



Tecumseh

TECUMSEH PRODUCTS COMPANY CORPORATE GOVERNANCE GUIDELINES

These Corporate Governance Guidelines (the “Guidelines”) adopted by the Board of Directors are subject to future refinement or changes as the Board may find necessary or advisable for Tecumseh Products Company (the “Company”).

GENERAL PHILOSOPHY AND FUNCTIONS

1. **Board Philosophy.** The business and affairs of the Company are managed under the direction of, the Board. The Board of Directors is elected by the shareholders. To help fulfill its responsibilities and to discharge its duties, the Board of Directors has adopted these guidelines.
2. **Care.** The Company’s directors recognize their obligation to be properly informed. This requires preparation for board meetings, including the advance review of materials circulated to directors sufficiently in advance of meetings.
3. **Integrity and Conduct.** Each director is expected to adhere to the policies in the Company’s Code of Conduct for all Directors, Officers, and Employees. Any waiver of the requirements of the Code of Conduct for all Directors, Officers, and Employees for any director must be approved by the Board and promptly disclosed on the Company’s website.
4. **Confidentiality.** To the extent required by their fiduciary duty of loyalty, directors will keep confidential all non-public information obtained due to their directorship position absent the express or implied permission of the Board of Directors to disclose such information.
5. **Board Functions.** The Board also performs a number of specific functions, including:
 - selecting and compensating the Company’s officers and overseeing succession planning;
 - establishing or approving, reviewing and monitoring fundamental financial and business strategies and major corporate actions;

- overseeing the Company’s internal controls, including controls over risks facing the Company -- and reviewing options for their mitigation;
- overseeing processes for internal control over financial reporting and compliance with law and ethics; and
- performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulations.

BOARD COMPOSITION AND SELECTION

6. **Board Size.** The Board believes four to ten members is an appropriate size based on the Company’s present circumstances. The Board periodically evaluates whether a larger or smaller slate of directors would be preferable.
7. **Selection of Board Members.** All Board members are elected annually by the Company’s shareholders, except for Board action to fill vacancies. The Governance and Nominating Committee is responsible for recommending to the Board director candidates for nomination and election.

The Governance and Nominating Committee will consider candidates recommended by shareholders. Shareholders wishing to suggest director candidates should submit their suggestions in writing to the attention of the Corporate Secretary of the Company, providing the candidate’s name and qualifications for service as a Board member, a document signed by the candidate indicating the candidate’s willingness to serve if elected, evidence of the shareholder’s ownership of Company shares and the information set forth in Article IV, Section 2 of the Company’s Bylaws regarding notice of shareholder nominations. Recommendations received before December 31 will be considered for the following year’s annual meeting. The Governance and Nominating Committee will evaluate any candidates recommended by shareholders in the same manner that it evaluates candidates recommended by others.

8. **Board Membership Suitability.** In evaluating the suitability of individual nominees, the Board uses a subjective process that takes into account many factors, including understanding of the Company’s business, and the individual’s educational and professional background and personal accomplishments.
9. **Board Composition-Majority of Independent Directors.** The Board intends that a majority of its directors will be independent. In determining the independence of a director, the Board will apply the definition of “independent director” in the listing standards for the Nasdaq Stock Market and applicable laws and regulations.
10. **Term Limits.** The Board does not believe it should limit the number of terms for which an individual may serve as a director.

11. Selection of Chief Executive Officer, Chairman and Lead Director. The Board selects the Company's Chief Executive Officer and Chairman of the Board in the manner it determines to be in the best interests of the Company's shareholders. The Board does not have a policy as to whether the Chairman should be an independent director, a non-management director or a member of management. When the Chairman is a member of Company management or is not otherwise independent, the Board will designate an independent director to serve as the Lead Director.
12. Service on Other Boards and Audit Committees. Directors are asked to advise the Chairman of the Governance and Nominating Committee in advance of accepting an invitation to serve on another public company board of directors. Without specific approval from the Board, no director may serve on more than five public company boards (including the Company's Board), and no member of the Audit Committee may serve on more than three public company audit committees (including the Company's Audit Committee). In addition, a director who also serves as Chief Executive Officer or in an equivalent position of a public company generally should not serve on more than two public company boards, including the Company's Board, in addition to his or her employer's board. In calculating service on a public company board or audit committee, service on a board or audit committee of a parent and its substantially owned subsidiary counts as service on a single board or audit committee. Any Audit Committee member's service on more than three public company audit committees will be subject to the Board's determination that the member is able to serve effectively on the Company's Audit Committee. The Governance and Nominating Committee and the Board will take into account the nature of and time involved in a director's service on other boards in evaluating the suitability of individual directors and making its recommendations to Company shareholders. Service on boards and/or committees of other organizations should be consistent with the Company's conflict of interest policies.

BOARD MEETINGS; ACCESS TO SENIOR MANAGEMENT AND INDEPENDENT ADVISORS

13. Board Meetings-Frequency. The Board will generally have at least six regularly scheduled meetings per year and hold additional special meetings as necessary. Each director is expected to attend both scheduled and special meetings of the Board and of committees on which he or she serves, except if circumstances make attendance impractical.
14. Board Meetings-Agenda. The Chairman, along with the Lead Director if the Chairman is not an independent director, will set the agenda for each Board meeting, taking into account suggestions from the other members of the Board. The agenda will be distributed in advance to each director.
15. Advance Distribution of Materials. All information relevant to matters to be discussed at an upcoming Board meeting should be distributed in writing or

electronically to all members in advance whenever feasible. Each director is expected to review this information before the meeting to facilitate the efficient use of meeting time.

16. Access to Employees. The Board should have access to Company employees in order to ensure that directors can ask all questions and obtain all information necessary to fulfill their duties. Management is encouraged to invite Company personnel to any Board meeting at which their presence and expertise would help the Board have a full understanding of matters being considered.
17. Access to Independent Advisors. The Board and its committees have the right at any time to retain independent outside auditors and financial, legal, or other advisors, and the Company will provide appropriate funding, as determined by the Board or any committee, to compensate those independent outside auditors or advisors, as well as to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out their duties. If the Chairman is not an independent director, the Lead Director shall assist the Board in identifying and recommending the retention of such advisors.
18. Executive Sessions of Independent and Non-Management Directors. At least two times per year, the independent directors shall meet in executive session without members of management or non-independent directors present. Executive sessions will be called and chaired by the Lead Director if there is a Lead Director or by the Chairman if he or she is an independent director. Executive session discussions may include such topics as the independent and non-management directors determine.

COMMUNICATIONS WITH SHAREHOLDERS AND OTHERS/ANNUAL MEETINGS

19. Shareholder Communications to the Board. Shareholders may send communications to the Board of Directors, the Chairman, the Lead Director or the Audit Committee by mailing them to:

Board of Directors
c/o General Counsel & Secretary
Tecumseh Products Company
1136 Oak Valley Drive
Ann Arbor, MI 48108

Shareholders may also email communications to the Board by using the email address provided on the Company's website.

The Board has asked the General Counsel & Secretary to review communications and, after consulting with the Chairman if she thinks it advisable, to forward the communication to the person she deems appropriate to deal with it. She will also provide a copy of each communication to the Lead Director. The General Counsel

& Secretary reviews communications to ensure that inappropriate matters such as marketing materials and non-substantive matters are removed.

Concerns about questionable accounting or auditing matters or possible violations of the Company's Code of Conduct or Code of Ethics for Financial Managers should be reported using the procedures described in the Ethics Reporting Policy available on the Company's web site at www.tecumseh.com.

20. Attendance at Annual Meeting. Each director is encouraged to attend the Company's annual meeting of shareholders.

SUCCESSION PLANNING

21. Succession Planning. As part of the annual officer evaluation process, the Board, and in particular the Governance and Nominating Committee, should work with the Chief Executive Officer to develop plans relating to Chief Executive Officer succession, including plans for interim succession for the Chief Executive Officer in the event of an unexpected occurrence.

COMPENSATION

22. Board Compensation Philosophy. The Company believes in establishing a market competitive, non-employee director compensation program. Compensation should consist partly of guaranteed elements and partly of elements providing an opportunity to earn additional compensation based on the Company's performance.

COMMITTEES

23. Number and Types of Committees. The Board has four standing committees: the Audit Committee, the Governance and Nominating Committee, the Compensation Committee, and the Strategic Operations Committee. The Board may add new committees or remove existing committees as it deems advisable (subject to applicable state law and regulations of the Securities and Exchange Commission and rules of the Nasdaq Stock Market). Each committee performs the duties assigned to it in its charter, in the Board resolution establishing the committee and as otherwise may be determined by the Board.

The duties of the Audit Committee, the Governance and Nominating Committee and the Compensation Committee are described in their charters, which can be viewed on the Company's web site.

24. Composition of Committees; Committee Chairs. The Audit Committee, Governance and Nominating Committee and Compensation Committee consist solely of independent directors. The Board is responsible for the appointment of committee members and committee chairs.

25. Committee Meetings and Agendas. The chair of each committee, working in cooperation with the appropriate members of management, is responsible for setting the agendas for committee meetings. The chair and committee members determine the frequency and length of committee meetings consistent with the Board resolutions establishing each committee.

MISCELLANEOUS

26. Insurance and Indemnification. The Company purchases reasonable directors' and officers' liability insurance, as determined by the Board after consulting with management, for the benefit of its directors and management. In addition, directors and management are entitled to indemnification to the fullest extent permitted by Michigan law and the Company's Articles of Incorporation.
27. Say on Pay Policy: At each annual meeting of shareholders, shareholders will have the opportunity to vote on a resolution calling for a non-binding advisory vote on the executive compensation policies and procedures employed by the Company and the Board as described in the Company's proxy statement. The outcome of the shareholder advisory vote will be considered by the Board and the Compensation Committee as they consider compensation policies and procedures going forward.
28. Review of Governance Guidelines. The practices memorialized in these guidelines have developed over a period of years. The Board expects to review these guidelines from time to time as appropriate.

Revised as of: *June 29, 2010*