Act of 1934 (the “Exchange Act”).

5. Constitute the “Compensation Committee”, the “Committee” or the “Governance, Compensation, and Nominating Committee” as referred to in each of the Corporation’s compensation plans for officers 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 to administer each such plan.
6. Administer all other present and future plans and programs under which the Corporation’s officers or members of its Board are compensated, and authorize all awards and the terms of those awards made pursuant to such plans and programs, except for any plan or program that the Board expressly specifies is to be administered by a person or persons other than the Committee.
7. Exercise oversight with respect to the Corporation’s compensation philosophy and the operation of the Corporation’s officer and director compensation programs to determine whether they are fulfilling their purposes and consider and make recommendations to the Board concerning changes or new compensation programs the Committee believes would benefit the Corporation and its shareholders.
8. Recommend to the Board for determination compensation for non-employee directors, committee chairpersons and committee members.
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 that it be included in the Corporation’s proxy statement.
10. Render 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. Meet at least annually to review incentive compensation arrangements to confirm that incentive pay arrangements do not encourage unnecessary risk-taking.
12. Review and reassess the adequacy of this charter on an annual basis, and recommend any proposed changes to the Board for approval.

#### **Additional Specific Authority and Responsibility Regarding Advisors**

The Committee shall also have the following specific responsibilities and authority:

1. The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other advisor.
2. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel or other adviser retained by the Committee.

3. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee.
4. The committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, only after taking into consideration the following factors: (i) the provision of other services to the Corporation by the person that employs the compensation consultant, legal counsel or other adviser, (ii) the amount of fees received from the Corporation by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser, (iii) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest, (iv) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee, (v) any stock of the Corporation owned by the compensation consultant, legal counsel or other adviser, and (vi) any business or personal relationship of the compensation consultant, legal counsel, other adviser or person employing the adviser with one of the Corporation's executive officers.

The above authority does not (i) require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the Committee, or (ii) affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of the duties of the Committee. The above independence assessment does not require that the compensation consultant, legal counsel or other compensation adviser be independent, only that the Committee consider the enumerated independence factors before selecting, or receiving advice from, a compensation adviser. The Committee is not required to conduct an independence assessment for a compensation adviser that acts in a role limited to the following activities for which no disclosure is required under Item 407(e)(3)(iii) of the SEC's Regulation S-K: (i) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Corporation and that is available generally to all salaried employees, and/or (ii) providing information that either is not customized for the Corporation or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

### **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 (i) be independent within the meaning of the applicable rules of the Nasdaq Stock Market, and (ii) not accept directly or indirectly any consulting, advisory or other compensatory fee from the Corporation or any subsidiary thereof. Compensatory fees shall not include (i) fees received as a member of the Committee, the Board or any other Board committee, or (ii) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation (provided that such compensation is not contingent in any way on continued service). In determining whether a director is eligible to serve on the Committee, the Board also

must consider whether the director is affiliated with the Corporation, a subsidiary of the Corporation or an affiliate of a subsidiary of the Corporation to determine whether such affiliation would impair the director's judgment as a member of the Committee.

Notwithstanding these requirements, on director who does not meet these requirements and is not currently an executive officer of the corporation, may be appointed to the Committee if the Board, under exceptional and limited circumstances, determines that such individual's membership on the Committee is required by the best interests of the Corporation and its shareholders, all in accordance with the rules of the Nasdaq Stock Market.

### **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 Chairperson 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.

### **Chairperson; Procedures**

The Board may designate one of the Committee members as Chairperson of the Committee, and if it does not, the Committee will select one of its members to serve as Chairperson. A Chairperson designated by the Board will serve at the pleasure of the Board, and a Chairperson selected by the Committee will serve at the pleasure of the Committee. The Chairperson 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 at such times as the Board may specify.