UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

TECOGEN INC.

(Exact name of Registrant as specified in its charter)

Delaware	**3585**	**04-3536131**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Tecogen Inc.
45 First Avenue
Waltham, MA 02451
(781) 622-1120
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

John N. Hatsopoulos
Chief Executive Officer
Tecogen Inc.
45 First Avenue
Waltham, MA 02451
(781) 622-1120/Fax: (781) 622-1027
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Copy to:
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Boston, MA 02109
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As soon as practicable after the effective date of this Registration Statement.
(Approximate date of commencement of proposed sale to the public)

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: ☑
If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐
If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐
If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer: ☐ Accelerated filer: ☐ Non-accelerated filer: ☐ Smaller reporting company: ☑

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered [1]	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock	35,381,768	$ 0.80	$ 28,305,414	$ 3,244

[1] The offering price is the stated, fixed price of $0.80 per share until the securities are quoted on the OTC Bulletin Board, a national, or international securities exchange for the purpose of calculating the registration fee pursuant to Rule 457. This amount is only for purposes of determining the registration fee, the actual amount received by a selling stockholder will be based upon fluctuating market prices once the securities are quoted on the OTC Bulletin Board, a national, or international securities exchange. The shares being registered hereby consist of 35,381,768 outstanding shares.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 22, 2011

PROSPECTUS

35,381,768 SHARES OF COMMON STOCK

Initial Public Offering

This prospectus relates to the resale of up to 35,381,768 shares of Tecogen Inc. Common Stock. These shares will be resold from time to time by the investors listed in the section titled "Selling Security Holders", and we refer to the investors as the selling stockholders. The selling stockholders do not include any of our directors, officers or 10% holders and this prospectus may not be used by any such person or entity. We are not selling any securities under this prospectus and therefore will not receive any proceeds from the sale of securities by the selling stockholders. All costs associated with this registration will be borne by us.

We currently lack a public market for our Common Stock. Selling stockholders will sell at a price of $0.80 per share until such time as our shares may be quoted on the OTC Bulletin Board or listed on a national or international securities exchange and thereafter at prevailing market prices or privately negotiated prices. The proposed maximum aggregate offering price is $28,305,414.

You should rely only on the information provided in this prospectus or any supplement to this prospectus. We have not authorized anyone else to provide you with different information. Neither the delivery of this prospectus nor any distribution of the shares of Common Stock pursuant to this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus.

A current prospectus must be in effect at the time of the sale of the shares of Common Stock discussed above. The selling stockholders will be responsible for any commissions or discounts due to brokers or dealers. We will pay all of the other offering expenses.

Each selling stockholder or dealer selling the Common Stock is required to deliver a current prospectus upon the sale. In addition, for the purposes of the Securities Act of 1933, as amended, or the Securities Act, selling stockholders may be deemed underwriters.

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD PURCHASE SHARES ONLY IF YOU CAN AFFORD A COMPLETE LOSS. WE URGE YOU TO READ THE "RISK FACTORS" SECTION BEGINNING ON PAGE 4, ALONG WITH THE REST OF THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION, OR THE SEC, NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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You should rely only on the information contained in this Prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. No offers are being made hereby in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this Prospectus is accurate only as of the date on the cover. Our business, financial condition, results of operations and prospects may have changed since that date.

Unless otherwise indicated, information contained in this Prospectus concerning our industry, including our market opportunity, is based on information from independent industry analysts, third-party sources and management estimates. Management estimates are derived from publicly-available information released by independent industry analysts and third party sources, as well as data from our internal research, and are based on assumptions made by us using data and our knowledge of such industry and market, which we believe to be reasonable. In addition, while we believe the market opportunity information included in this Prospectus is generally reliable and is based on reasonable assumptions, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the heading “Risk Factors.”

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. It is not complete and does not contain all of the information that you should consider before investing in our Common Stock. You should read the entire prospectus carefully, especially the risks of investing in our Common Stock discussed under "Risk Factors" and our consolidated financial statements and accompanying notes. In this prospectus, unless the context otherwise requires, "Tecogen," "Company," "we," "us," or "our," refer to Tecogen Inc. and its subsidiaries.

Tecogen Inc. designs, manufactures and sells industrial and commercial cogeneration systems that produce combinations of electricity, hot water and air conditioning using automobile engines that have been specially adapted to burn natural gas. Our reliable and efficient cogeneration systems reduce energy costs, decrease greenhouse gas emissions and decrease reliance on utility-generated electricity. Cogeneration systems are efficient because in addition to supplying electric power or mechanical power for cooling, they recover engine heat to produce heat and hot water. We produce standardized, modular, small-scale products, with a limited number of product configurations, that are adaptable to multiple applications. We refer to these combined heat and power products as CHP.

The Company manufactures and supports two types of CHP products:

- Cogeneration units that supply electricity and heat, and
- Chillers that provide air-conditioning and heat or hot water

Tecogen's CHP technology uses a low-cost, mass-produced, internal combustion engine manufactured by General Motors Company. We modify the engine to run on natural gas instead of gasoline, and it has a proven track record of reliability in commercial CHP systems. To produce electricity, the engine drives a generator. To produce air-conditioning, the engine drives a compressor. The working engine gives off heat, which is captured by a heat exchanger that feeds it into the building's hot-water or space-heating system.

Tecogen's products are sold directly to end-users by the Company's in-house marketing team and by established sales agents and representatives. Various agreements are in place with distributors and sales representatives, including three affiliated companies. The Company's existing customers include hospitals and nursing homes, colleges and universities, health clubs and spas, hotels and motels, office and retail buildings, food and beverage processors, multi-unit residential buildings, laundries, ice rinks, swimming pools, factories, municipal buildings, and military installations. Tecogen has an installed base of more than 2,100 units. Many of these have been operating for almost 25 years.

Environmental concerns, economic viability, the country's vast natural gas reserves, policy initiatives, and social responsibility all are factors driving the need for increased use of reliable, clean, and efficient on-site natural gas cogeneration systems with integral heat recovery.

In 2009 Tecogen created a majority-owned subsidiary, Ilios Inc., or Ilios, to develop and distribute a line of ultra-high-efficiency heating products, including a high efficiency water heater. These products provide twice the efficiency of conventional commercial and industrial boilers, based on management estimates, utilizing advanced thermodynamic principles. As of the date of this prospectus, Tecogen owns a 64.6% interest in Ilios.

The Company employs 54 active full-time employees and four part-time employees. The Company's corporate, engineering and manufacturing operations are located in a 24,000 square foot facility in Waltham, Massachusetts.

Tecogen was formed in the early 1960's as the Research and Development New Business Center of Thermo Electron Corporation (which is now Thermo Fisher Scientific Inc.), or Thermo Electron, and in 2000 Tecogen was sold to private investors including Thermo Electron's original founders, Dr. George N. Hatsopoulos and John N. Hatsopoulos. We were incorporated in the State of Delaware on November 15, 2000. Our business and registered office is located at 45 First Avenue, Waltham, MA 02451. Our telephone number is 781-466-6400. Our Internet address is http://www.tecogen.com. The information on, or that may be accessed through, our website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

THE OFFERING

Securities being offered:	Up to 35,381,768 shares of Common Stock.
Common Stock to be outstanding after this offering:	53,993,882 shares
Offering price:	The offering price of the Common Stock is $0.80 per share. There is no public market for our Common Stock. We cannot give any assurance that the shares offered will have a market value, or that they can be resold at the offered price if and when an active secondary market might develop, or that a public market for our securities may be sustained even if developed. The absence of a public market for our stock will make it difficult to sell shares. We intend to apply to the over-the-counter bulletin board, through a market maker that is a licensed broker dealer, to allow the trading of our Common Stock upon our becoming a reporting entity under the Exchange Act. If our Common Stock becomes so quoted and a market for the stock develops, the actual price of stock will be determined by prevailing market prices at the time of sale or by private transactions negotiated by the selling stockholders. The offering price would thus be determined by market factors and the independent decisions of the selling stockholders.
Securities issued and to be issued:	53,993,882 shares of our Common Stock are issued and outstanding as of the date of this prospectus, 35,381,768 of which are being offered pursuant to this prospectus. Because all of the Common Stock to be sold under this prospectus will be sold by existing shareholders, there will be no increase in our issued and outstanding shares as a result of this offering.
Use of proceeds:	We will not receive any proceeds from the sale of the Common Stock by the selling stockholders.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated statements of operations data for each of the years ended December 31, 2010 and 2009 have been derived from our audited consolidated financial statements that are included elsewhere in this prospectus. The summary consolidated balance sheet data as of September 30, 2011 and the summary consolidated statements of operations data for each of the nine months ended September 30, 2011 and 2010 have been derived from our unaudited condensed consolidated financial statements that are included elsewhere in this prospectus. You should read this information together with the consolidated financial statements and related notes and other information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. Operating results for the nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ended December 31, 2011.

	December 31,		Nine Months Ended September 30,	
Consolidated Statement of Operations Data:	2010	2009	2011	2010
			(unaudited)	(unaudited)
Revenues	$ 11,311,229	$ 11,776,241	$ 8,714,228	$ 9,021,818
Cost of sales	6,597,205	6,864,086	4,818,318	5,289,986
Gross profit	4,714,024	4,912,155	3,895,910	3,731,832
Operating expenses				
General and administrative	4,973,794	4,919,023	4,495,533	3,487,754
Selling	290,505	534,957	381,617	428,289
	5,264,299	5,453,980	4,877,150	3,916,043
Loss from operations	(550,275)	(541,825)	(981,240)	(184,211)
Other income (expense)				
Interest and other income	23,574	22,581	25,262	14,859
Interest expense	(37,280)	(63,514)	(22,492)	(30,728)
	(13,706)	(40,933)	2,770	(15,869)
Loss before income taxes	(563,981)	(582,758)	(978,470)	(200,080)
Provision for state income taxes	-	-	-	-
Consolidated net loss	(563,981)	(582,758)	(978,470)	(200,080)
Less: Loss attributable to the noncontrolling interest	208,673	117,161	192,359	123,772
Net loss attributable to Tecogen Inc.	(355,308)	(465,597)	(786,111)	(76,308)
Net loss per share - basic and diluted	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.00)
Weighted average shares outstanding - basic and diluted	45,882,631	44,131,903	47,721,641	45,492,967

	December 31,		September 30,	
Consolidated Balance Sheet Data:	2010	2009	2011	2010
			(unaudited)	(unaudited)
Cash and cash equivalents	$ 1,913,173	$ 1,244,681	$ 1,712,864	$ 1,191,614
Working capital	2,324,501	2,046,998	2,667,330	2,155,402
Total assets	5,876,422	5,318,976	6,441,401	5,742,216
Total liabilities	2,884,743	3,019,046	3,355,500	2,937,954
Stockholders' equity	$ 2,991,679	$ 2,299,930	$ 3,085,901	$ 2,804,262

RISK FACTORS

The securities offered herein are highly speculative and should only be purchased by persons who can afford to lose their entire investment in us. You should carefully consider the following risk factors and other information in this prospectus before deciding to become a holder of our Common Stock. If any of the following risks actually occur, our business and financial results could be negatively affected to a significant extent.

Risks Relating to our Business

Our business faces many risks. The risks described below may not be the only risks we face. Additional risks that we do not yet know of, or that we currently think are immaterial, may also impair our business operations or financial results. If any of the events or circumstances described in the following risks occurs, our business, financial condition or results of operations could suffer and the trading price of our Common Stock could decline. Investors and prospective investors should consider the following risks and the information contained under the heading ‘‘Warning Concerning Forward-Looking Statements’’ before deciding whether to invest in our Common Stock.

Our operating history is characterized by net losses. We anticipate further losses, and we may never become profitable.

For each of our last five fiscal years and prior thereto, we have incurred annual operating losses. We expect this trend to continue until such time that we can sell a sufficient number of systems and achieve a cost structure to become profitable. We may not have adequate cash resources to reach the point of profitability, and we may never become profitable. Even if we do achieve profitability, we may be unable to increase our sales and sustain or increase our profitability in the future.

We may be unable to fund our future operating requirements, which could force us to curtail our operations.

To the extent that our funds are insufficient to fund our future operating requirements, we would need to raise additional funds, through further public or private equity or debt financings depending upon prevailing market conditions. These financings may not be available, or if available, may be on terms that are not favorable to us and could result in dilution to our stockholders and reduction of the trading price of our stock. The state of worldwide capital markets could also impede our ability to raise additional capital on favorable terms or at all. If adequate capital were not available to us, we likely would be required to significantly curtail our operations or possibly even cease our operations.

If we experience growth in our business, our production capabilities or operational, financial and management information systems may become inadequate, which would impair our results of operations.

If we are successful in executing our business plan, we will experience growth in our business that could place a significant strain on our business operations, management and other resources. Our ability to manage such growth would require us to expand our production capabilities, continue to improve our operational, financial and management information systems, and to motivate and effectively manage our employees. We cannot provide assurance that our systems, procedures and controls or financial resources will be adequate, or that our management would keep pace with the growth that may occur.

The execution of our growth strategy is dependent upon the continued availability of third-party financing arrangements for our customers and is affected by general economic conditions.

The recent recessionary condition of the general economy and limited availability of credit and liquidity could materially and adversely affect our business and results of operations. Purchasers of our systems may require third party financing. Given the recent recession and the restricted credit markets, certain of our customers may be unable or unwilling to finance the cost to purchase our products or may be forced to cancel previously submitted orders or delay taking shipment until suitable credit is again available. Collecting payment from customers facing liquidity challenges may also be difficult. These factors could materially and adversely affect our business and financial condition.

We expect significant competition for our products and services.

Many of our competitors and potential competitors are well established and have substantially greater financial, research and development, technical, manufacturing and marketing resources than we do. Some of our competitors and potential competitors are much larger than we are. If these larger competitors decide to focus on the development of distributed power or cogeneration, they have the manufacturing, marketing and sales capabilities to complete research, development and commercialization of these products more quickly and effectively than we can. There can also be no assurance that current and future competitors will not develop new or enhanced technologies or more cost-effective systems. There can be no assurance that we will be successful in this competitive environment.

If we are unable to maintain our technological expertise in design and manufacturing processes, we will not be able to successfully compete.

We believe that our future success will depend upon our ability to develop and provide innovative products that meet the changing needs of our customers. This requires that we successfully anticipate and respond to technological changes in design and manufacturing processes in a cost-effective and timely manner. As a result, we continually evaluate the advantages and feasibility of new product design and manufacturing processes. We cannot, however, assure you that our process improvement efforts will be successful. The introduction of products embodying new technologies and shifting of customer demands or changing industry standards could render our existing products obsolete and unmarketable. Our future success will depend upon our ability to continue to develop and introduce a variety of new products and product enhancements to address the increasingly sophisticated needs of our customers. We may experience delays in releasing new products and product enhancements in the future. Material delays in introducing new products or product enhancements may cause customers to forego purchases of our products and purchase those of our competitors.

We are dependent on third-party suppliers for the supply of key components for our products.

We use third-party suppliers for components in many of our systems. From time to time, shipments can be delayed because of industry-wide or other shortages of necessary materials and components from third-party suppliers. A supplier's failure to supply components in a timely manner, or to supply components that meet our quality, quantity or cost requirements, or our inability to obtain substitute sources of these components on a timely basis or on terms acceptable to us, could impair our ability to deliver our products in accordance with contractual obligations.

We may not be able to maintain the confidentiality of our proprietary knowledge.

In addition to our patent rights, we also rely on treatment of our technology as trade secrets through confidentiality agreements, which our employees and vendors are required to sign. Our employees have agreed not to disclose any trade secrets or confidential information without our prior written consent. We also rely on non-disclosure agreements with others that have or may have access to confidential information to protect our trade secrets and proprietary knowledge. These agreements may be breached, and we may not have adequate remedies for any breach. Our trade secrets may also be or become known without breach of these agreements or may be independently developed by competitors. Failure to maintain the proprietary nature of our technology and information could harm our results of operations and financial condition.

Others may assert that our technology infringes their intellectual property rights.

We believe that we do not infringe the proprietary rights of others and, to date, no third parties have asserted an infringement claim against us, but we may be subject to infringement claims in the future. The defense of any claims of infringement made against us by third parties could involve significant legal costs and require our management to divert time from our business operations. Although we currently pay certain royalties, if we are unsuccessful in defending any claims of infringement, we may be forced to obtain licenses or to pay additional royalties to continue to use our technology. We may not be able to obtain any necessary licenses on commercially reasonable terms or at all. If we fail to obtain necessary licenses or other rights, or if these licenses are costly, our operating results may suffer either from reductions in revenues through our inability to serve customers or from increases in costs to license third-party technologies.

Our success is dependent upon attracting and retaining highly qualified personnel and the loss of key personnel could significantly hurt our business.

To achieve success, we must attract and retain highly qualified technical, operational and executive employees. The loss of the services of key employees or an inability to attract, train and retain qualified and skilled employees, specifically engineering, operations and business development personnel, could result in the loss of business or could otherwise negatively impact our ability to operate and grow our business successfully.

If we experience a period of significant growth or expansion, it could place a substantial strain on our resources.

If our cogeneration and chiller products achieve rapid market penetration, we may be required to deliver even larger volumes of technically complex products or components to our customers on a timely basis at reasonable costs to us. We have limited experience in ramping up our manufacturing capabilities to meet large-scale production requirements and delivering large volumes of our power control products. If we were to commit to deliver large volumes of our power control products, we cannot assure you that we will be able to satisfy large-scale commercial production on a timely and cost-effective basis or that such growth will not strain our operational, financial and technical resources.

Our business is subject to product liability and warranty claims.

Our business exposes us to potential product liability claims, which are inherent in the manufacturing, marketing and sale of our products, and we may face substantial liability for damages resulting from the faulty design or manufacture of products or improper use of products by end users. We currently maintain a moderate level of product liability insurance, and there can be no assurance that this insurance will provide sufficient coverage in the event of a claim. Also, we cannot predict whether we will be able to maintain such coverage on acceptable terms, if at all, or that a product liability claim would not harm our business or financial condition. In addition, negative publicity in connection with the faulty design or manufacture of our products would adversely affect our ability to market and sell our products.

We sell our products with warranties. There can be no assurance that the provision in our financial statements for estimated product warranty expense will be sufficient. We cannot ensure that our efforts to reduce our risk through warranty disclaimers will effectively limit our liability. Any significant incurrence of warranty expense in excess of estimates could have a material adverse effect on our operating results, financial condition and cash flow. Further, we have at times undertaken programs to enhance the performance of units previously sold. These enhancements have at times been provided at no cost or below our cost. If we choose to offer such programs again in the future, such actions could result in significant costs.

Businesses and consumers might not adopt cogeneration solutions as a means for obtaining their electricity and power needs.

On-site distributed power generation solutions, such as ours, provide an alternative means for obtaining electricity and are relatively new methods of obtaining electrical power that businesses may not adopt at levels sufficient to grow our business. Traditional electricity distribution is based on the regulated industry model whereby businesses and consumers obtain their electricity from a government regulated utility. For alternative methods of distributed power to succeed, businesses and consumers must adopt new purchasing practices and must be willing to rely upon less traditional means of purchasing electricity. We cannot assure you that businesses and consumers will choose to utilize on-site distributed power at levels sufficient to sustain our business in this area. The development of a larger market for our products may be impacted by many factors which are out of our control, including, market acceptance, cost competitiveness, regulatory requirements and the emergence of newer, more competitive technologies and products. If a larger market fails to develop or develops more slowly than we anticipate, we may be unable to recover the losses we will have incurred to develop these products.

We operate in a highly regulated business environment, and changes in regulation could impose significant costs on us or make our products less economical, thereby affecting demand for our products.

Our products are subject to federal, state, local and foreign laws and regulations governing, among other things, emissions and occupational health and safety. Regulatory agencies may impose special requirements for the implementation and operation of our products or that may significantly affect or even eliminate some of our target markets. We may incur material costs or liabilities in complying with government regulations. In addition, potentially significant expenditures could be required in order to comply with evolving environmental and health and safety laws, regulations and requirements that may be adopted or imposed in the future. Furthermore, our potential utility customers must comply with numerous laws and regulations. The deregulation of the utility industry may also create challenges for our marketing efforts. For example, as part of electric utility deregulation, federal, state and local governmental authorities may impose transitional charges or exit fees, which would make it less economical for some potential customers to switch to our products. We can provide no assurances that we will be able to obtain these approvals and changes in a timely manner, or at all. Non-compliance with applicable regulations could have a material adverse effect on our business and financial condition. The market for electricity and cogeneration products is influenced by federal and state government regulations and policies. The deregulation and restructuring of the electric industry in the United States and elsewhere may cause rule changes that may reduce or eliminate some of the advantages of such deregulation and restructuring. We cannot determine how any deregulation or restructuring of the electric utility industry may ultimately affect the market for our products. Changes in regulatory standards or policies could reduce the level of investment in the research and development of alternative power sources, including our products. Any reduction or termination of such programs could increase the cost to our potential customers, making our systems less desirable, and thereby adversely affect our business and financial condition.

Utility companies or governmental entities could place barriers to our entry into the marketplace, and we may not be able to effectively sell our products.

Utility companies or governmental entities could place barriers on the installation of our products or the interconnection of the products with the electric grid. Further, they may charge additional fees to customers who install on-site generation or have the capacity to use power from the grid for back-up or standby purposes. These types of restrictions, fees or charges could hamper the ability to install or effectively use our products or increase the cost to our potential customers for using our systems. This could make our systems less desirable, thereby adversely affecting our revenue and other operating results. In addition, utility rate reductions make our products less competitive. The cost of electric power generation bears a close relationship to natural gas and other fuels. However, changes to electric utility tariffs often require lengthy regulatory approval and include a mix of fuel types as well as customer categories. Potential customers may perceive the resulting swings in natural gas and electric pricing as an increased risk of investing in on-site generation.

We depend upon the development of new products and enhancements of existing products.

Our operating results depend on our ability to develop and introduce new products, enhance existing products and reduce the costs to produce our products. The success of our products is dependent on several factors, including proper product definition, product cost, timely completion and introduction of the products, differentiation of products from those of our competitors, meeting changing customer requirements, emerging industry standards and market acceptance of these products. The development of new, technologically advanced products and enhancements is a complex and uncertain process requiring high levels of innovation, as well as the accurate anticipation of technological and market trends. There can be no assurance that we will successfully identify new product opportunities, develop and bring new or enhanced products to market in a timely manner, successfully lower costs and achieve market acceptance of our products, or that products and technologies developed by others will not render our products or technologies obsolete or noncompetitive.

We may not achieve production cost reductions necessary to competitively price our products, which would adversely affect our sales.

We believe that we will need to reduce the unit production cost of our products over time to maintain our ability to offer competitively priced products. Our ability to achieve cost reductions will depend on our ability to develop low cost design enhancements, to obtain necessary tooling and favorable supplier contracts and to increase sales volumes so we can achieve economies of scale. We cannot provide assurance that we will be able to achieve any such production cost reductions. Our failure to achieve such cost reductions could have a material adverse effect on our business and results of operations.

We have granted sales representation rights to an affiliated company which restricts our distribution.

We have granted to American DG Energy Inc., or American DG Energy, an affiliated company, sales representation rights to our products and services in certain areas. In New England, American DG Energy has exclusive sales representation rights to our cogeneration products. American DG Energy also has exclusive rights to our advanced emissions system if it is applied to engines from other CHP manufacturers used for their specific energy projects. In other words, American DG Energy could purchase CHP products from suppliers other than us and license that supplier to incorporate our proprietary advanced emissions system as long as the CHP system is owned and operated American DG Energy. As a result of those agreements we have no control over our distribution in certain areas and this could have a material adverse effect on our business and results of operations.

Commodity market factors impact our costs and availability of materials.

Our products contain a number of commodity materials, from metals, which include steel, special high temperature alloys, copper, nickel and molybdenum, to computer components. The availability of these commodities could impact our ability to acquire the materials necessary to meet our requirements. The cost of metals has historically fluctuated. The pricing could impact the costs to manufacture our products. If we are not able to acquire commodity materials at prices and on terms satisfactory to us or at all, our operating results may be materially adversely affected.

Our products involve a lengthy sales cycle and we may not anticipate sales levels appropriately, which could impair our results of operations.

The sale of our products typically involves a significant commitment of capital by customers, with the attendant delays frequently associated with large capital expenditures. For these and other reasons, the sales cycle associated with our products is typically lengthy and subject to a number of significant risks over which we have little or no control. We expect to plan our production and inventory levels based on internal forecasts of customer demand, which is highly unpredictable and can fluctuate substantially. If sales in any period fall significantly below anticipated levels, our financial condition, results of operations and cash flow would suffer. If demand in any period increases well above anticipated levels, we may have difficulties in responding, incur greater costs to respond, or be unable to fulfill the demand in sufficient time to retain the order, which would negatively impact our operations. In addition, our operating expenses are based on anticipated sales levels, and a high percentage of our expenses are generally fixed in the short term. As a result of these factors, a small fluctuation in timing of sales can cause operating results to vary materially from period to period.

The economic viability of our projects depends on the price spread between fuel and electricity, and the variability of the prices of these components creates a risk that our projects will be uneconomic.

The economic viability of our distributed generation products is dependent upon the price spread between fuel and electricity prices. Volatility in one component of the spread, the cost of natural gas and other fuels (e.g., propane or distillate oil) can be managed to a greater or lesser extent by means of futures contracts. However, the regional rates charged for both base load and peak electricity services may decline periodically due to excess capacity arising from over-building of utility power plants or recessions in economic activity. Any sustained weakness in electricity prices could significantly limit the market for our products.

We are exposed to credit risks with respect to some of our customers .

To the extent our customers do not advance us sufficient funds to finance our costs during the execution phase of our contracts, we are exposed to the risk that they will be unable to accept delivery or that they will be unable to make payment at the time of delivery.

We may make acquisitions that could harm our financial performance.

In order to expedite development of our corporate infrastructure, particularly with regard to equipment installation and service functions, we anticipate the future acquisition of complementary businesses. Risks associated with such acquisitions include the disruption of our existing operations, loss of key personnel in the acquired companies, dilution through the issuance of additional securities, assumptions of existing liabilities and commitment to further operating expenses. If any or all of these problems actually occur, acquisitions could negatively impact our financial performance and future stock value.

Our ability to access capital for the repayment of debts and for future growth is limited because the financial markets are currently in a period of disruption and recession and the Company does not expect these conditions to improve in the near future.

Our ability to continue to access capital could be impacted by various factors including general market conditions and the continuing slowdown in the economy, interest rates, the perception of our potential future earnings and cash distributions, any unwillingness on the part of lenders to make loans to us and any deterioration in the financial position of lenders that might make them unable to meet their obligations to us.

Our business is affected by general economic conditions and related uncertainties affecting markets in which we operate. The current economic conditions including the global recession could adversely impact our business in 2012 and beyond.

The current economic conditions including the global recession could adversely impact our business in 2012 and beyond, resulting in reduced demand for our products, increased rate of order cancellations or delays, increased risk of excess and obsolete inventories, increased pressure on the prices for our products and services; and greater difficulty in collecting accounts receivable.

Risks Related to Ownership of our Common Stock

We could issue additional Common Stock, which might dilute the book value of our Common Stock.

Our board of directors has the authority, without action or vote of our stockholders, to issue all or a part of any authorized but unissued shares. Such stock issuances may be made at a price that reflects a discount from the then-current trading price of our Common Stock. We may issue securities that are convertible into or exercisable for a significant amount of our Common Stock. These issuances would dilute your percentage ownership interest, which would have the effect of reducing your influence on matters on which our stockholders vote, and might dilute the book value of our Common Stock. You may incur additional dilution of net tangible book value if holders of stock options, whether currently outstanding or subsequently granted, exercise their options or if warrant holders exercise their warrants to purchase shares of our Common Stock. There can be no assurance that any future offering will be consummated or, if consummated, will be at a share price equal or superior to the price paid by our investors even if we meet our technological and marketing goals.

Our quarterly operating results are subject to fluctuations, and if we fail to meet the expectations of securities analysts or investors, our share price may decrease significantly.

Our annual and quarterly results may vary significantly depending on various factors, many of which are beyond our control. If our earnings do not meet the expectations of securities analysts or investors, the price of our stock could decline. Also, because our sales are primarily made on a purchase order basis, customers may generally cancel, reduce or postpone orders, resulting in reductions to our net sales and profitability.

Investment in our Common Stock is subject to price fluctuations and market volatility.

Historically, valuations of many small companies have been highly volatile. The securities of many small companies have experienced significant price and trading volume fluctuations, unrelated to the operating performance or the prospects of such companies.

Future sales of Common Stock by our existing stockholders may cause our stock price to fall.

The market price of our Common Stock could decline as a result of sales by our existing stockholders of shares of Common Stock in the market or the perception that these sales could occur. These sales might also make it more difficult for us to sell equity securities at a time and price that we deem appropriate and thus inhibit our ability to raise additional capital when it is needed.

Because we do not intend to pay cash dividends, our stockholders will receive no current income from holding our stock.

We have paid no cash dividends on our capital stock to date and we currently intend to retain all of our future earnings, if any, to fund the development and growth of our business. In addition, the terms of any future debt or credit facility may preclude us from paying these dividends. As a result, capital appreciation, if any, of our Common Stock will be your sole source of gain for the foreseeable future.

We are controlled by a small group of majority stockholders, and our minority stockholders will be unable to effect changes in our governance structure or implement actions that require stockholder approval, such as a sale of the Company.

George Hatsopoulos and John Hatsopoulos, who are brothers, beneficially own approximately 53.7% of our outstanding shares of Common Stock. These stockholders have the ability to control various corporate decisions, including our direction and policies, the election of directors, the content of our charter and bylaws and the outcome of any other matter requiring stockholder approval, including a merger, consolidation and sale of substantially all of our assets or other change of control transaction. The concurrence of our minority stockholders will not be required for any of these decisions.

There has been a material weakness in our disclosure controls and procedures and our internal control over financial reporting, which could harm our operating results or cause us to fail to meet our reporting obligations.

As of the end of the period covered by this report, our principal executive officer and principal accounting officer have performed an evaluation of controls and procedures and concluded that our controls were not effective to provide reasonable assurance that information required to be disclosed by our Company in reports that we file under the Exchange Act, is recorded, processed, summarized and reported as when required. Management conducted an evaluation of our internal control over financial reporting and based on this evaluation, management concluded that the company’s internal control over financial reporting was not effective as of September 30, 2011. The Company currently does not have personnel with a sufficient level of accounting knowledge, experience and training in the selection, application and implementation of generally acceptable accounting principles as it relates to complex transactions and financial reporting requirements. The Company also has a small number of employees dealing with general controls over information technology security and user access. This constitutes a material weakness in financial reporting. Any failure to implement effective internal controls could harm our operating results or cause us to fail to meet our reporting obligations. Inadequate internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock, and may require us to incur additional costs to improve our internal control system.

Trading of our Common Stock may be restricted by the SEC's, "penny stock" regulations which may limit a stockholder's ability to buy and sell our stock.

The SEC has adopted regulations which generally define "penny stock" to be any equity security that has a market price less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities may be covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and other quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statement showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure and suitability requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our capital stock. Trading of our capital stock may be restricted by the SEC's "penny stock" regulations which may limit a stockholder's ability to buy and sell our stock.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this prospectus, including statements regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management, are forward-looking statements. The words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

The forward-looking statements in this prospectus include, among other things, statements about:

- our future financial performance, including our revenue, cost of revenue, operating expenses and ability to achieve and maintain profitability;
- our ability to market, commercialize and achieve market acceptance for our combined heat and power systems or any other product candidates or products that we may develop;
- our ability to innovate and keep pace with changes in technology;
- the success of our marketing and business development efforts;
- our ability to maintain, protect and enhance our intellectual property;
- the effects of increased competition in our market;
- our ability to effectively manage our growth and successfully enter new markets; and
- the attraction and retention of qualified employees and key personnel.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this prospectus, particularly in the "Risk factors" section, that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement of which this prospectus is a part completely and with the understanding that our actual future results may be materially different from what we expect. The forward-looking statements contained in this prospectus are made as of the date of this prospectus, and we do not assume any obligation to update any forward-looking statements except as required by applicable law.

USE OF PROCEEDS

We will not receive any proceeds from the sale of shares of Common Stock by the selling stockholders which are offered in this prospectus.

DETERMINATION OF OFFERING PRICE

The offering price for the shares in this offering was determined by our management. In determining the initial public offering price of the shares we considered several factors including the following:

- our status of business development;
- our new business structure and operations;
- prevailing market conditions, including the history and prospects for our industry;
- our future prospects and the experience of our management; and
- our capital structure.

Therefore, the public offering price of the shares does not necessarily bear any relationship to established valuation criteria and may not be indicative of prices that may prevail at any time or from time to time in the public market for the Common Stock. You cannot be sure that a public market for any of our securities will develop and continue or that the securities will ever trade at a price at or higher than the offering price in this prospectus.

DILUTION

We are not selling any of the shares of our Common Stock in this offering. All of the shares sold in this offering will be held by the selling stockholders at the time of the sale, so that no dilution will result from the sale of the shares.

SELLING SECURITY HOLDERS

The 35,381,768 common shares being offered for resale pursuant to this registration statement, or Common Shares, may be sold from time to time for the account of the selling security holders named in the following table. However, the selling security holders are not obligated to sell any of our Common Shares offered by this prospectus.

Beneficial ownership is determined in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. Except as otherwise indicated, all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws. The information is not necessarily indicative of beneficial ownership for any other purpose. With respect to selling stockholders that are entities, the individuals who have voting or investment power over the shares, as indicated, disclaim beneficial ownership of the securities except for their pecuniary interest therein.

None of the selling stockholders is in the business of buying and selling securities. However, Mr. Michael Zuk is affiliated with Oppenheimer & Co. The aforementioned investor purchased the securities in the ordinary course of his personal investment activities (or for his investment accounts) and at the time of the purchase he did not have any agreements or understandings directly or indirectly with any person to distribute the securities. If any shares of our Common Stock are sold by the aforementioned investor pursuant to this prospectus, he will be an underwriter with respect thereto under the Securities Act. No other selling stockholders are themselves, or are affiliated with, a broker-dealer.

The table below contains information, to our knowledge, regarding each selling security holder's beneficial ownership of our Common Shares as of the date of this prospectus, and as adjusted to reflect the sale of the shares offered hereby, assuming that all of the shares offered hereby will be sold.

	Shares Beneficially Owned Prior to Offering		Shares Being	Shares Beneficially Owned After Offering	
Selling Stockholder	Number	Percentage	Offered (1)	Number (2)	Percentage
John N. Hatsopoulos (3) + #	14,875,350	27.55%	14,875,350	-	*
George N. Hatsopoulos (4) +	14,206,077	26.16%	14,206,077	-	*
RBC Cees Nominees Ltd. (5)	3,616,418	6.70%	2,847,188	769,230	1.42%
Nettlestone Enterprises Limited (6)	1,394,231	2.58%	625,000	769,231	1.42%
Southern California Gas Company (7)	769,231	1.42%	769,231	-	*
Robert A. Panora (8) #	653,400	1.21%	653,400	-	*
Charles T. Maxwell (9) +	300,000	*	300,000	-	*
John N. Hatsopoulos 1989 Family Trust f/b/o Nia Marie Hatsopoulos (10)	226,678	*	60,011	166,667	*
John N. Hatsopoulos 1989 Family Trust f/b/o Alexander Hatsopoulos (11)	226,678	*	60,011	166,667	*
Jeremy Benjamin	200,000	*	200,000	-	*
Martin J. McDonough (12)	200,000	*	200,000	-	*
Ahmed Ghoniem (13) +	100,000	*	100,000	-	*
Angelina Galiteva (14) +	100,000	*	100,000	-	*
Giordano Venzi	100,000	*	100,000	-	*
Michael Zuk, Jr. & Gayle Line Zuk (15)	70,000	*	20,000	50,000	*
Anthony S. Loumidis (16) #	60,000	*	60,000	-	*
Bonnie Brown (17) #	50,000	*	50,000	-	*
Ioannis Retsos	20,000	*	20,000	-	*
Jean Skeparnias	20,000	*	20,000	-	*
Sandro Reginelli	20,000	*	20,000	-	*
Vasileios Kakoulidis	20,000	*	20,000	-	*
Charlotte Maier	15,000	*	15,000	-	*
Fermin Alou	15,000	*	15,000	-	*
Franco Venzi	15,000	*	15,000	-	*
Nicola Bianchi	15,000	*	15,000	-	*
Stefano Venzi	10,000	*	10,000	-	*
Athanasios Kyranis	5,500	*	5,500	-	*
Total	37,303,563		35,381,768	1,921,795	

* Represents beneficial ownership of less than 1% of our outstanding Common Stock.
\+ Member of our Board of Directors.
\# Executive Officer

1. Shares beneficially owned by our security holders and offered hereby consist of 35,381,768 outstanding shares of Common Stock.
2. The number assumes each selling security holder sells all of its shares being offered pursuant to this prospectus.
3. Includes: (a) 225,000 shares of Common Stock, directly held by Mr. John N. Hatsopoulos; (b) 4,948,165 shares of Common Stock; held by John N. Hatsopoulos and his wife, Patricia L. Hatsopoulos, as joint tenants, each of whom share voting and investment power; (c) 5,742,750 shares of Common Stock held by John N. Hatsopoulos and his wife, Patricia L. Hatsopoulos, as joint tenants with rights of survivorship, each of whom share voting and investment power; and (d) 3,959,435 shares of Common Stock held by The John N. Hatsopoulos Family Trust 2008 for the benefit of: (1) Patricia L. Hatsopoulos, (2) Alexander J. Hatsopoulos, and (3) Nia Marie Hatsopoulos, for which Mr. John N. Hatsopoulos is the trustee. This amount does not include: (a) 333,334 shares of Common Stock issuable upon conversion of $100,000 principal amount of 6% convertible debentures; and (b) 120,022 shares of Common Stock held by The John N. Hatsopoulos 1989 Family Trust for the benefit of: (1) Alexander J. Hatsopoulos, and (2) Nia Marie Hatsopoulos, for whom Mr. Paris Nikolaidis is the trustee. Mr. Hatsopoulos disclaims beneficial ownership of the shares held by that trust. Mr. John N. Hatsopoulos is the Chief Executive Officer of the Company and a director.

4. Includes: (a) 5,968,504 shares of Common Stock, directly held by Dr. George N. Hatsopoulos; (b) 7,934,350 shares of Common Stock; held by Dr. Hatsopoulos and his wife, Daphne Hatsopoulos, as joint tenants, each of whom share voting and investment power; and (c) 303,223 shares of Common Stock issuable upon conversion of $90,967 principal amount of 6% convertible debentures. This amount does not include 2,272,391 shares held in the 1994 Hatsopoulos Family Trust for the benefit of Dr. and Mrs. Hatsopoulos' adult children, for whom Ms. Daphne Hatsopoulos and Mr. Gordon Erhlich are the trustees. Dr. Hatsopoulos disclaims beneficial ownership of the shares held by this trust. Dr. George N. Hatsopoulos is a director of the Company.
5. Includes 3,616,418 shares of Common Stock held by RBC cees Nominees Ltd. The address of RBC cees Nominees Ltd. is 19-21 Broad Street, St. Hellier, Jersey JE1 3PB, Channel Islands. Messrs. Gordon Campbell and Michael James Evans are the authorized signatories of the company and may be deemed to exercise voting and/or dispositive power with respect to these shares.
6. Includes 1,394,231 shares of Common Stock held by Nettlestone Enterprises Limited. The address of Nettlestone Enterprises Limited is P.O. Box 665 Roseneath, The Grange, St. Peter Port, Guernsey GY1-3SJ, Channel Islands. Messrs. M.T.R Betley, M.S Heyworth and J.R Plimley are the directors of the company and may be deemed to exercise voting and/or dispositive power with respect to these shares.
7. Includes 769,231 shares of Common Stock held by the Southern California Gas Company. The address of the company is 8326 Centura park court, San Diego, California, 92123, and the directors of that company are the authorized signatories and may be deemed to exercise voting and/or dispositive power with respect to these shares.
8. Includes 653,400 shares of Common Stock, directly held by Mr. Panora, who is the Chief Operating Officer and President of the Company.
9. Includes 300,000 shares of Common Stock, directly held by Mr. Maxwell, who is a director of the Company.
10. Includes: (a) 60,011 shares of Common Stock; and (b) 166,667 shares of Common Stock issuable upon conversion of $50,000 principal amount of 6% convertible debentures held by Paris and Aliki Nikolaidis as trustees for the John N. Hatsopoulos 1989 Family Trust for the benefit of Nia Marie Hatsopoulos. Mr. Hatsopoulos disclaims beneficial ownership of those shares.
11. Includes (a) 60,011 shares of Common Stock; and (b) 166,667 shares of Common Stock issuable upon conversion of $50,000 principal amount of 6% convertible debentures held by Paris and Aliki Nikolaidis as trustees for the John N. Hatsopoulos 1989 Family Trust for the benefit of Alexander J. Hatsopoulos. Mr. Hatsopoulos disclaims beneficial ownership of those shares.
12. Includes 200,000 shares of restricted stock issued to Mr. McDonough that vest 25%, 180 days after an initial public offering and then an additional 25% of the shares vesting on each of the subsequent four anniversaries.
13. Includes 100,000 shares of Common Stock, directly held by Dr. Ghoniem, who is a director of the Company.
14. Includes 100,000 shares of Common Stock, directly held by Ms. Galiteva, who is the Chairperson of the Board of the Company.
15. Includes 70,000 shares of Common Stock held by Mr. Michael Zuk & Gayle Line Zuk. Mr. Michael Zuk is affiliated with Oppenheimer & Co. The seller purchased the securities to be resold in the ordinary course of business and at the time of the purchase, the seller had no agreements or understandings directly or indirectly, with any person to distribute the securities.
16. Includes 60,000 shares of Common Stock, directly held by Mr. Loumidis, who is a Vice President and Treasurer of the Company.
17. Includes 50,000 shares of Common Stock, directly held by Ms. Brown, who is the Chief Financial Officer of the Company.

Except for the current directors and officers as set forth in this Section and in the footnotes to the table above, other than Mr. Paris Nikolaidis, a former director of the Company who resigned from our Board of Directors on July 15, 2010, none of the selling stockholders has held any position or office, or had any other material relationship with the company within the past three years. See "Certain Relationships and Related Transactions" for a discussion of certain of the selling security holder's relationship to us and our affiliates.

PLAN OF DISTRIBUTION

The selling security holders may, from time to time, sell, transfer, or otherwise dispose of any or all of their Common Shares on any stock exchange, market, or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices. The selling security holders will initially sell shares of our Common Stock at $.80 per share, until such time as shares of our Common Stock may be quoted on the OTC Bulletin Board or listed on a national or international securities exchange. The selling security holders may use any one or more of the following methods when disposing of their Common Shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with the selling security holders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted by applicable law

The selling security holders may, from time to time, pledge or grant a security interest in some or all of the Common Shares owned in their name and, if they default in the performance of the secured obligations, the pledgees or secured parties may offer and sell the Common Shares, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act to include the pledgee, transferee or other successors in interest as the selling security holders under this prospectus. The selling security holders also may transfer the Common Shares in other circumstances, in which case the transferees, pledges, or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of our Common Shares, the selling security holders may enter into hedging transactions with broker-dealers or other financial institutions and may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of Common Shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the selling security holders from the sale of the Common Shares offered by them will be the purchase price of the Common Shares less discounts or commissions, if any. The selling security holders reserve the right to accept and, together with their respective agents from time to time, to reject, in whole or in part, any proposed purchase of Common Shares to be made directly or through agents.

The selling security holders also may resell all or a portion of the Common Shares in transactions on the OTC Bulletin Board or a national or international securities exchange, if and when our shares are quoted on the OTC Bulletin Board or listed on a national or international securities exchange, in reliance upon Rule 144 under the Securities Act, provided that such transaction meets the criteria and conforms to the requirements of that rule.

Any underwriters, broker-dealers, or agents that participate in the sale of the Common Shares may be “underwriters” within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions, or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act.

To the extent required, the Common Shares to be sold, the name of the selling stockholder, the respective purchase prices and public offering prices, the names of any agent, dealer, or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the Common Shares may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the Common Shares may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling security holders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling security holders and their affiliates. In addition, to the extent applicable we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling security holders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling security holders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

DESCRIPTION OF SECURITIES TO BE REGISTERED

Up to 35,381,768 shares of our Common Stock may be sold by the selling security holders pursuant to this prospectus. The shares of common shares being offered for resale pursuant to this prospectus may be sold from time to time for the account of the selling security holders named in the *"Selling Security Holders"* section of this prospectus.

General

The following description of our capital stock and provisions of our amended and restated certificate of incorporation and bylaws are summaries and are qualified by reference to the charter and the bylaws that will be in effect upon the effectiveness of this registration statement. These documents are filed as exhibits hereto.

Upon the effectiveness of this registration statement, our authorized capital stock will consist of 100,000,000 shares of Common Stock, par value $0.001 per share.

The following description summarizes information about our capital stock. You can obtain more comprehensive information about our capital stock by reviewing our certificate of incorporation and bylaws as well as the Delaware General Corporation Law.

Common Stock

General. As of the date of this prospectus, there were 53,993,882 shares of our Common Stock outstanding, held of record by 106 stockholders.

Voting Rights. Each holder of Common Stock is entitled to one vote per share on all matters properly submitted to a vote of the stockholders, including the election of directors. Our charter will not provide for cumulative voting rights. Because of this, but subject to the rights of any then outstanding shares of preferred stock, the holders of a majority of the shares of Common Stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose. An election of directors by our stockholders is determined by a plurality of the votes cast by stockholders entitled to vote on the election.

Dividends. Subject to preferences that may be applicable to any then outstanding preferred stock, the holders of our outstanding shares of Common Stock are entitled to receive dividends, if any, as may be declared from time to time by our Board of Directors out of legally available funds.

Liquidation. In the event of our liquidation, dissolution or winding up, holders of Common Stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities, subject to the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock.

Rights and Preferences. Holders of our Common Stock have no preemptive, conversion or subscription rights, and there are no redemption or sinking fund provisions applicable to our Common Stock with the exception of the investment of Southern California Gas Company on June 13, 2011, which has certain stockholder rights and a redemption right whereby the investor may redeem the shares for cash until the earlier of, the initiation of a public offering of the Company by filing a registration statement with the SEC, or five years, whatever comes first. The rights, preferences and privileges of holders of Common Stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Stock Options

As of September 30, 2011, we had 4,401,000 options outstanding under our Stock Plan, each with a weighted average exercise price of $0.47 per share.

Warrants

As of September 30, 2011, there were no warrants outstanding.

Registration Rights

The Company is not a party to any registration rights agreements.

Delaware Anti-Takeover Law and Charter and Bylaws Provisions

Delaware Anti-Takeover Law. We are subject to Section 203 of the Delaware General Corporation Law. Section 203 of that law generally prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the interested stockholder attained such status with the approval of our Board of Directors, the business combination is approved in a prescribed manner or the interested stockholder acquired at least 85% of our outstanding voting stock in the transaction in which it became an interested stockholder. A "business combination" includes, among other things, a merger or consolidation involving us and the "interested stockholder" and the sale of more than 10% of our assets. In general, an "interested stockholder" is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

Certificate of Incorporation and Bylaws. Provisions of our certificate of incorporation and bylaws may delay or discourage transactions involving an actual or potential change of control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our Common Stock if and when it becomes tradable. Among other things, our charter and bylaws:

- authorize the issuance of "blank check" preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval;
- eliminate the ability of stockholders to call a special meeting of stockholders; and
- establish advance notice requirements for nominations for election to the Board of Directors or for proposing matters that can be acted upon at stockholder meetings.

The amendment of any provisions of our charter by the stockholders would require the approval of the holders at least two-thirds of our then outstanding Common Stock. Our by-laws may be amended or repealed by a majority vote of our Board of Directors or by the affirmative vote of the holders of at least two-thirds of our then outstanding Common Stock.

Over-the-Counter (OTC) Bulletin Board and National or International Securities Exchange

Following the effectiveness of this registration statement, we intend to arrange for the quotation of our Common Stock on the OTC Bulletin Board or the listing of our Common Stock on a national or international securities exchange.

Authorized but Unissued Shares

The authorized but unissued shares of Common Stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by regulatory authorities. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved Common Stock and preferred stock could make it more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock will be Continental Stock Transfer and Trust Company.

EXPERTS

The consolidated financial statements as of and for the period ended December 31, 2010, appearing in this Prospectus have been audited by McGladrey & Pullen, LLP, an independent registered public accounting firm, as stated in their report appearing elsewhere herein, and are included in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements as of and for the period ended December 31, 2009, appearing in this Prospectus have been audited by Caturano and Company, Inc., an independent registered public accounting firm, as stated in their report appearing elsewhere herein, and are included in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

No expert or counsel named in this prospectus as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the Common Stock was employed on a contingency basis, or had, or is to receive, any interest, directly or indirectly, in our Company or any of our parents or subsidiaries. Nor was any such person connected with us or any of our parents or subsidiaries, if any, as a promoter, managing or principal underwriter, voting trustee, director, officer, or employee.

LEGAL MATTERS

From time to time, we may become party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business. We are not currently involved in legal proceedings that could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations. We may become involved in material legal proceedings in the future.

BUSINESS

Overview

Tecogen Inc. designs, manufactures and sells industrial and commercial cogeneration systems that produce combinations of electricity, hot water and air conditioning using automobile engines that have been specially adapted to burn natural gas. Our reliable and efficient cogeneration systems reduce energy costs, decrease greenhouse gas emissions and decrease reliance on utility-generated electricity. Cogeneration systems are efficient because in addition to supplying electric power or mechanical power for cooling, they recover engine heat to produce heat and hot water. We produce standardized, modular, small-scale products, with a limited number of product configurations that are adaptable to multiple applications. We refer to these combined heat and power products as CHP.

The Company manufactures and supports two types of CHP products:

- Cogeneration units that supply electricity and heat, and
- Chillers that provide air-conditioning and heat or hot water

Tecogen's CHP technology uses a low-cost, mass-produced, internal combustion engine manufactured by General Motors Company. We modify the engine to run on natural gas instead of gasoline, and it has a proven track record of reliability in commercial CHP systems. To produce electricity, the engine drives a generator. To produce air-conditioning, the engine drives a compressor. The working engine gives off heat, which is captured by a heat exchanger that feeds it into the building's hot-water or space-heating system.

Tecogen's products are sold directly to end-users by the Company's in-house marketing team and by established sales agents and representatives. Various agreements are in place with distributors and sales representatives, including three affiliated companies. The Company's existing customers include hospitals and nursing homes, colleges and universities, health clubs and spas, hotels and motels, office and retail buildings, food and beverage processors, multi-unit residential buildings, laundries, ice rinks, swimming pools, factories, municipal buildings, and military installations. Tecogen has an installed base of more than 2,100 units. Many of these have been operating for almost 25 years.

Environmental concerns, economic viability, the country's vast natural gas reserves, policy initiatives, and social responsibility all are factors driving the need for increased use of reliable, clean, and efficient on-site natural gas cogeneration systems with integral heat recovery.

In 2009 Tecogen created a majority-owned subsidiary, Ilios Inc., or Ilios, to develop and distribute a line of ultra-high-efficiency heating products, including a high efficiency water heater. These products provide twice the efficiency of conventional commercial and industrial boilers, based on management estimates, utilizing advanced thermodynamic principles. As of the date of this prospectus, Tecogen owns a 64.6% interest in Ilios.

The Company employs 52 active full-time employees and four part-time employees. The Company's corporate, engineering and manufacturing operations are located in a 24,000 square foot facility in Waltham, Massachusetts.

Tecogen was formed in the early 1960's as the Research and Development New Business Center of Thermo Electron and in 2000 Tecogen was sold to private investors including Thermo Electron's original founders Dr. George N. Hatsopoulos and John N. Hatsopoulos. We were incorporated in the State of Delaware on November 15, 2000. Our business and registered office is located at 45 First Avenue, Waltham, MA 02451. Our telephone number is 781-466-6400. Our Internet address is http://www.tecogen.com. The information on, or that may be accessed through, our website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

Industry background

The electricity generating industry in the U.S. is still only about 33% efficient[1], even with recent improvements in power generation and transmission. This means that the energy released as wasted heat to the environment is twice as great as the amount of electrical energy delivered to end-users. Boilers and furnaces that burn natural gas or oil provide space heat and hot water to most buildings. This thermal energy supply remains separate from the building's electrical supply. However, the generation of heat and power together is much more energy-efficient than electrical generation alone. This technology is called CHP or cogeneration.

A CHP system burns natural gas or other fuel to produce two forms of energy – electricity and heat. Some systems also produce air-conditioning from the mechanical and electrical power generated by the system. Usually, CHP equipment is installed in the customer's building or nearby. Many large industrial plants have adopted CHP technology. However, its acceptance in the commercial sector has been limited, but is increasing due to a number of factors, including the following:

- The pressure to cut their operating costs, including energy costs, due to slow economic growth and weak consumer demand.
- Systems that reduce pollutants more easily, cheaply and quickly qualify under increasingly stringent national, regional, and local air quality rules.
- In-house energy generation capacity reduces the reliance on utility grids that have become more congested and hence unreliable.

One impediment to the commercial acceptance of CHP technology is that electric utilities have established many burdensome requirements for connecting CHP equipment to the grid. These requirements require expert familiarity with the utility interconnection process. Also, CHP systems are complex. They require significant design and installation expertise to operate cost-effectively. CHP technology is challenging to building managers who are used to simply purchasing electricity from their utility and relying on boilers and furnaces to supply hot water and heat.

Tecogen's solution

Our CHP products address these market needs in several ways. Their high efficiency translates directly into lower energy consumption and operating costs. According to the Company's estimates and public sources, our cogeneration modules convert more than 90% of the natural gas fuel to useful energy in the form of electricity and hot water or space heat compared to 35% to 37% for conventional power plant production and our engine-driven chillers can reduce customer operating costs by 30% to 60% compared to electric chillers[2]. In addition, Tecogen has developed emission controls that meet the most rigorous air quality rules.

Lower energy consumption also reduces air pollutant emissions, and natural gas fuel produces far less greenhouse gases than coal or oil. Since the U.S. supply of natural gas has grown dramatically in the past few years, our natural gas engine-driven CHP systems contribute to energy security. They also help relieve grid congestion by minimizing peak demand on the utility system and by supplying electricity at customer sites, so utilities need not transmit the additional power.

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[1] See *Energy Information Administration, Voluntary Reporting of Greenhouse Gases*, 2004, Section 2, Reducing Emissions from Electric Power, Efficiency Projects: Definitions and Terminology, page 20. http://www.eia.gov/oiaf/1605/archive/vr04data/pdf/0608(04).pdf

[2] See *International Energy Agency 2009 report on "Cogeneration and District Energy – Sustainable energy technologies for today and tomorrow"* Figure 2.4, page 13. http://www.iea.org/files/CHPbrochure09.pdf

Tecogen has simplified CHP technology for inexperienced customers. Our cogeneration products are all standard, modular units that come pre-packaged from the factory. They include everything the customer needs to minimize the cost and complexity of installing the equipment at their site. The package incorporates the engine, generator, heat-recovery equipment, system controls, electrical switchgear, emission controls, and modem for remote monitoring and data logging.

To further overcome interconnection barriers, Tecogen introduced the first engine-driven product in the CHP market to be UL-certified as utility-safe. Our InVerde CHP module incorporates an inverter, which conditions the system's electricity to make it ideal for connecting with utility grids. Streamlining the interconnection process makes it easier for customers who want to generate clean energy, but have been discouraged by cumbersome utility requirements. The InVerde technology also meets growing customer demand for black-start capability, which means it can keep running during power outages. The inverter also improves the CHP system's efficiency at partial load, when less heat and power are needed by the customer.

Our Products and Services

Products

Tecogen manufactures natural gas engine-driven cogeneration modules and chillers, all of which are CHP systems that deliver more than one form of energy. Our commercial product line includes:

- Cogeneration modules in sizes of 60 and 75 kW (CM series) based on conventional induction generators. Customers can install multiple modules to address facilities with larger electrical load with two units being a typical installation and twelve being the Company's largest single installation (900 kW). The thermal output of our units ranges from about 500,000 to 700,000 Btu/hr.

- The 100-kW InVerde CHP module (INV-100), based on an inverter and a permanent-magnet generator, which has advantages over induction machines such as higher efficiency at part load. The InVerde module incorporates an inverter with power electronics to convert the generator's variable-frequency output to the high-quality, 60-Hertz power required for grid connection. Like the CM models, systems are commonly applied in multiples with twelve (1200 kW or 1.2 MW) being our largest installation on this model.

- Natural gas engine-driven air conditioners or chillers (TECOCHILLs) with capacities from 25 to 400 tons (sufficient to cool a 300 bed hotel). The smaller units are air-cooled, and the larger ones are water-cooled. Natural gas-powered air-conditioning lets customers avoid utilities' costly demand charges or time-of-day rates that utilities charge during periods of peak demand. This also frees up electric capacity to use for other building loads.

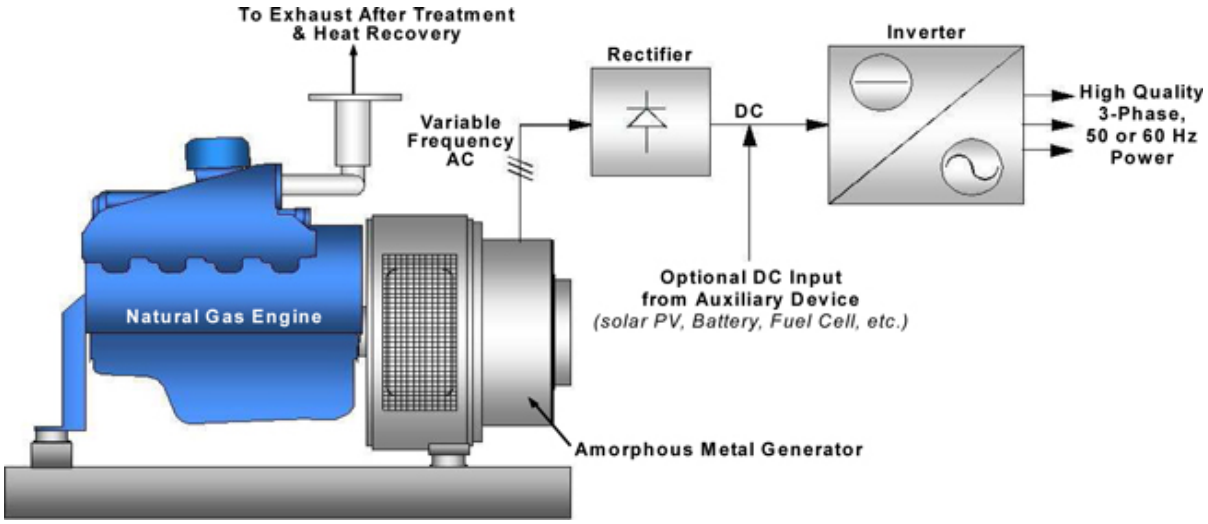
All of our cogeneration modules and most of our chillers use the same engine, the TecoDrive 7400 model supplied by General Motors and modified by us to use natural gas fuel. The 25-29 ton chillers use a similar, smaller engine, the 3000 model. Tecogen worked closely with General Motors and the gas industry (including The Gas Research Institute) in the 1980's and 1990's in funded research programs to develop the modifications to the engine and validate its durability.

Tecogen has recently developed an advanced technology for controlling engine emissions in conjunction with the California Energy Commission and the Southern California Gas Company. It's "Ultra" emission control product keeps our CHP systems compliant with air quality regulations over the long term, without costly monitoring or frequent manual analysis. After a successful field test of more than a year, we shipped our first commercial Ultra-equipped InVerde units to the Sacramento Municipal Utility District in California in mid-2011.

Tecogen's Ilios subsidiary is also developing a line of very high-efficiency heating products. Currently, Ilios is laboratory-testing a prototype water heater that could provide twice the efficiency of conventional boilers. If results are successful, the Ilios water heater could be introduced commercially in 2012. The modular product, with an output of 500,000-700,000 Btu/hr, would be designed to serve several common applications (potable water, space heating, pools, etc.). The water heater's energy cost savings could clearly benefit customers, and rebates or other incentives might apply.

The following is a diagram of our InVerde 100-kW product.

Figure 1
100-kW InVerde module



Services

Tecogen provides long-term maintenance contracts, ongoing parts sales, and turnkey installation through a network of eight well-established field service centers in California, the Midwest, and the Northeast. These centers are staffed by full-time Tecogen technicians, working from local leased facilities. The facilities provide office space and warehouse space for parts inventory.

Our service managers, supervisors and technicians work exclusively on Tecogen products. Because we manufacture our own equipment, Tecogen's service technicians bring hands-on experience and competence to their jobs. They are trained at our manufacturing facility in Waltham, Massachusetts.

Summary of advantages of our products

- Our cogeneration modules and chillers use standard, well-proven equipment made by reputable, well-established manufacturers. These components include rugged automotive-type engines, standard induction generators, certified inverters, robust permanent-magnet generators, and conventional compressors. Certain key components are proprietary and have patent protection. Most notably, all software used in control is either proprietary (and copyright protected) or is used under exclusive license agreement. Our permanent magnet generator was developed exclusively for our InVerde as was the associated specialized inverter with these suppliers holding certain related patent protection.

- Our cogeneration products are all standard, modular units that come pre-packaged from the factory to simplify installation and grid connection. The systems are supported in the field by a nationwide network of experienced professional staff. Standardized units offer many compelling advantages, including lower cost, better quality control, higher reliability, easier service, integrated emission controls, and complete system warranty and maintenance support.

- All of our CHP products, both cogeneration systems and chillers, can be designed for installation of multiple units at a single site, depending on the customer's particular needs. This enhances the ability of our products to meet the building's varying demand for electricity, heat, and/or air-conditioning throughout the day and from season to season. Also, multiple units operate more efficiently throughout the range of a customer's high and low energy requirements.

- Our InVerde products are opening new market opportunities and expanding our reach to customers beyond our traditional market segments. The InVerde's black-start feature addresses a crucial demand from customers concerned about utility blackouts and brownouts, natural disasters, security threats, and antiquated grid infrastructure. The InVerde also provides premium-quality power (in terms of wave form, voltage, and power factor), which is required by operators of computer server farms and precision instrumentation, for example. The InVerde product line also overcomes barriers related to grid interconnection, since the product is UL-certified as utility-safe. Our standard cogeneration product lines are also designed to facilitate interconnection.

- Our optional Ultra emission control technology enables InVerde units to comply with California's most rigorous air quality regulations. Our ability to meet these criteria may give us a significant advantage in California markets. Our standard cogeneration and chiller emission controls already allow siting in most other markets nationwide and abroad and will be offered with the Ultra emissions option in 2012.

- Our extensive use of standardized components lets us manufacture CHP products at competitive prices, even at relatively low production volumes. Proven, well-understood hardware also increases the reliability and durability of the equipment and reduces the cost of servicing in the field. We are also able to minimize spare parts inventories and simplify training requirements.

- The Ilios water heating product utilizes a reverse refrigeration cycle (i.e., heat pump cycle) powered by a natural gas engine to greatly improve heating efficiency relative to conventional "burner-based" systems. The heat pump cycle allows the system to reclaimed free heat from the local environment and add that energy to that which is contained in the fuel. The additive effect approximately doubles the efficiency relative to the conventional heating product. The system, now being tested, targets a large international market that is characterized by heavy, year-round use. This may increase fuel savings and maximize return on investment for the customer. These applications are also mostly centralized systems, rather than distributed, which allows easier integration of the new product into the facility. Also, the product competes only against other gas-fueled water heaters, which could expand our market beyond areas with high electric rates, and regulatory issues should be minimal.

Strategy for Growth

Target markets and new customers

The traditional markets for CHP systems are buildings with long hours of operation and with coincident demand for electricity and heat. Traditional customers for our cogeneration modules include hospitals and nursing homes, colleges and universities, health clubs and spas, hotels and motels, office and retail buildings, food and beverage processors, multi-unit residential buildings, laundries, ice rinks, swimming pools, factories, municipal buildings, and military installations.

Traditional customers for our chillers overlap with those for our cogeneration systems. Chiller applications include schools, hospitals and nursing homes, office and apartment buildings, hotels, retailers, ice rinks, and industrial facilities. Engine-driven chillers are ideal replacements for aging electric chillers, since they both take up about the same amount of floor space.

We believe that the largest number of potential new customers in the U.S. require less than 1,000 kW of electric power and less than 1,200 tons of cooling capacity. We are targeting such customers in U.S. states with high electricity rates in the commercial sector, including California, Connecticut, Massachusetts, New Hampshire, New Jersey, and New York.

Two CHP market analysis reports sponsored by the Energy Information Administration, or EIA, in 2000 detailed the prospective CHP market in the commercial and institutional sectors[3] and in the industrial sectors[4]. These data sets were used to estimate the CHP market potential in the 100-1,000 kW size range for the hospitality, healthcare, institutional, recreational and light industrial facilities in California, Connecticut, Massachusetts, New Hampshire, New Jersey and New York, which are the states where commercial electricity rates are high. Based on those rates, those states define our market and comprise over 163,000 sites totaling approximately $16.3 billion of market potential. The data used to calculate the Company's market potential are derived from the reports cited above; however, the calculation of the total market potential is estimated by the Company.

We plan to exploit the need for premium power in certain market segments – a new opportunity afforded by our InVerde product line. These segments include military bases, hospitals, nursing homes, and hotels. A smaller premium power system under development could open new market segments such as municipal waste, supermarkets, small data centers, and biotechnology laboratories.

Alliances and partnerships

Tecogen continues to forge alliances and partnerships with utilities, government agencies, universities, research facilities, and manufacturers. We have already succeeded in developing new technologies and products with such partners, including:

- Sacramento Municipal Utility District (SMUD)
- Southern California Gas Company, a subsidiary of Sempra Energy
- San Diego Gas & Electric Company, a subsidiary of Sempra Energy
- California Energy Commission
- Lawrence Berkeley National Laboratory
- Consortium for Electric Reliability Technology Solutions
- The AVL California Technology Center
- General Motors Company
- The Switch
- Danotek Motion Technologies

We also have an exclusive licensing agreement for proprietary control software from the Wisconsin Alumni Research Foundation. The software allows our products to be integrated as a micro grid – a group of interconnected loads powered by a group of power sources (such as multiple InVerde units) that can be seamlessly isolated (and returned) from the main utility grid in the event of an outage. The licensed software allows us to implement a micro grid, powered by one or more InVerde modules with minimal control devices and associated complexity and costs.

Our efforts to forge partnerships continue to focus on utilities, particularly to promote the InVerde, our most utility-friendly product. The nature of these alliances vary by utility, but could include simplified interconnection, joint marketing, ownership options, peak demand mitigation agreements, and customer services. We are currently installing a micro grid with SMUD at its headquarters in Sacramento CA, where the central plant will incorporate three InVerde modules equipped with our Ultra emission controls.

We also continue to leverage our resources with government and industry funding, which has yielded a number of successful developments. These include the Ultra emission control technology, which was sponsored by the California Energy Commission and Southern California Gas Company. Currently, we are testing the durability of a new engine technology that we developed with the California Energy Commission's support. If tests succeed, the engine could be applied in smaller CHP systems such as a 35-kW InVerde unit and in new, ultra-high-efficiency heating and air-conditioning products.

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[3] See *The Market and Technical Potential for Combined Heat and Power in the Commercial/Institutional Sector;* Prepared for the Energy Information Administration; Prepared by ONSITE SYCOM Energy Corporation; January 2000.

[4] See *The Market and Technical Potential for Combined Heat and Power in the Industrial Sector;* Prepared for the Energy Information Administration; Prepared by ONSITE SYCOM Energy Corporation; January 2000

Competition

Most of Tecogen's product lines face competitors in the marketplace. Several competing companies have financial, marketing, and other resources greater than ours. Competition could intensify if our traditional markets develop more fully and become more attractive.

In the size range of 50-1,000 kW, our competition in cogeneration markets includes micro-turbines, fuel cells, and other systems based on reciprocating engines (industrial and automotive-derivative). Reciprocating engines have an economic advantage over other technologies that should continue for a number of years if their cost and performance continue to improve as expected.

Manufacturers sell reciprocating engines ranging from a few kilowatts to many megawatts in size, but most of these products are greater than 1 megawatt (1,000 kW). Manufacturers include Caterpillar Inc., Cummins Power Generation Inc., and Waukesha, a subsidiary of General Electric Company. Since we are targeting customers that need less than a megawatt of power, we view these companies as potential equipment suppliers rather than competitors.

In the alternative energy market that is emerging rapidly, many companies are developing alternative and renewable energy sources including solar power, wind power, fuel cells and micro-turbines. Some of the companies in this sector include General Electric Company, BP p.l.c, Royal Dutch Shell, SunEdison, a division of MEMC Electronic Materials, Inc. (in the solar energy space); Plug Power, Inc. and FuelCell Energy, Inc. (in the fuel cell space); and Capstone Turbine Corporation, Ingersoll Rand PLC and Elliott Turbomachinery, a division of the Elliott Group, Inc. (in the micro-turbine space), however since the products of those companies are not directly competing with our CHP products, the effect of these developing technologies on our business is difficult to predict.

Engine dealers and distributors generally do not offer pre-packaged CHP systems. Tecogen's advantage of factory packaging as opposed to custom-designed systems has been challenged in the past by numerous independent packagers. Many of these packagers have failed, leaving customers stranded without parts or support. Tecogen has demonstrated its longevity, giving small CHP customers predictable energy cost savings, ease of operation through a full-service maintenance contract, and minimal unscheduled downtime.

Tecogen's chiller products encounter competition from absorption air-conditioning systems and electric chillers. Other manufacturers of natural gas-fueled engine-driven cooling systems have also entered the market. We believe that our chillers compete favorably with electric equipment in terms of their relative operating costs during times of peak electric demand. We also believe that our engine-driven technology competes favorably with other natural gas-fueled systems, whether absorption or engine-driven, on the basis of quality, reliability, service, operational savings, and track record.

Our cogeneration unit sales are subject to intense direct competition from companies that sell products resembling ours. Also, some utilities offer customers a lower electric rate if they avoid installing a CHP system.

Indirect competitors for Tecogen's CHP systems include manufacturers of conventional water heaters, air conditioners, and generator sets. The economic value of our cogeneration and chiller systems depends on the cost of conventional systems that supply the same energy service. We believe that our products compete by virtue of their quality and reliability, operational savings, ease of installation, service availability, and price.

Developers of renewable energy and alternative power, which are rapidly emerging markets, could be considered competitors in the long run. These include multiple providers of solar energy, fuel cells and micro-turbines.

A few local cogeneration developers and contractors are emerging in an attempt to offer services similar to ours. To succeed as competitors, however, they would have to acquire comparable experience in the equipment and technology, installation contracting, maintenance and operation, economic evaluation of candidate sites, project financing, and energy sales, as well as the ability to cover broad regions. They may also have to overcome the prices of our products, which are competitive due to the use of standardized components throughout our product lines, despite the current low volume of our manufacturing operation.

Certain Related Party Contracts

In January 2006, Tecogen entered into the 2006 Facilities, Support Services and Business Agreement with American DG Energy, an affiliate of the Company, to provide American DG Energy with certain office and business support services for a period of one year, renewable annually by mutual agreement. Under this agreement, the Company provides pricing based on a volume discount depending on the level of American DG Energy purchases of cogeneration and chiller products. For certain sites, American DG Energy hires Tecogen to service its chiller and cogeneration products. Under the current agreement, as amended, Tecogen also provides American DG Energy with office space and utilities at a monthly rate of $5,793.

American DG Energy has sales representation rights to Tecogen's products and services. In New England, American DG Energy has exclusive sales representation rights to the Tecogen cogeneration products. American DG Energy has granted Tecogen sales representation rights to its On-Site Utility energy service in California. American DG Energy also has exclusive rights to the Tecogen advanced emissions system if it is applied to engines from other CHP manufacturers used for their specific energy projects. In other words, American DG Energy could purchase CHP products from suppliers other than Tecogen and license that supplier to incorporate Tecogen's proprietary advanced emissions system as long as the CHP system is owned and operated American DG Energy.

In October 2009, Ilios, which is a majority-owned subsidiary of the Company, signed a five-year exclusive distribution agreement with American DG Energy. Under terms of the agreement, American DG Energy has exclusive rights to incorporate Ilios' ultra-high-efficiency heating products, such as a high efficiency water heater, in its energy systems throughout the European Union and New England. American DG Energy also has non-exclusive rights to distribute Ilios products in the remaining parts of the United States and the world using the On-Site Utility business model.

The Company and its Affiliates

The Company has three affiliated companies, namely American DG Energy, EuroSite Power Inc., or EuroSite Power, and GlenRose Instruments. These companies are affiliates because several of the major stockholders of those companies have a significant ownership position in the Company. American DG Energy, EuroSite Power and GlenRose Instruments do not own any shares of the Company, and the Company does not own any shares of American DG Energy, EuroSite Power and GlenRose Instruments. The business of GlenRose Instruments is not related to the business of American DG Energy, the Company and their other corporate affiliates.

Tecogen currently owns a 64.6% interest in Ilios. American DG Energy and EuroSite Power purchase energy equipment from various suppliers. The primary types of equipment used are natural gas engine-driven cogeneration and air conditioning systems provided by Tecogen and Ilios. Both Tecogen and American DG Energy will distribute the Ilios products.

Intellectual Property

Tecogen currently holds several patents for its technologies, as well as a license agreement for the use of other technologies. The Company considers its patents and licenses to be important in the present operation of its business. The Company, however, does not consider any one of its patents or related group of patents to be of such importance that their expiration, termination, or invalidity would materially affect the Company's business.

Tecogen has filed for a patent for its newly developed emissions technology (Ultra). The outcome of the patent office application review is important because this technology will apply to all Tecogen engine-driven gas products and may have licensing application to other natural gas engines. The intellectual property relating to the Ultra system will require patent protection for the Company to retain exclusive use of the Ultra system as it can be readily duplicated.

Government Regulations

We are not subject to extensive government regulation. We are required to file for local construction permits (electrical, mechanical and the like) and utility interconnects, and we must make various local and state filings related to environmental emissions. The U.S. government has been developing and refining various funding opportunities related to its economic recovery or stimulus initiatives. The Company's CHP systems may benefit with some of these programs as CHP and mechanical CHP (the Ilios heat pump) are included in an Internal Revenue Service code for energy credit of 10%. In addition, our systems are eligible for the bonus depreciation included in the American Recovery and Reinvestment Act of 2009 (stimulus plan). Other than funding opportunities related to the economic recovery or stimulus initiatives, there do not appear to be any new government regulations that will materially affect the Company.

Employees

As of the date of this prospectus, the Company employs 54 active full-time employees and four part-time employees. We believe that our relationship with our employees is satisfactory. None of our employees are represented by a collective bargaining agreement; however, we are currently negotiating with a labor union in New Jersey and New York.

Properties

The Company's headquarters are located in Waltham, Massachusetts and consist of 24,000 square feet of office and storage space that are shared with American DG Energy and other tenants. The lease expires on March 31, 2014. We believe that our facilities are appropriate and adequate for our current needs.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

No established public trading market exists for our Common Stock and the Company's Common Stock has never been quoted on any market or exchange. Except for this Offering, there is no Common Stock that is being, or has been proposed to be, publicly offered. As of the date of this prospectus, there were 53,993,882 shares of Common Stock issued and outstanding, held by 106 stockholders of record.

Market of and Dividends on the Registrant's Common Equity and Related Stockholder Matters.

Market Information

Our Common Stock is not currently traded on any stock exchange or electronic quotation system. We expect that our Common Stock will be traded on the OTC Bulletin Board or a national or international securities exchange following the effectiveness of this registration statement and compliance with the procedures of the OTC Bulletin Board or a national or international securities exchange.

Holders

As of the date of this prospectus, there were 106 holders of record of our Common Stock. See "Security Ownership of Certain Beneficial Owners and Management" for information on the holders of our Common Stock. Also see "Description of Securities" for a description of our outstanding and issued capital stock.

Rule 144

In general, under Rule 144 under the Securities Act, a person who has beneficially owned shares of our Common Stock for at least one year would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our Common Stock then outstanding, which will equal approximately 539,938 shares of our Common Stock; or
- the average weekly trading volume of our Common Stock, if and when our Common Stock is traded on the Over-the-Counter Bulletin Board, a national or international securities exchange, during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us for at least 90 days.

Under Rule 144 under the Securities Act, a person who is not deemed to have been one of our affiliates at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least one year is entitled to sell the shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

Outstanding Common Stock

Under the unlimited resale provisions of Rule 144 no shares of our Common Stock are eligible for resale under Rule 144 without any additional holding period.

Stock Options

Rule 701 provides that the shares of Common Stock acquired upon the exercise of currently outstanding options or other rights granted under our equity plans may be resold by persons, other than affiliates, beginning 90 days after the date of the effectiveness of this registration statement, restricted only by the manner of sale provisions of Rule 144, and by affiliates in accordance with Rule 144 without compliance with its one-year minimum holding period.

As of September 30, 2011, we had 4,401,000 options outstanding under our Stock Plan at a weighted average exercise price of $0.47. As of such date, 1,780,000 of those options were exercisable.

We intend to file one or more registration statements on Form S-8 under the Securities Act following the effectiveness of this registration statement to register all shares of our Common Stock which have been issued or are issuable upon exercise of outstanding stock options or other rights granted under our Stock Plan. These registration statements are expected to become effective upon filing. Shares of Common Stock covered by these registration statements will thereupon be eligible for sale in the public market, subject in certain cases to vesting of such shares.

Dividends

To date, we have not declared or paid any dividends on our outstanding shares. We currently do not anticipate paying any cash dividends in the foreseeable future on our Common Stock. Although we intend to retain our earnings to finance our operations and future growth, our Board of Directors will have discretion to declare and pay dividends in the future. Payment of dividends in the future will depend upon our earnings, capital requirements and other factors, which our Board of Directors may deem relevant.

SELECTED FINANCIAL DATA

The summary consolidated statements of operations data for each of the years ended December 31, 2010 and 2009 have been derived from our audited consolidated financial statements that are included elsewhere in this prospectus. The summary consolidated balance sheet data as of September 30, 2011 and the summary consolidated statements of operations data for each of the nine months ended September 30, 2011 and 2010 have been derived from our unaudited condensed consolidated financial statements that are included elsewhere in this prospectus. You should read this information together with the consolidated financial statements and related notes and other information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. Operating results for the nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ended December 31, 2011.

	December 31,		Nine Months Ended September 30,	
Consolidated Statement of Operations Data:	2010	2009	2011	2010
			(unaudited)	(unaudited)
Revenues	$ 11,311,229	$ 11,776,241	$ 8,714,228	$ 9,021,818
Cost of sales	6,597,205	6,864,086	4,818,318	5,289,986
Gross profit	4,714,024	4,912,155	3,895,910	3,731,832
Operating expenses				
General and administrative	4,973,794	4,919,023	4,495,533	3,487,754
Selling	290,505	534,957	381,617	428,289
	5,264,299	5,453,980	4,877,150	3,916,043
Loss from operations	(550,275)	(541,825)	(981,240)	(184,211)
Other income (expense)				
Interest and other income	23,574	22,581	25,262	14,859
Interest expense	(37,280)	(63,514)	(22,492)	(30,728)
	(13,706)	(40,933)	2,770	(15,869)
Loss before income taxes	(563,981)	(582,758)	(978,470)	(200,080)
Provision for state income taxes	-	-	-	-
Consolidated net loss	(563,981)	(582,758)	(978,470)	(200,080)
Less: Loss attributable to the noncontrolling interest	208,673	117,161	192,359	123,772
Net loss attributable to Tecogen Inc.	(355,308)	(465,597)	(786,111)	(76,308)
Net loss per share - basic and diluted	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.00)
Weighted average shares outstanding - basic and diluted	45,882,631	44,131,903	47,721,641	45,492,967

	December 31,		September 30,	
Consolidated Balance Sheet Data:	2010	2009	2011	2010
			(unaudited)	(unaudited)
Cash and cash equivalents	$ 1,913,173	$ 1,244,681	$ 1,712,864	$ 1,191,614
Working capital	2,324,501	2,046,998	2,667,330	2,155,402
Total assets	5,876,422	5,318,976	6,441,401	5,742,216
Total liabilities	2,884,743	3,019,046	3,355,500	2,937,954
Stockholders' equity	$ 2,991,679	$ 2,299,930	$ 3,085,901	$ 2,804,262

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THIS DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT RELATE TO FUTURE EVENTS OR OUR FUTURE FINANCIAL PERFORMANCE. THESE STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE OUR ACTUAL RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THESE FORWARD-LOOKING STATEMENTS. THESE RISKS AND OTHER FACTORS INCLUDE, AMONG OTHERS, THOSE LISTED UNDER “SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS” AND “RISK FACTORS” AND THOSE INCLUDED ELSEWHERE IN THIS REGISTRATION STATEMENT.

During the last two fiscal years there has been a slowdown in the economy, a decline in the availability of financing from the capital markets, and a widening of credit spreads which has, or may in the future, adversely affect us to varying degrees. Such conditions may impact our ability to meet obligations to our suppliers and other third parties. These market conditions could also adversely affect the amount of revenue we report, require us to increase our allowances for losses, result in impairment charges and valuation allowances that decrease our equity, increase our loss and reduce our cash flows from operations. In addition, these conditions or events could impair our credit rating and our ability to raise additional capital.

Overview

Tecogen Inc. designs, manufactures and sells industrial and commercial cogeneration systems that produce combinations of electricity, hot water and air conditioning using automobile engines that have been specially adapted to burn natural gas. Our reliable and efficient cogeneration systems reduce energy costs, decrease greenhouse gas emissions and decrease reliance on utility-generated electricity. Cogeneration systems are efficient because in addition to supplying electric power or mechanical power for cooling, they recover engine heat to produce heat and hot water. We produce standardized, modular, small-scale products, with a limited number of product configurations that are adaptable to multiple applications. We refer to these combined heat and power products as CHP.

The Company manufactures and supports two types of CHP products:

- Cogeneration units that supply electricity and heat, and
- Chillers that provide air-conditioning and heat or hot water

Tecogen’s CHP technology uses a low-cost, mass-produced, internal combustion engine manufactured by General Motors Company. We modify the engine to run on natural gas instead of gasoline, and it has a proven track record of reliability in commercial CHP systems. To produce electricity, the engine drives a generator. To produce air-conditioning, the engine drives a compressor. The working engine gives off heat, which is captured by a heat exchanger that feeds it into the building’s hot-water or space-heating system.

Tecogen’s products are sold directly to end-users by the Company’s sales team and by established sales agents and representatives. Various agreements are in place with distributors and sales representatives, including three affiliated companies. The Company’s existing customers include hospitals and nursing homes, colleges and universities, health clubs and spas, hotels and motels, office and retail buildings, food and beverage processors, multi-unit residential buildings, laundries, ice rinks, swimming pools, factories, municipal buildings, and military installations. Tecogen has an installed base of more than 2,100 units. Many of these have been operating for almost 25 years.

Environmental concerns, economic viability, the country’s vast natural gas reserves, policy initiatives, and social responsibility all are factors driving the need for increased use of reliable, clean, and efficient on-site natural gas cogeneration systems with integral heat recovery.

In 2009 Tecogen created a majority-owned subsidiary, Ilios Inc., or Ilios, to develop and distribute a line of ultra-high-efficiency heating products, including a high efficiency water heater. These products provide twice the efficiency of conventional commercial and industrial boilers, based on management estimates, utilizing advanced thermodynamic principles. As of the date of this prospectus, Tecogen owns a 64.6% interest in Ilios.

The Company employs 52 active full-time employees and four part-time employees. The Company's corporate, engineering and manufacturing operations are located in a 24,000 square foot facility in Waltham, Massachusetts.

Recent Accounting Pronouncements

In January 2010, The FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements*. This amends ASC 820 (formerly FAS 157-4) to require additional disclosures. The guidance requires entities to disclose transfers of assets in and out of Levels 1 and 2 of the fair value hierarchy, and the reasons for those transfers. ASU No. 2010-06 is effective January 2010. In addition, the guidance requires separate presentation of purchases and sales in the Level 3 asset reconciliation which will be effective for the year ending December 31, 2011. The adoption of the effective portions of this guidance did not have a material impact on the Company's consolidated financial statement position, results of operations or cash flows.

In June 2009, the FASB issued new guidance on consolidations which became effective for Tecogen Inc. on January 1, 2010. This guidance changes the definition of a variable interest entity and changes the methodology to determine who is the primary beneficiary of, or in other words, who consolidates, a variable interest entity. The guidance replaces the quantitative-based risks and rewards calculation for determining which enterprise, if any, has a controlling financial interest in a variable interest entity with an approach focused on identifying which enterprise has the power to direct the activities of a variable interest entity that most significantly affect the entity's economic performance and (i) the obligation to absorb losses of the entity or (ii) the right to receive benefits from the entity. The adoption of this new guidance did not have an impact on the Company's consolidated financial statement position, results of operations or cash flows.

Critical Accounting Policies

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. Generally, sales of cogeneration and chiller units and parts are recognized when shipped and services are recognized over the service period. Payments received in advance of services being performed are recorded as deferred revenue.

Infrequently, the Company recognizes revenue in certain circumstances before delivery has occurred (commonly referred to as bill and hold transactions). In such circumstances, among other things, risk of ownership has passed to the buyer, the buyer has made a written fixed commitment to purchase the finished goods, the buyer has requested the finished goods be held for future delivery as scheduled and designated by them, and no additional performance obligations exist by the Company. For these transactions, the finished goods are segregated from inventory and normal billing and credit terms are granted.

For those arrangements that include multiple deliverables, the Company first determines whether each service or deliverable meets the separation criteria of FASB ASC 605-25, Revenue Recognition—Multiple-Element Arrangements. In general, a deliverable (or a group of deliverables) meets the separation criteria if the deliverable has stand-alone value to the customer and if the arrangement includes a general right of return related to the delivered item and delivery or performance of the undelivered item(s) is considered probable and substantially in control of the Company. Each deliverable that meets the separation criteria is considered a separate "unit of accounting". The Company allocates the total arrangement consideration to each unit of accounting using the relative fair value method. The amount of arrangement consideration that is allocated to a delivered unit of accounting is limited to the amount that is not contingent upon the delivery of another unit of accounting.

When vendor-specific objective evidence or third-party evidence is not available, adopting the relative fair value method of allocation permits the Company to recognize revenue on specific elements as completed based on the estimated selling price. The Company generally uses internal pricing lists that determine sales prices to external customers in determining its best estimate of the selling price of the various deliverables in multiple-element arrangements. Changes in judgments made in estimating the selling price of the various deliverables could significantly affect the timing or amount of revenue recognition. The Company enters into sales arrangements with customers to sell its cogeneration and chiller units and related service contracts. Based on the fact that the Company sells each deliverable to other customers on a stand-alone basis, the Company has determined that each deliverable has a stand-alone value. Additionally, there are no rights of return relative to the delivered items; therefore, each deliverable is considered a separate unit of accounting.

After the arrangement consideration has been allocated to each unit of accounting, the Company applies the appropriate revenue recognition method for each unit of accounting based on the nature of the arrangement and the services included in each unit of accounting. Cogeneration and chiller units are recognized when shipped and services are recognized over the term of the applicable agreement or as provided when on a time and materials basis.

Presentation of Sales Taxes

The Company reports revenues net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions.

Shipping and Handling Costs

The Company classifies freight billed to customers as sales revenue and the related freight costs as cost of sales.

Advertising Costs

The Company expenses the costs of advertising as incurred. For the periods ended September 30, 2011 and 2010, advertising expense was approximately $49,000 and $9,000, respectively.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company has cash balances in certain financial institutions in amounts which occasionally exceed current federal deposit insurance limits. The financial stability of these institutions is continually reviewed by senior management. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of highly liquid cash equivalents and trade receivables. The Company's cash equivalents are placed with certain financial institutions and issuers. As of September 30, 2011, the Company had a balance of $1,462,864 in cash and cash equivalents that exceeded the Federal Deposit Insurance Corporation limit of $250,000.

Short-Term Investments

Short-term investments consist of certificates of deposit with maturities of greater than three months but less than one year. Certificates of deposits are recorded at fair value.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is provided for those accounts receivable considered to be uncollectible based upon historical experience and management's evaluation of outstanding accounts receivable at the end of the period. Bad debts are written off against the allowance when identified.

Inventory

Raw materials, work in process, and finished goods inventories are stated at the lower of cost, as determined by the average cost method, or net realizable value. The Company periodically reviews inventory quantities on hand for excess and/or obsolete inventory based primarily on historical usage, as well as based on estimated forecast of product demand. Any reserves that result from this review are charged to cost of sales. For the periods ended September 30, 2011, and 2010, there was a reserve against inventory in the amount of $355,500 and $422,000, respectively.

Property, Plant and Equipment and Depreciation and Amortization

Property, plant and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the asset, which range from three to seven years. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives of the assets or the term of the related leases. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized.

Intangible Assets

Intangible assets subject to amortization include costs incurred by the Company to acquire product certifications and certain patent costs. These costs are amortized on a straight-line basis over the estimated economic life of the intangible asset, which range from seven to ten years. The Company reviews intangible assets for impairment when the circumstances warrant.

Research and Development Costs

Internal research and development expenditures are expensed as incurred. Proceeds from certain grants and contracts with governmental agencies and their contractors to conduct research and development for new CHP technologies or to improve or enhance existing technology is recorded as an offset to the related research and development expenses. These grants and contracts are paid on a cost reimbursement basis provided in the agreed upon budget. For the periods ended September 30, 2011 and 2010, amounts received were approximately $184,200 and $656,700, respectively, which offset the Company's total research and development expenditures for each of the respective periods.

Stock-Based Compensation

Stock based compensation cost is measured at the grant date based on the estimated fair value of the award and is recognized as an expense in the consolidated statements of operations over the requisite service period. The fair value of stock options granted is estimated using the Black-Scholes option pricing valuation model. The Company recognizes compensation on a straight-line basis for each separately vesting portion of the option award. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. The determination of the fair value of share-based payment awards is affected by the Company's stock price. Since the Company is not publicly traded, the Company considered the sales price of the Common Stock in private placements to unrelated third parties as a measure of the fair value of its Common Stock. The average expected life is estimated using the simplified method for "plain vanilla" options. The simplified method determines the expected life in years based on the vesting period and contractual terms as set forth when the award is made. The Company uses the simplified method for awards of stock-based compensation since it does not have the necessary historical exercise and forfeiture data to determine an expected life for stock options. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term which approximates the expected life assumed at the date of grant. When options are exercised the Company normally issues new shares (see "Note 4 – Stock-based compensation".)

Common Stock Subscriptions

Outstanding proceeds for Common Stock transactions appear as Common Stock subscriptions in the accompanying consolidated balance sheets and consolidated statements of changes in stockholders' equity until received.

Loss per Common Share

The Company computes basic loss per share by dividing net loss for the period by the weighted-average number of shares of Common Stock outstanding during the period. The Company computes its diluted earnings per common share using the treasury stock method. For purposes of calculating diluted earnings per share, the Company considers its shares issuable in connection with the convertible debentures, stock options and warrants to be dilutive Common Stock equivalents when the exercise/conversion price is less than the average market price of our Common Stock for the period.

Other Comprehensive Net Loss

The comprehensive net loss for the periods ended September 30, 2011 and 2010 does not differ from the reported loss.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. The current or deferred tax consequences of transactions are measured by applying the provisions of enacted tax laws to determine the amount of taxes payable currently or in future years. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities and expected future tax consequences of events that have been included in the financial statements or tax returns using enacted tax rates in effect for the years in which the differences are expected to reverse. Under this method, a valuation allowance is used to offset deferred taxes if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets may not be realized. Management evaluates the recoverability of deferred taxes and the adequacy of the valuation allowance annually.

Effective January 1, 2009, the Company adopted the provisions of the accounting standards relative to accounting for uncertainties in tax positions. These provisions provide guidance on the recognition, de-recognition and measurement of potential tax benefits associated with tax positions. The Company elected to recognize interest and penalties related to income tax matters as a component of income tax expense in the statements of operations. There was no impact on the financial statements as a result of this guidance. With few exceptions, the Company is no longer subject to possible income tax examinations by federal, state or local taxing authorities for tax years before 2007.

Fair Value of Financial Instruments

The Company's financial instruments are cash and cash equivalents, accounts receivable, accounts payable, capital lease obligations and notes due from related party convertible debentures. The recorded values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values based on their short-term nature. At September 30, 2011, the current value on the consolidated balance sheet of the debentures and capital lease obligations approximates fair value as the terms approximate those available for similar instruments.

Results of Operations

Nine Months Ended September 30, 2011 Compared to Nine Months Ended September 30, 2010

Revenues

Revenues for the nine months ended September 30, 2011 were $8,714,228 compared to $9,021,818 for the same period in 2010, a decrease of $307,590, or 3.4%. The decrease is total revenue was due to a decrease in product sales in the first quarter of 2011 and due to orders not being booked. Product revenue for the first nine months of 2011 was $3,721,388, compared to $4,656,546, for the same period in 2010, a decrease of $935,158, or 20.1%. Shipments of chiller modules during 2011 accounted for 49.2% of product revenues. For the same period in 2010, chiller modules represented 12.1% of product revenues. Service revenue for the first nine months of 2011 was $4,992,840, compared to 4,365,272, for the same period in 2010, an increase of $627,568, or 14.4%. Our service operation focused on the installation business whereby Tecogen service personnel installed the company's equipment rather than only selling and servicing the modules. This strategy has worked well in the past as many of the company's installed sites became our best performing sites.

Cost of Sales

Cost of sales for the first nine months of 2011 was $4,818,318, compared to 5,289,986, for the same period in 2010, a decrease of $471,668, or 8.9%. Our gross profit margin for the first nine months of 2011 was 44.7% compared to 41.4% for the same period in 2010. The improvement in gross margin is attributable to the sale of more chillers that carry a higher margin, in the product mix versus sales of cogeneration devices, offset by an increase in additional payroll costs incurred by Ilios, our majority owned subsidiary, as the company ramped up research and development of its new product.

Contract research and development income, which is classified as an offset to applicable expenses, for the first nine months of 2011 and 2010 was $184,177 and $656,733, respectively. This decrease is due to the small engine development contract with the California Energy Commission, which included significant subcontract research work in 2010. The subcontractor's activity was substantially completed during 2010. This income offset cost of sales of $170,213 and operating expenses of $13,964 for the first nine months of 2011 and $537,514 and $119,219 for the first nine months of 2010.

Operating Expenses

Operating expenses increased in the first nine months of 2011 to $4,877,150 compared to $3,916,043 for the same period in 2010, an increase of 961,107 or 24.5%. The increase was due to the addition of personnel to support the growth of the service and installation operations and non-cash compensation expense related to the issuance of restricted stock and option awards to our employees.

Loss from Operations

Loss from operations for the nine months ended September 30, 2011 was $981,240 compared to $184,211 for the same period in 2010. This decrease is largely due to an increase in stock compensation expense and an increase in costs incurred by Ilios, our majority owned subsidiary.

Other Income (Expense), Net

Other income, net, for the first nine months of 2011 was $2,770 compared to an expense, net, of $15,869 for the same period in 2010. Other income, net includes interest income on cash balances and notes receivable from stockholder of $25,262 net of interest expense of $22,492 for the first nine months of 2011. For the same period in 2010, interest income was $14,859 and interest expense was $30,728. The increase in interest income is the result of a note receivable from a stockholder in the first nine months of 2011, compared to just one quarter for the same period in 2010.

Provision for Income Taxes

The Company did not record any benefit or provision for income taxes for the first nine months ended September 30, 2011 and 2010, respectively. As of September 30, 2011 and 2010, the income tax benefits generated from the Company's net losses have been fully reserved.

Noncontrolling Interest

The noncontrolling interest share in the losses in Ilios was $192,359 for the first nine months of 2011 compared to $123,772 for the same period in 2010. The increase is due to additional payroll costs that Ilios incurred in 2011 as the company ramped up research and development of its new product.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Revenues

Revenues in 2010 were $11,311,229 compared to $11,776,241 in 2009, a decrease of $465,012 or 3.9%. The decrease is due to an overall decrease in product sales. Product revenue in 2010 was $5,543,605, compared to $6,442,169, in 2009, a decrease of $898,564, or 13.9%. Shipments of InVerde modules during 2010 accounted for 73.4% of product revenue. In 2009, InVerde modules represented 32.7% of product revenues. Service revenue in 2010 was $5,767,624 compared to 5,334,072, in 2009, an increase of $433,552, or 8.1%. This increase is due to the growth in modules serviced under contract.

Cost of Sales

Cost of sales in 2010 was $6,597,205, compared to 6,864,086, in 2009, a decrease of $266,881, or 3.9%. Our gross profit margin remained flat between the two periods at 41.7% as our product sales mix was similar from year to year.

Contract research and development income, which is classified as an offset to applicable expenses, for the years ended December 31, 2010 and 2009 was $917,148 and $349,214, respectively. This increase is due to the small engine development contract with the California Energy Commission, which included significant subcontract research work in 2010. This income offset cost of sales of $753,126 and $255,500, respectively and operating expenses of $164,022 and $94,214, respectively for the years ended December 31, 2010 and 2009.

Operating Expenses

Operating expenses were $5,264,299 in 2010, compared to $5,453,980 in 2009, a decrease of $189,681, or 3.5%. This decrease is largely due to a larger percentage of product sales being sold without commission.

Loss from Operations

Loss from operations in 2010 was $550,275 compared to $541,825 for the same period in 2009, a difference of $8,450. This difference is a result of the reduction in sales commissions, offset by an increase in payroll costs incurred by Ilios, our majority owned subsidiary.

Other Income (Expense), Net

Other expense, net, for 2010 was $13,706 compared to $40,933 for the same period in 2009. Other expense, net includes interest income on cash balances and notes receivable from stockholder of $23,574 net of interest expense of $37,280 for 2010. For the same period in 2009, interest income was $22,581 and interest expense was $63,514. The decrease in interest expense is the result of payments made on demand notes payable of during 2010.

Provision for Income Taxes

The Company did not record any benefit or provision for income taxes for the year ended December 31, 2010 and 2009, respectively. As of December 31, 2010 and 2009, the income tax benefits generated from the Company's net losses have been fully reserved.

Noncontrolling Interest

The noncontrolling interest share in the losses in Ilios was $208,673 in 2010 compared to $117,161 in 2009. The increase was due to additional payroll costs incurred by Ilios, our majority owned subsidiary, in 2010.

Liquidity and Capital Resources

Consolidated working capital at September 30, 2011 was $2,667,330, compared to $2,324,501 at December 31, 2010. Included in working capital were cash and cash equivalents of $1,211,287 and short-term investments of $501,577 at September 30, 2011, compared to $1,828,173 and $85,000, respectively, at December 31, 2010. The increase in working capital was a result of cash raised from the sale of Common Stock, from the conversion of accrued interest on our convertible debentures and the issuance of a demand note payable, offset by cash used to purchase inventory.

Cash used in operating activities was $1,566,159 in the first nine months of 2011 compared to cash provided by operating activities of $341,870 for the year ended December 31, 2010. The Company's receivables balance increased to $1,837,784 at September 30, 2011 compared to $1,788,323 at December 31, 2010, using $49,461 of cash due to the timing of billing, shipments and collections. The Company's inventory increased to $2,158,717 as of September 30, 2011 compared to $1,324,415 as of December 31, 2010, using $834,302 to purchase inventory to build modules in backlog. Amount due to the Company from related parties decreased to $40,982 as of September 30, 2011 from $98,230 at December 31, 2010, providing $57,248 from services performed.

Accounts payable decreased to $626,026 at September 30, 2011, from $705,406 at December 31, 2010 using $79,377 in cash to purchase inventory. Accrued expenses decreased to $748,296 as of September 30, 2011 from $895,884 as of December 31, 2010, using $147,588 of cash. Interest payable, related party decreased to $43,260 as of September 30, 2011 from $93,727 as of December 31, 2010 using $50,467 from a non-cash conversion to equity.

During the first nine months of 2011, the Company's investing activities included expenditures for property and equipment of $55,966, purchases of short-term investments of $501577 and sales of short-term investments of $85,000. The Company's financing activities provided $1,423,697 of cash in the first nine months of 2011 from the issuance of a demand note payable to a stockholder as well as the sale of Common Stock to various investors.

At September 30, 2011, the Company's commitments included various leases for office and warehouse facilities of $1,287,378. The source of funds to fulfill these commitments will be provided either from cash and short term investment balances, operations or through debt or equity financing.

The Company believes that its existing resources, including the $2,937,750 in cash the Company raised on November 30, 2011, through a private placement of Common Stock, and including cash and cash equivalents and future cash flows from operations, are sufficient to meet the working capital requirements of its existing business for at least the next 12 months. Beyond October 1, 2012, as we continue to grow our business our cash requirements may increase. We may need to raise additional capital through a debt financing or an equity offering to meet our operating and capital needs for future growth.

Our ability to continue to access capital could be impacted by various factors including general market conditions and the continuing slowdown in the economy, interest rates, the perception of our potential future earnings and cash distributions, any unwillingness on the part of lenders to make loans to us and any deterioration in the financial position of lenders that might make them unable to meet their obligations to us. If these conditions continue and we cannot raise funds through a public or private debt financing, or an equity offering, our ability to grow our business may be negatively affected and the Company may need to suspend and significantly reduce its operating costs until market conditions improve.

Seasonality

We expect that the majority of our heating systems sales will be in the winter and the majority of our chilling systems sales will be in the summer.

Inflation

Inflation should cause an increase in the rates charged by conventional utility suppliers, and since we will bill our customers based on the electric utility rates, our pricing would be expected to increase in tandem and positively affect our revenue. However, inflation might cause both our investment and cost of goods sold to increase, therefore lowering our return on investment and depressing our gross margins.

Quantitative and Qualitative Disclosures about Market Risk

The company's exposure to market risk from changes in interest rates, and equity prices, has not changed materially from its exposure at December 31, 2010.

Off Balance Sheet Arrangements

The Company currently has no material off balance sheet arrangements and has no plans to enter into any such arrangements.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

MANAGEMENT AND GOVERNANCE

Directors and Executive Officers.

The following table lists the current members of our board of directors and our executive officers. The address for our directors and officers is c/o Tecogen Inc., 45 First Avenue, Waltham, Massachusetts 02451.

Name	Age	Position(s)
Angelina M. Galiteva	44	Chairperson of the Board and Director
John N. Hatsopoulos	77	Chief Executive Officer and Director
Robert A. Panora	57	Chief Operating Officer and President
Bonnie J. Brown	48	Chief Financial Officer and Secretary
Anthony S. Loumidis	47	Vice President and Treasurer
George N. Hatsopoulos	84	Director
Ahmed F. Ghoniem	60	Director
Charles T. Maxwell	80	Director
Joseph E. Aoun	58	Director

Angelina M. Galiteva, age 44, has been our Chairperson of the Board since 2005. She is founder and Chair of the Board for the Renewables 100 Policy Institute, a non-profit entity dedicated to the global advancements of renewable energy solutions since 2008. Ms. Galiteva is also Chairperson at the World Council for Renewable Energy (WCRE) which focuses on the development of legislative and policy initiatives to facilitate the introduction and growth of renewable energy technologies since 2003. Ms. Galiteva is the governor's appointee to the California Independent System Operator (CA ISO), providing direction and oversight for the California ISO which operates the California electricity grid. Also, Ms. Galiteva is a principal at New Energy Options, Inc., a company focusing on advancing the integration of sustainable energy solutions since 2006. Ms. Galiteva holds a Master's degree in Environmental and Energy Law, a law degree from Pace University School of Law, and a bachelor's degree from Sofia University in Bulgaria.

Our board of directors has determined that Ms. Galiteva's prior experience in the energy field qualify her to be a member of the board of directors in light of the Company's business and structure.

John N. Hatsopoulos, age 77, has been the Chief Executive Officer of the Company since the organization of the Company in 2000. He has also been the Chief Executive Officer of American DG Energy Inc., (NYSE Amex: ADGE), a publicly traded company in the cogeneration business since 2000, and the Chairman of EuroSite Power Inc., a subsidiary of American DG Energy Inc. since 2009. Since 2000, he has also been a partner and Managing Director of Alexandros Partners LLC, a financial advisory firm providing consulting services to early stage entrepreneurial ventures. Mr. Hatsopoulos is a co-founder of Thermo Electron Corporation, which is now Thermo Fisher Scientific (NYSE: TMO), and the retired President and Vice Chairman of the Board of Directors of that company. He is a member of the Board of Directors of Ilios Inc., GlenRose Instruments Inc., Agenus Inc. (NASDAQ: AGEN), American CareSource Holdings, Inc. (NASDAQ: ANCI) and TEI Biosciences Inc., and is a former Member of the Corporation of Northeastern University. The Company, American DG Energy, EuroSite Power, GlenRose Instruments and Ilios, are affiliated companies by virtue of common ownership. Mr. Hatsopoulos graduated from Athens College in Greece, and holds a bachelor's degree in history and mathematics from Northeastern University, as well as honorary doctorates in business administration from Boston College and Northeastern University.

Our board of directors has determined that Mr. Hatsopoulos's prior experience as co-founder, president and Chief Financial Officer of Thermo Electron, where he demonstrated leadership capability and gained extensive expertise involving complex financial matters, and his extensive knowledge of complex financial and operational issues qualify him to be a member of the board of directors in light of the Company's business and structure.

Robert A. Panora, age 57, has been our Chief Operating Officer and President since the organization of the Company in 2000. He had been General Manager of Tecogen's Product Group since 1990 and Manager of Product Development, Engineering Manager, and Operations Manager of the Company since 1984. Over his 27-year tenure with Tecogen, Mr. Panora has been responsible for sales and marketing, engineering, service, and manufacturing. Mr. Panora contributed to the development of Tecogen's first product, the CM-60 cogeneration module, and was Program Manager for the cogeneration and chiller projects that followed. Mr. Panora has had considerable influence on many aspects of Tecogen's business, from building the employee team, to conceptualizing product designs and authoring many of the original business documents, sales tools, and product literature pieces. Mr. Panora has a bachelor's and master's degrees in Chemical Engineering from Tufts University.

Bonnie J. Brown, age 48, has been our Chief Financial Officer since 2007 and our Secretary since 2010. Ms. Brown joined the Company in 2005 as Controller. She has also been the Chief Financial Officer of Ilios Inc. since its inception in 2009. Prior to joining Tecogen, Ms. Brown was a partner at Sullivan Bille PC, a regional accounting firm, for 15 years where she provided financial, accounting, audit, tax, and business consulting services for mid-sized companies. Ms. Brown has also worked at Enterprise Bank and Trust (NASDAQ:EBTC) as project manager for special assignments including branch acquisitions and information systems transitions in the trust department eventually serving as Internal Audit Director, establishing an in-house audit function. She has also provided independent contractor services for a wide variety of publicly traded and closely held companies, including consulting, internal control and Sarbanes-Oxley compliance services. Ms. Brown is a CPA and holds a B.S. in Accountancy from Bentley College and an M.S. in Computer Information Systems from Boston University.

Anthony S. Loumidis, age 47, has been our Vice President since 2007 and Treasurer since 2001. Mr. Loumidis has been the Chief Financial Officer of the Company's affiliates, American DG Energy, EuroSite Power and GlenRose Instruments. He has been the Chief Financial Officer of GlenRose Instruments since 2006; GlenRose Instruments provides analytical services to the federal government and its prime contractors. He also has been a partner and President of Alexandros Partners LLC since 2000; Alexandros Partners is a financial advisory firm providing consulting services to early stage entrepreneurial ventures, and he is Treasurer of Ilios Inc., a high-efficiency heating products company. Mr. Loumidis was previously with Thermo Electron, where he held various positions including National Sales Manager for Thermo Capital Financial Services, Manager of Investor Relations and Manager of Business Development of Tecomet, a subsidiary of Thermo Electron. Mr. Loumidis is a FINRA registered representative, holds a bachelor's degree in business administration from the American College of Greece in Athens and a master's degree in business administration from Northeastern University.

George N. Hatsopoulos, age 84, has been a member of our Board since the organization of the Company in 2000. He is the founder and Chief Executive Officer of Pharos, LLC, an organization devoted to the creation of leading edge business ventures and he is a member of the Board of Directors of American DG Energy Inc., an affiliated company by virtue of common ownership. He is the founder and chairman emeritus of Thermo Electron and served as Chairman and Chief Executive Officer since its founding in 1956 until his retirement from those positions in 1999. Dr. Hatsopoulos has served on the board of the Federal Reserve Bank of Boston, including a term as chairman. He was a member of the Securities and Exchange Commission Advisory Committee on Capital Formation and Regulatory Process, the Advisory Committee of the U.S. Export-Import Bank, and the boards of various corporations and institutions. Dr. Hatsopoulos is a fellow of the American Academy of Arts and Sciences, the American Society of Mechanical Engineers and other scientific and technical organizations. He is the recipient of numerous honors and awards in engineering, science, industry and academics, has authored over 60 articles in professional journals, and is the principal author of textbooks on thermodynamics and thermionic energy conversion. Dr. Hatsopoulos has been a faculty member and senior lecturer at Massachusetts Institute of Technology and continues his association with MIT as a Life Member of the Corporation. Dr. Hatsopoulos holds bachelors, masters and doctorate degrees from MIT, all in mechanical engineering.

Our board of directors has determined that Dr. Hatsopoulos's prior experience as founder, chairman and Chief Executive Officer of Thermo Electron, where he demonstrated leadership capability and gained extensive expertise involving complex financial matters, and his extensive knowledge of complex financial and operational issues qualify him to be a member of the board of directors in light of the Company's business and structure.

Ahmed H. Ghoniem, age 60, has been a member of our Board since 2008. He is the Ronald C. Crane Professor of Mechanical Engineering at MIT. He is also the director of the Center for 21st Century Energy, and the head of Energy Science and Engineering at MIT, where he plays a leadership role in many energy-related activities, initiatives and programs. Mr. Ghoniem joined MIT as an assistant professor in 1983. He is an associate fellow of the American Institute of Aeronautics and Astronautics, and Fellow of American Society of Mechanical Engineers. Recently, he was granted the KAUST Investigator Award. He is a member of the Board of Directors of EuroSite Power Inc., and Ilios Inc., which are affiliated companies by virtue of common ownership. Mr. Ghoniem holds a Ph.D. in Mechanical Engineering from the University of California, Berkeley, and an M.S. and B.S. in Mechanical Engineering from Cairo University.

Our Board of Directors has determined that Dr. Ghoniem's prior experience as a Professor of Mechanical Engineering at MIT and his prior experience in the energy sector qualify him to be a member of our Board of Directors in light of our business and structure.

Charles T. Maxwell, age 80, has been a member of our Board since 2001. He is a widely recognized expert in the energy sector, with over 40 years of experience with major oil companies and investment banking firms. He is currently Senior Energy Analyst with Weeden & Co. of Greenwich, Connecticut, where he develops strategic data and forecasts on oil, gas and power markets. Mr. Maxwell is a member of the Board of Directors of American DG Energy Inc., an affiliated company by virtue of common ownership. Since the early 1980's, he has been an active member of an Oxford-based organization comprised of the Organization of the Petroleum Exporting Countries (OPEC) and other industry executives from 30 countries who meet twice annually to analyze trends within the global energy industries and markets. He is a member of the board of directors of Chesapeake Energy Corp. (NYSE: CHK). Mr. Maxwell holds a bachelor's degree in political science from Princeton University and holds a B.A. from Oxford University as a Marshall Scholar in Middle East literature and history.

Our board of directors has determined that Mr. Maxwell's prior experience in the energy sector and his extensive experience as a director of public companies qualifies him to be a member of the board of directors in light of the Company's business and structure.

Joseph E. Aoun, age 58, has been a member of our Board since 2011. He is President of Northeastern University, a preeminent global, experiential, research university since 2006. President Aoun is recognized as a leader in higher education policy and serves on the board of directors of the American Council on Education as well as the Boston Private Industry Council, Boston World Partnerships, Jobs for Mass, and the New England Council. He is a member of the Executive Committee of the Greater Boston Chamber of Commerce, a member of the Massachusetts Business Roundtable and Massachusetts Math & Science Initiative, and serves on the Leadership Council for the Mass Life Sciences Collaborative and as co-chair of the City to City Boston initiative. President Aoun is the recipient of numerous honors and awards and is an internationally known scholar in linguistics. President Aoun holds a master's degree in Oriental Languages and Literature from Saint Joseph University, Beirut, Lebanon, Diploma of Advanced Study General and Theoretical Linguistics, University of Paris VIII, Paris, France, and a Ph.D. Linguistics and Philosophy from MIT.

Our Board of Directors has determined that Dr. Aoun's prior experience as the President of Northeastern University and his prior experience in the energy sector qualify him to be a member of our Board of Directors in light of our business and structure.

Each executive officer is elected or appointed by, and serves at the discretion of, our Board of Directors. The elected officers of the Company will hold office until their successors are duly elected and qualified, or until their earlier resignation or removal.

Family Relationships

There are no other family relationships among members of our Board of Directors and executive officers other than George N. Hatsopoulos and John N. Hatsopoulos who are brothers.

Board Composition

The number of directors of the Company is established by the Board of Directors in accordance with our bylaws. The exact number of directors is currently set at six (6) by resolution of the Board of Directors. The directors are elected to serve for one (1) year terms, with the term of directors expiring each year at the annual meeting of stockholders; provided further, that the term of each director shall continue until the election and qualification of a successor and be subject to such director's earlier death, resignation or removal.

Our certificate of incorporation and bylaws provide that the authorized number of directors may be changed only by resolution of the Board of Directors, and also provide that our directors may be removed only for cause by the affirmative vote of the holders of at least 75% of the votes that all our stockholders would be entitled to cast in an annual election of directors, and that any vacancy on our Board of Directors, including a vacancy resulting from an enlargement of our Board of Directors, may be filled only by vote of a majority of our directors then in office.

We have no formal policy regarding board diversity. Our priority in selection of board members is identification of members who will further the interests of our stockholders through his or her established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members, knowledge of our business and understanding of the competitive landscape.

Board Committees

Our Board of Directors directs the management of our business and affairs and conducts its business through meetings of the Board of Directors and our committees: the Audit Committee, the Compensation Committee and the Nominating and Governance Committee.

The members of the Audit Committee are Ms. Galiteva and Mr. Maxwell. The members of the Compensation Committee are Dr. Aoun, Ms. Galiteva and Dr. Ghoniem. The members of our Nominating and Governance Committee are Dr. Aoun, Dr. Ghoniem and Mr. Maxwell. All committee members have been determined to be independent by our Board of Directors in accordance with the NYSE Amex rules. The Board of Directors has also determined that Mr. Maxwell qualifies as an audit committee financial expert. In addition, from time to time, other committees may be established under the direction of the Board of Directors when necessary to address specific issues.

The functions of the Audit Committee include reviewing and supervising the financial controls of the Company, appointing, compensating and overseeing the work of the independent auditors, reviewing the books and accounts of the Company, meeting with the officers of the Company regarding the Company's financial controls, acting upon recommendations of the independent auditors and taking such further actions as the Audit Committee deems necessary to complete an audit of the books and accounts of the Company. The charter of the Audit Committee will be available on the Company's website at www.tecogen.com and is included as Exhibit 10.1 hereto.

The Compensation Committee's functions include reviewing with management cash and other compensation policies for employees, making recommendations to the Board of Directors regarding compensation matters and determining compensation for the Chief Executive Officer. Our Chief Executive Officer has been instrumental in the design and recommendation to the compensation committee of compensation plans and awards for our directors and executive officers including our President, Chief Operating Officer and Chief Financial Officer. All compensation decisions for the Chief Executive Officer and all other executive officers are reviewed and approved by the Compensation Committee, subject to ratification by the Board of Directors. The charter of the Compensation Committee will be available on the Company's website at www.tecogen.com and is included as Exhibit 10.2 hereto.

The Nominating and Governance Committee functions are to identify persons qualified to serve as members of the Board of Directors, to recommend to the Board of Directors persons to be nominated by the board for election as directors at the annual meeting of stockholders and persons to be elected by the board to fill any vacancies, and recommend to the Board the Directors to be appointed to each of its committees. In addition, the Nominating and Governance Committee is responsible for developing and recommending to the Board of Directors a set of corporate governance guidelines applicable to the Company (as well as reviewing and reassessing the adequacy of such guidelines as it deems appropriate from time to time) and overseeing the annual self-evaluation of the Board of Directors. The charter of the Nominating and Governance Committee is available on the Company's website at www.tecogen.com and is included as Exhibit 10.3 hereto.

Director Compensation

Each director who is not also one of our employees will receive a fee of $500 per day for service on our Board of Directors and on each of the Audit, Compensation or Nominating and Governance Committees. Non-employee directors also will be eligible to receive stock or options awards under our 2011 Stock Incentive Plan, as amended, or the Stock Plan. We reimburse all of our non-employee directors for reasonable travel and other expenses incurred in attending Board of Directors and committee meetings. Any director who is also one of our employees receives no additional compensation for serving as a director. Our non-employee directors have not received any cash compensation for serving as directors during 2010 or to date in 2011.

Board Leadership Structure

We separate the roles of Chief Executive Officer and Chairman in recognition of the differences between the two roles. Our Chief Executive Officer is responsible for setting the strategic direction for the Company and the overall leadership and performance of the Company. Our Chairman provides guidance to the Chief Executive Officer, sets the agenda for Board of Director meetings, presides over meetings of the full Board of Directors and leads all executive meetings of the independent directors. We are a small company with a small management team, and we feel the separation of these roles enhances high-level attention to our business.

Our Board of Directors Role in Risk Oversight

Our Board of Directors oversees our risk management processes directly and through its committees. Our management is responsible for risk management on a day-to-day basis. The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls and compliance with legal and regulatory requirements, and discusses policies with respect to risk assessment and risk management, including guidelines and policies to govern the process by which the Company's exposure to risk is handled. The Compensation Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. The Nominating and Governance Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the management of risks associated with board organization, membership and structure, succession planning for our directors, and corporate governance.

Code of Business Conduct and Ethics

The Company has adopted a code of business conduct and ethics that applies to the Company's directors, officers and employees. The Company's code of business conduct and ethics is intended to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the SEC and in other public communications made by the Company; compliance with applicable governmental laws, rules and regulations; prompt internal reporting of violations of the code of business conduct and ethics to an appropriate person or persons identified in the code of business conduct and ethics; and accountability for adherence to the code of business conduct and ethics. The Company's code of business conduct and ethics is available on the Company's website at www.tecogen.com and is included as Exhibit 14.1 hereto.

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Executive Compensation.

The Compensation Committee and Board of Directors construct policies and guidelines regarding executive compensation. The major components of executive compensation will be base salary, annual incentive bonuses, equity incentive awards and customary employee benefits. Among the factors likely to be relevant are:

- the executive officer's skills and experience;
- the particular importance of the executive officer's position to us;
- the executive officer's individual performance;
- the executive officer's growth in his or her position; and
- base salaries for comparable positions within our Company and at other companies.

Our Compensation Committee performs evaluations of our executive officers' compensation at least annually and may solicit the input of a compensation consulting firm and peer group benchmarking data in making any adjustments believed to be appropriate.

Executive Compensation

The following table sets forth information with respect to the compensation of our executive officers as of December 31, 2010:

Summary Compensation Table

Name and principal position	Year	Salary ($)	Bonus ($)	Stock awards ($)	Option awards ($)	All other compensation ($)	Total ($)
John N. Hatsopoulos	2010	1	-	-	-	-	1
Chief Executive Officer	2009	1	-	-	-	-	1
(Principal Executive Officer)							
Robert A. Panora (1)	2010	163,770	-	-	-	1,032	164,802
Chief Operating Officer and President	2009	163,770	-	-	-	1,032	164,802
Bonnie J. Brown (2)(3)	2010	156,000	-	-	24,446	360	180,806
Chief Financial Officer and Secretary	2009	156,000	-	-	36,446	360	192,806
(Principal Financial Officer)							
Anthony S. Loumidis	2010	-	-	-	-	-	-
Vice President and Treasurer	2009	-	-	-	-	-	-

(1) Includes group life insurance of $1,032 for 2010 and 2009, respectively.

(2) Includes: (a) stock option award to purchase 100,000 shares of Common Stock at a purchase price of $0.65 per share granted on February 18, 2010, with 25,000 of the shares vesting on February 18, 2011 and then an additional 25,000 shares on each of the subsequent three anniversaries, subject to acceleration of vesting upon a change in control; and (b) stock option award to purchase 200,000 shares of Common Stock at a purchase price of $0.50 per share granted on March 11, 2009, with 50,000 the shares vesting on March 11, 2010 and then an additional 50,000 shares on each of the subsequent three anniversaries, subject to acceleration of vesting upon a change in control.

(3) Includes group life insurance of $360 for 2010 and 2009.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information with respect to outstanding equity awards held by our executive officers as of December 22, 2011:

	Option awards				Stock awards	
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price ($)	Option expiration date	Number of shares of stock that have not vested (#)	Market value of shares of stock that have not vested ($)(1)
John N. Hatsopoulos	-	-	-	-	-	-
Robert A. Panora (2)(3)	-	500,000	0.65	2/14/2021	553,400	387,380
Bonnie J. Brown (4)(5)	75,000	25,000	0.30	2/13/2013	50,000	35,000
Bonnie J. Brown (6)	100,000	100,000	0.50	3/11/2019	-	-
Bonnie J. Brown (7)	25,000	75,000	0.65	2/18/2015	-	-
Anthony S. Loumidis (8)(9)	20,000	-	0.30	2/24/2014	30,000	21,000
Anthony S. Loumidis (10)	100,000	-	0.30	9/29/2015	-	-
Anthony S. Loumidis (11)	56,250	18,750	0.30	2/13/2013	-	-
Anthony S. Loumidis (12)	-	150,000	0.65	2/14/2021	-	-

(1) Market value of shares of stock that have not vested is computed on the last private placement price of the Company's Common Stock at May 31, 2011, which was $0.70 per share.

(2) Includes stock option award granted on February 15, 2011, with 25% of the shares vesting on February 15, 2012 and then an additional 25% of the shares vesting on each of the subsequent three anniversaries, subject to Mr. Panora's continued employment and subject to acceleration of vesting upon a change in control.

(3) Includes 553,400 shares of restricted Common Stock at a purchase price of $.001 per share granted on December 4, 2006, with 100% of the shares vesting one year after the Company's initial public offering, subject to acceleration of vesting upon a change in control prior to a termination event.

(4) Includes stock option award granted on February 13, 2008, with 25% of the shares vesting on February 13, 2009 and then an additional 25% of the shares vesting on each of the subsequent three anniversaries, subject to Ms. Brown's continued employment and subject to acceleration of vesting upon a change in control.

(5) Includes 50,000 shares of restricted Common Stock at a purchase price of $.001 per share granted on December 13, 2006, with 100% of the shares vesting one year after the Company's initial public offering, subject to acceleration of vesting upon a change in control prior to a termination event.

(6) Includes stock option award granted on March 11, 2009, with 25% of the shares vesting on March 11, 2010 and then an additional 25% of the shares vesting on each of the subsequent three anniversaries, subject to Ms. Brown's continued employment and subject to acceleration of vesting upon a change in control.

(7) Includes stock option award granted on February 28, 2010, with 25% of the shares vesting on February 28, 2011 and then an additional 25% of the shares vesting on each of the subsequent three anniversaries, subject to Ms. Brown's continued employment and subject to acceleration of vesting upon a change in control.

(8) Includes stock option award granted on February 24, 2004, with 25% of the shares vesting on February 24, 2005 and then an additional 25% of the shares vesting on each of the subsequent three anniversaries, subject to Mr. Loumidis continued employment and subject to acceleration of vesting upon a change in control.

(9) Includes 30,000 shares of restricted Common Stock at a purchase price of $.001 per share granted on December 13, 2006, with 100% of the shares vesting one year after the Company's initial public offering, subject to acceleration of vesting upon a change in control prior to a termination event.

(10) Includes stock option award granted on September 29, 2005, with 25% of the shares vesting on September 29, 2006 and then an additional 25% of the shares vesting on each of the subsequent three anniversaries, subject to continued employment of Mr. Loumidis and subject to acceleration of vesting upon a change in control.

(11) Includes stock option award granted on February 13, 2008, with 25% of the shares vesting on February 13, 2009 and then an additional 25% of the shares vesting on each of the subsequent three anniversaries, subject to continued employment of Mr. Loumidis and subject to acceleration of vesting upon a change in control.

(12) Includes stock option award granted on February 15, 2011, with 25% of the shares vesting on February 15, 2012 and then an additional 25% of the shares vesting on each of the subsequent three anniversaries, subject to continued employment of Mr. Loumidis and subject to acceleration of vesting upon a change in control.

Director Compensation

Each director who is not also one of our employees will receive a fee of $500 per day for service on our Board, or a fee of $500 per day for serving on each of the Audit, Compensation, or Nominating and Governance Committees. Non-employee directors also will be eligible to receive stock or options awards under our equity incentive plan. We reimburse all of our non-employee directors for reasonable travel and other expenses incurred in attending Board and committee meetings. Any director who is also one of our employees receives no additional compensation for serving as a director.

Our non-employee directors have not received any cash compensation for serving as directors prior to, or during 2010.

Outstanding Equity Awards at Fiscal Year-End Table

The following table summarizes the outstanding equity awards held by each director as of December 31, 2010.

	Option awards				Stock awards	
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price ($)	Option expiration date	Number of shares of stock that have not vested (#)	Market value of shares of stock that have not vested ($)(1)
Angelina M. Galiteva (2)(3)	100,000	-	0.03	10/20/2013	100,000	80,000
Angelina M. Galiteva (4)	-	100,000	0.65	2/14/2021	-	-
John N. Hatsopoulos	-	-	-	-	-	-
George N. Hatsopoulos	-	-	-	-	-	-
Ahmed F. Ghoniem (5)(6)	-	100,000	0.65	2/14/2021	100,000	80,000
Charles T. Maxwell (7)(8)	-	100,000	0.65	2/14/2021	100,000	80,000
Joseph E. Aoun	-	-	-	-	-	-

(1) Market value of shares of Common Stock that have not vested is computed by the Company's most recent private placement of Common Stock in November 30, 2011, which was $0.80 per share.

(2) Includes stock option award granted on October 20, 2003, with 100% of the shares vesting on the date of the option grant.

(3) Includes 100,000 shares of restricted Common Stock at a purchase price of $.001 per share granted on December 13, 2006, with 100% of the shares vesting one year after the Company's initial public offering.
(4) Includes stock option award granted on February 15, 2011, with 25% of the shares vesting on February 15, 2012, and then an additional 25% of the shares vesting on each of the subsequent four anniversaries, provided that Ms. Galiteva serves as a director or consultant to the Company.
(5) Includes stock option award granted on February 15, 2011, with 25% of the shares vesting on February 15, 2012, and then an additional 25% of the shares vesting on each of the subsequent four anniversaries, provided that Mr. Ghoniem serves as a director or consultant to the Company.
(6) Includes 100,000 shares of restricted Common Stock at a purchase price of $.001 per share granted on October 1, 2008, with 100% of the shares vesting 180 days after the Company's initial public offering.
(7) Includes stock option award granted on February 15, 2011, with 25% of the shares vesting on February 15, 2012, and then an additional 25% of the shares vesting on each of the subsequent four anniversaries, provided that Mr. Maxwell serves as a director or consultant to the Company.
(8) Includes 100,000 shares of restricted Common Stock at a purchase price of $.001 per share granted on October 1, 2008, with 100% of the shares vesting 180 days after the Company's initial public offering.

There have been no other stock awards granted to date and none of such options have been exercised.

2011 Stock Option and Incentive Plan

The Company's Stock Plan provides for the grant of stock-based awards to employees, officers and directors of, and consultants or advisors to, the Company and its subsidiaries. The Stock Plan is included as Exhibit 10.4 hereto.

Under the Stock Plan, the Company may grant stock options, restricted stock and other stock-based awards. As of September 30, 2011, a total of 7,000,000 shares of Common Stock may be issued upon the exercise of options or other awards granted under the Stock Plan.

The Stock Plan is administered by the Board of Directors and the Compensation Committee. Subject to the provisions of the Stock Plan, the Board of Directors and the Compensation Committee each has the authority to select the persons, to whom awards are granted and determine the terms of each award, including the number of shares of Common Stock subject to the award. Payment of the exercise price of an award may be made in cash, in a "cashless exercise" through a broker, or if the applicable stock option agreement permits, shares of Common Stock or by any other method approved by the Board of Directors or Compensation Committee. Unless otherwise permitted by the Company, awards are not assignable or transferable except by will or the laws of descent and distribution.

Upon the consummation of an acquisition of the business of the Company, by merger or otherwise, the Board of Directors shall, as to outstanding awards (on the same basis or on different bases as the Board of Directors shall specify), make appropriate provision for the continuation of such awards by the Company or the assumption of such awards by the surviving or acquiring entity and by substituting on an equitable basis for the shares then subject to such awards either (a) the consideration payable with respect to the outstanding shares of Common Stock in connection with the acquisition, (b) shares of stock of the surviving or acquiring corporation or (c) such other securities or other consideration as the Board of Directors deems appropriate, the fair market value of which (as determined by the Board of Directors in its sole discretion) shall not materially differ from the fair market value of the shares of Common Stock subject to such awards immediately preceding the acquisition. In addition to or in lieu of the foregoing, with respect to outstanding stock options, the Board of Directors may, on the same basis or on different bases as the Board of Directors shall specify, upon written notice to the affected optionees, provide that one or more options then outstanding must be exercised, in whole or in part, within a specified number of days of the date of such notice, at the end of which period such options shall terminate, or provide that one or more options then outstanding, in whole or in part, shall be terminated in exchange for a cash payment equal to the excess of the fair market value (as determined by the Board of Directors in its sole discretion) for the shares subject to such Options over the exercise price thereof. Unless otherwise determined by the Board of Directors (on the same basis or on different bases as the Board of Directors shall specify), any repurchase rights or other rights of the Company that relate to a stock option or other award shall continue to apply to consideration, including cash, that has been substituted, assumed or amended for a stock option or other award pursuant to these provisions. The Company may hold in escrow all or any portion of any such consideration in order to effectuate any continuing restrictions.

The Board of Directors may at any time provide that any stock options shall become immediately exercisable in full or in part, that any restricted stock awards shall be free of some or all restrictions, or that any other stock-based awards may become exercisable in full or in part or free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

The Board of Directors or Compensation Committee may, in its sole discretion, amend, modify or terminate any award granted or made under the Stock Plan, so long as such amendment, modification or termination would not materially and adversely affect the participant.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of December 22, 2011, regarding Common Stock that may be issued under the Company's equity compensation plans.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in second column)
Equity compensation plans approved by security holders	4,401,000	$ 0.47	270,732
Equity compensation plans not approved by security holders	-	-	-
Total	4,401,000	$ 0.47	270,732

In February 2011, our management conducted an assessment of the risks associated with our compensation policies and practices. This process included a review of our compensation programs, a discussion of the types of practices that could be reasonably likely to create material risks, and an analysis of the potential effects on the Company on related risks as a whole.

Although we reviewed all of our compensation programs, we paid particular attention to programs involving incentive-based payouts and programs that involve our executive officers. During the course of our assessment, we consulted with the Compensation Committee of our Board of Directors.

We believe that our compensation programs are designed to create appropriate incentives without encouraging excessive risk taking by our employees. In this regard, our compensation structure contains various features intended to mitigate risk. For example:

- None of our executive officers receives any performance-based compensation or incentive payments.
- A portion of the compensation package for our sales-based employees consists of commissions for units sold and installed, which package is designed to link an appropriate portion of compensation to long-term performance, while providing a balanced compensation model overall.
- The Compensation Committee oversees our compensation policies and practices and is responsible for reviewing and approving executive compensation, annual incentive compensation plans applicable to sales employees and other compensation plans.

Our Compensation Committee, in its evaluation, determined that it does not believe that the Company employs any compensation plans or practices that create incentives for employees to deliver short-term profits at the expense of generating systematic risks for the Company. Based on this and the assessment described above, we have concluded that the risks associated with our compensation policies and practices are not reasonably likely to have material adverse effect on the Company.

Compensation Committee Interlocks and Insider Participation

Our Chief Executive Officer and director, John Hatsopoulos, is a director and Chief Executive Officer of American DG Energy. Other than that, none of our executive officers serves as a member of the board of directors or compensation committee, or other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as a member of our Board of Directors or its Compensation Committee. None of the current members of the Compensation Committee of our Board of Directors has ever been one of our employees.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

None of our executive officers has an employment contract or change-in-control arrangement, other than stock and option awards that contain certain change-in-control provisions such as accelerated vesting due to acquisition. In the event an acquisition that is not a private transaction occurs while the optionee maintains a business relationship with the Company and the option has not fully vested, the option will become exercisable for 100% of the then number of shares as to which it has not vested and such vesting to occur immediately prior to the closing of the acquisition.

The stock and option awards that would vest for each named executive if a change-in-control were to occur are disclosed under our *Outstanding Equity Awards at Fiscal Year-End Table.* Specifically, as of September 30, 2011, Robert A. Panora, our Chief Operating Officer and President, had 500,000 stock options and 533,400 shares of restricted stock that had not vested, Bonnie J. Brown, our Chief Financial Officer, had 200,000 stock options and 50,000 shares of restricted stock that had not vested and Anthony S. Loumidis, our Vice President and Treasurer, had 186,750 stock options and 30,000 shares of restricted stock that had not vested.

Our stock and option awards contain certain change-in-control provisions. Descriptions of those provisions are set forth below:

Stock Awards Change-in-Control Definition

Change-in-Control shall mean (a) the acquisition in a transaction or series of transactions by any person (such term to include anyone deemed a person under Section 13(d)(3) of the Exchange Act), other than the Company or any of its subsidiaries, or any employee benefit plan or related trust of the Company or any of its subsidiaries, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; provided a Change-in-Control shall not occur solely as the result of an initial public offering or (b) the sale or other disposition of all or substantially all of the assets of the Company in one transaction or series of related transactions.

Option Awards Change-in-Control Definition

Accelerated vesting due to acquisition. In the event an acquisition that is not a private transaction occurs while the optionee maintains a business relationship with the Company and this option has not fully vested, this option shall become exercisable for 100% of the then number of shares as to which it has not vested, such vesting to occur immediately prior to the closing of the acquisition.

Definitions. The following definitions shall apply to certain terms used in this Section:

Acquisition means (i) the sale of the Company by merger in which the stockholders of the Company in their capacity as such no longer own a majority of the outstanding equity securities of the Company (or its successor); or (ii) any sale of all or substantially all of the assets or capital stock of the Company (other than in a spin-off or similar transaction) or (iii) any other acquisition of the business of the Company, as determined by the Board. Business relationship means service to the Company or its successor in the capacity of an employee, officer, director or consultant.

Private transaction means any acquisition where the consideration received or retained by the holders of the then outstanding capital stock of the Company does not consist of (i) cash or cash equivalent consideration, (ii) securities which are registered under the Securities Act, or any successor statute and/or (iii) securities for which the Company or any other issuer thereof has agreed, including pursuant to a demand, to file a registration statement within ninety (90) days of completion of the transaction for resale to the public pursuant to the Securities Act.

Director Independence

The Company's policy is that a majority of our Board of Directors shall be "independent" in accordance with NYSE Amex rules (even though the Company is not currently subject to those requirements) including, in the judgment of the Board of Directors, the requirement that such directors have no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). The Board of Directors has adopted the following standards to assist it in determining whether a director has a material relationship with the Company. Under these standards, a director will not be considered to have a material relationship with the Company if he or she is not:

- A director who is a current employee, or whose immediate family member is a current executive officer, of a Company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other Company's consolidated gross revenues;
- A director who is (or was within the last three years) an employee, or whose immediate family member is (or was within the last three years) an executive officer, of the Company;
- A director who has received, or whose immediate family member has received, during any twelve-month period within the last three years, more than $120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- A director who is, or whose immediate family member is, a current partner of a firm that is the Company's internal or external auditor; (B) a director who is a current employee of a firm that is the Company's internal or external auditor; (C) a director whose immediate family member is a current employee of a firm that is the Company's internal or external auditor and personally works on the Company's audit; or (D) a director who was, or whose immediate family member was, within the last three years (but is no longer) a partner or employee of a firm that is the Company's internal or external auditor and personally worked on the Company's audit within that time;
- A director who is (or was within the last three years), or whose immediate family member is (or was within the last three years), an executive officer of another Company where any of the Company's current executive officers at the same time serve or served on the other Company's compensation committee;
- A director who is (or was within the last three years) an executive officer of another Company that is indebted to the Company, or to which the Company is indebted, in an amount that exceeds one percent (1%) of the total consolidated assets of the other Company; and
- A director who is a current executive officer of a tax exempt organization that, within the last three years, received discretionary contributions from the Company in an amount that, in any single fiscal year, exceeded the greater of $1 million or 2% of such tax exempt organization's consolidated gross revenues. (Any automatic matching by the Company of employee charitable contributions will not be included in the amount of the Company's contributions for this purpose.)

Ownership of a significant amount of the Company's stock, by itself, does not constitute a material relationship. For relationships not covered by these standards, the determination of whether a material relationship exists shall be made by the other members of the Board of Directors who are independent (as defined above).

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of December 22, 2011, certain information with respect to the beneficial ownership of the Company's Common Stock by (1) any person including any "group" as set forth in Section 13(d)(3) of the Exchange Act, known by us to be the beneficial owner of more than 5% of our Common Stock, (2) each director, (3) each of our executive officers and (4) all of our current directors and executive officers as a group. The percentages in the following table are based on 53,993,882 shares of Common Stock issued and outstanding as of the date of this prospectus.

Name and address of beneficial owner (1)	Amount and Nature of Beneficial Ownership	Percent of Class
5% Stockholders:		
John N. Hatsopoulos (2)	14,875,350	27.6%
George N. Hatsopoulos (3)	14,206,077	26.2%
RBC Cees Nominees Limited (4)	3,616,418	6.7%
Joseph J. Ritchie (5)	3,586,449	6.6%
Directors and Officers:		
John N. Hatsopoulos (2)	14,875,350	27.6%
George N. Hatsopoulos (3)	14,206,077	26.2%
Robert A. Panora (6)	653,400	1.2%
Charles T. Maxwell (7)	300,000	0.6%
Bonnie J. Brown (8)	250,000	0.5%
Anthony S. Loumidis (9)	236,250	0.4%
Angelina M. Galiteva (10)	200,000	0.4%
Ahmed F. Ghoniem (11)	100,000	0.2%
Joseph E. Aoun	-	0.0%
All executive officers and directors as a group (9 persons)	30,821,077	56.9%

(1) The address of the directors and officers listed in the table above is: c/o Tecogen Inc., 45 First Avenue, Waltham, Massachusetts 02451.

(2) Includes: (a) 225,000 shares of Common Stock, directly held by Mr. John N. Hatsopoulos; (b) 4,948,165 shares of Common Stock; held by John N. Hatsopoulos and his wife, Patricia L. Hatsopoulos, as joint tenants, each of whom share voting and investment power; (c) 5,742,750 shares of Common Stock held by John N. Hatsopoulos and his wife, Patricia L. Hatsopoulos, as joint tenants with rights of survivorship, each of whom share voting and investment power; and (d) 3,959,435 shares of Common Stock held by The John N. Hatsopoulos Family Trust 2008 for the benefit of: (1) Patricia L. Hatsopoulos, (2) Alexander J. Hatsopoulos, and (3) Nia Marie Hatsopoulos, for which Dr. George N. Hatsopoulos and Ms. Patricia L. Hatsopoulos are the trustees. This amount does not include: (a) 333,334 shares of Common Stock issuable upon conversion of $100,000 principal amount of 6% convertible debentures; and (b) 120,022 shares of Common Stock held by The John N. Hatsopoulos 1989 Family Trust for the benefit of: (1) Alexander J. Hatsopoulos, and (2) Nia Marie Hatsopoulos, for whom Mr. Paris Nikolaidis is the trustee. Mr. Hatsopoulos disclaims beneficial ownership of the shares held by that trust.

(3) Includes: (a) 5,968,504 shares of Common Stock, directly held by Dr. George N. Hatsopoulos; (b) 7,934,350 shares of Common Stock; held by Dr. Hatsopoulos and his wife, Daphne Hatsopoulos, as joint tenants, each of whom share voting and investment power; and (c) 303,223 shares of Common Stock issuable upon conversion of $90,967 principal amount of 6% convertible debentures. This amount does not include 2,272,391 shares held in the 1994 Hatsopoulos Family Trust for the benefit of Dr. and Mrs. Hatsopoulos' adult children, for whom Ms. Daphne Hatsopoulos and Mr. Gordon Erhlich are the trustees. Dr. Hatsopoulos disclaims beneficial ownership of the shares held by this trust.

(4) Includes 3,616,418 shares of Common Stock purchased in August 2010 and November 2011 held by RBC cees Nominees Ltd. The address of RBC cees Nominees Ltd. is 19-21 Broad Street, St. Hellier, Jersey JE1 3PB, Channel Islands.
(5) Includes 3,586,449 shares of Common Stock, directly held by Mr. Ritchie. The address of Mr. Ritchie is 2100 Enterprise Avenue, Geneva, IL 60134.
(6) Includes 653,400 shares of Common Stock, directly held by Mr. Panora.
(7) Includes 300,000 shares of Common Stock, directly held by Mr. Maxwell.
(8) Includes: (a) 50,000 shares of Common Stock, and (b) options to purchase 200,000 shares of Common Stock exercisable within 60 days of the date of this prospectus.
(9) Includes: (a) 60,000 shares of Common Stock, and (b) options to purchase 176,250 shares of Common Stock exercisable within 60 days of the date of this prospectus.
(10) Includes: (a) 100,000 shares of Common Stock, and (b) options to purchase 100,000 shares of Common Stock exercisable within 60 days of the date of this prospectus.
(11) Includes 100,000 shares of Common Stock.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company has three affiliated companies, namely American DG Energy, EuroSite Power and GlenRose Instruments. These companies are affiliates because several of the major stockholders of those companies, have a significant ownership position in the Company. American DG Energy, EuroSite Power and GlenRose Instruments do not own any shares of the Company, and the Company does not own any shares of American DG Energy, EuroSite Power or GlenRose Instruments. The common stockholders include John N. Hatsopoulos, the Company's Chief Executive Officer who is the Chairman of GlenRose Instruments, the Chief Executive Officer of American DG Energy and a director of EuroSite Power. Also, Dr. George N. Hatsopoulos, who is John N. Hatsopoulos' brother, is a director of the Company, is the Chairman of American DG Energy and an investor in GlenRose Instruments. The business of GlenRose Instruments is not related to the business of the Company, American DG Energy and their other corporate affiliates.

American DG Energy, GlenRose Instruments, Tecogen and Ilios, are affiliated companies by virtue of common ownership. Specifically, John N. Hatsopoulos who is the Chief Executive Officer of the Company is: (a) the Chief Executive Officer and a director of American DG Energy and holds 12.1% of the company's Common Stock, (b) a Director of Ilios and holds 8.6% of the company's Common Stock, and (c) the Chairman of GlenRose Instruments and holds 15.7% of the company's Common Stock. Dr. George N. Hatsopoulos, who is John N. Hatsopoulos' brother, is: (a) a Director of American DG Energy and holds 14.7% of the company's Common Stock, (b) an investor in Ilios and holds 3.4% of the company's Common Stock and (c) a director of GlenRose Instruments and holds 15.7% of the company's Common Stock.

American DG Energy has sales representation rights to the Company's products and services in New England, and the Company has sales representation rights to the American DG Energy On-Site Utility solution in California.

On October 20, 2009, American DG Energy, in the ordinary course of its business, signed a Sales Representative Agreement with Ilios to promote, sell and service the Ilios high-efficiency heating products, such as the high efficiency water heater, in the marketing territory of the New England States, including Connecticut, Rhode Island, Massachusetts, New Hampshire, Vermont, and Maine. The marketing territory also includes all of the nations in the European Union. The initial term of this Agreement is for five years, after which it may be renewed for successive one-year terms upon mutual written agreement.

On September 24, 2001, the Company entered into subscription agreements with investors for the sale of convertible debentures. The primary investors were George N. Hatsopoulos, a director of the Company, who subscribed for $200,000 of the debentures, and the John N. Hatsopoulos 1989 Family Trust for the benefit of Mr. Hatsopoulos' adult children, who subscribed for a total amount of $100,000 of the debentures. The debentures accrue interest at a rate of 6% per annum and are due on September 24, 2007. The debentures are convertible, at the option of the holder, into shares of Common Stock at a conversion price of $0.30 per share.

On September 24, 2007, the holders of the debentures agreed to extend their term to September 24, 2011.
On May 11, 2009, George N. Hatsopoulos converted a portion of the principal in the amount of $109,033 of the debentures and accrued interest in the amount of $90,967 into 400,000 shares of Common Stock in the Company's newly formed subsidiary, Ilios, at $0.50 per share. Also, on May 11, 2009, John N. Hatsopoulos converted principal amount of $427,432 in demand notes payable and accrued interest in the amount of $72,567 into 1,000,000 shares of Ilios Common Stock at $0.50 per share. The difference between the Company's purchase price of the Ilios, Inc. shares and the amount of debt forgiveness was recorded as additional paid-in capital.

On September 30, 2009, a holder of the Company's convertible debentures elected to convert $30,000 of the outstanding principal amount of the debenture, plus accrued interest of $14,433, into 148,111 shares of Common Stock at a conversion price of $0.30 per share. On September 24, 2011 the remaining holders of the debentures agreed to extend their term to September 24, 2013 and requested that accrued interest in the amount of $72,959 be converted into the Company's Common Stock at $0.50 per share (which was the average price of the Company's stock from September 24, 2001 to September 24, 2011).

On September 10, 2008 the Company entered into a demand note agreement with John N. Hatsopoulos, the Company's Chief Executive Officer, in the principal amount of $250,000 at an annual interest rate of 5%. On September 7, 2011 the Company entered into an additional demand note agreement with John N. Hatsopoulos, in the principal amount of $750,000 at an annual interest rate of 6%. Unpaid principal and interest on the demand notes is due upon demand by the note holder.

John N. Hatsopoulos is the Company's Chief Executive Officer and is also the Chief Executive Officer of American DG Energy and the Chairman of GlenRose Instruments. His salary is $1.00 per year. On average, Mr. Hatsopoulos spends approximately 20% of his business time on the affairs of the Company; however such amount varies widely depending on the needs of the business and is expected to increase as the business of the Company develops.

The Company signed a Facilities and Support Services Agreement with American DG Energy on January 1, 2006, as amended, included as Exhibit 10.6 hereto. The term of the agreement commences as of the start of each year and certain portions of the agreement, including office space allocation, get renewed annually upon mutual written agreement.

The Company subleases portions of its corporate offices and manufacturing facility to sub-tenants under annual sublease agreements, and several of the sub-tenants are related to the Company through common ownership. In addition to sublease payments for the years ended December 31, 2010 and 2009 of $196,466 and $198,322, respectively received from American DG Energy, Levitronix LLC and Alexandros Partners LLC, the Company received $142,050 and $127,196 from these related parties to offset common operating expenses incurred in the administration and maintenance of the Company's corporate office and warehouse facility for the years ended December 31, 2010 and 2009, respectively.

The Company's headquarters are located in Waltham, Massachusetts and consist of 24,000 square feet of office and storage space that are shared with American DG Energy and other tenants. The lease expires on March 31, 2014. We believe that our facilities are appropriate and adequate for our current needs.

Policies and Procedures for Related Person Transactions

Our Board of Directors will adopt a written related person transaction policy to set forth the policies and procedures for the review and approval or ratification of related person transactions. This policy will cover any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, the amount involved exceeds $120,000, and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness, and employment by us of a related person.

Any related person transaction proposed to be entered into by us will be required to be reported to our Chief Financial Officer and will be reviewed and approved by the Audit Committee in accordance with the terms of the policy, prior to effectiveness or consummation of the transaction, whenever practicable. If our Chief Financial Officer determines that advance approval of a related person transaction is not practicable under the circumstances, the Audit Committee will review and, in its discretion, may ratify the related person transaction at the next meeting of the audit committee, or at the next meeting following the date that the related person transaction comes to the attention of our Chief Financial Officer. Our Chief Financial Officer, however, may present a related person transaction arising in the time period between meetings of the Audit Committee to the chair of the Audit Committee, who will review and may approve the related person transaction, subject to ratification by the Audit Committee at the next meeting of the Audit Committee.

In addition, any related person transaction previously approved by the Audit Committee or otherwise already existing that is ongoing in nature will be reviewed by the Audit Committee annually to ensure that such related person transaction has been conducted in accordance with the previous approval granted by the Audit Committee, if any, and that all required disclosures regarding the related person transaction are made.

Transactions involving compensation of executive officers will be reviewed and approved by the Compensation Committee in the manner specified in the charter of the Compensation Committee.

A related person transaction reviewed under this policy will be considered approved or ratified if it is authorized by the Audit Committee in accordance with the standards set forth in our related person transaction policy after full disclosure of the related person's interests in the transaction. As appropriate for the circumstances, the Audit Committee will review and consider:

- the related person's interest in the related person transaction;
- the approximate dollar value of the amount involved in the related person transaction;
- the approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of business;
- whether the transaction with the related person is proposed to be, or was, entered into on terms no less favorable to us than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to us of, the transaction; and
- any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to stockholders in light of the circumstances of the particular transaction.

The Audit Committee will review all relevant information available to it about the related person transaction. The audit committee may approve or ratify the related person transaction only if the audit committee determines that, under all of the circumstances, the transaction is in, or is not inconsistent with, our best interests. The audit committee may, in its sole discretion, impose conditions as it deems appropriate on us or the related person in connection with approval of the related person transaction.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of Common Stock being offered by this prospectus. This prospectus does not contain all of the information included in the registration statement. For further information pertaining to us and our Common Stock, you should refer to the registration statement and to its exhibits. Whenever we make reference in this prospectus to any of our contracts, agreements or other documents, the references are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract, agreement or other document.

We are subject to the reporting and information requirements of the Exchange Act and, as a result, we will intend to file periodic and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements, or other information we file at the SEC's Public Reference Room at 100 F. Street, N.E., Washington D.C. 20549, on official business days during the hours of 10:00 am to 3:00 pm. You can request copies of these documents, upon payment of a duplicating fee by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our SEC filings are also available to the public on the SEC's Internet site at http\\www.sec.gov.

FINANCIAL STATEMENTS

The Financial Statements included below are stated in U.S. dollars and are prepared in accordance with U.S. Generally Accepted Accounting Principles. The following table summarizes the relevant financial data for our business and should be read with our financial statements, which are included in this registration statement.

All other schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions, or are inapplicable, and therefore have been omitted.

Unaudited Interim Financial Statements

TECOGEN INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
As of September 30, 2011 and December 31, 2010
(unaudited)

	September 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,211,287	$ 1,828,173
Short-term investments	501,577	85,000
Accounts receivable, net	1,837,784	1,788,323
Inventory, net	2,158,717	1,324,415
Due from related party	40,982	98,230
Prepaid and other current assets	81,516	85,103
Total current assets	5,831,863	5,209,244
Property, plant and equipment, net	363,050	404,888
Intangible assets, net	211,063	226,865
Other assets	35,425	35,425
TOTAL ASSETS	6,441,401	5,876,422
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Demand notes payable, related party	1,037,500	287,500
Current portion of convertible debentures, related party	-	190,967
Accounts payable	626,029	705,406
Accrued expenses	748,296	895,884
Deferred revenue	709,448	711,259
Interest payable, related party	43,260	93,727
Total current liabilities	3,164,533	2,884,743
Long-term liabilities:		
Convertible debentures, related party, net of current portion	190,967	-
Total liabilities	3,355,500	2,884,743
Commitments and contingencies (Note 7)	-	-
Redeemable Common stock, $0.001 par value	500,000	-
Stockholders' equity:		
Tecogen Inc. stockholders' equity:		
Common stock, $0.001 par value; 50,000,000 shares authorized; 50,321,694 and 48,931,046 issued and outstanding at September 30, 2011 and December 31, 2010, respectively	50,322	48,931
Additional paid-in capital	12,213,613	11,652,516
Common stock subscription	-	(53)
Receivable from stockholder	(345,000)	(345,000)
Accumulated deficit	(9,334,376)	(8,548,265)
Total Tecogen Inc. stockholders' equity	2,584,559	2,808,129
Noncontrolling interest	1,342	183,550
Total stockholders' equity	2,585,901	2,991,679
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,441,401	$ 5,876,422

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TECOGEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Nine Months Ended September 30, 2011 and 2010
(unaudited)

	Nine Months Ended	
	September 30, 2011	September 30, 2010
Revenues		
Products	$ 3,721,388	$ 4,656,546
Services	4,992,840	4,365,272
	8,714,228	9,021,818
Cost of sales		
Products	2,349,945	3,213,989
Services	2,468,373	2,075,997
	4,818,318	5,289,986
Gross profit	3,895,910	3,731,832
Operating expenses		
General and administrative	4,495,533	3,487,754
Selling	381,617	428,289
	4,877,150	3,916,043
Loss from operations	(981,240)	(184,211)
Other income (expense)		
Interest and other income	25,262	14,859
Interest expense	(22,492)	(30,728)
	2,770	(15,869)
Loss before income taxes	(978,470)	(200,080)
Provision for state income taxes	-	-
Consolidated net loss	(978,470)	(200,080)
Less: Loss attributable to the noncontrolling interest	192,359	123,772
Net loss attributable to Tecogen Inc.	(786,111)	(76,308)
Net loss per share - basic and diluted	$ (0.02)	$ (0.00)
Weighted average shares outstanding - basic and diluted	47,721,641	45,492,967

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TECOGEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Nine Months Ended September 30, 2011
(unaudited)

	Tecogen Inc.						
	Common Stock $0.001 Par Value	Additional Paid-In Capital	Common Stock Subscription	Stockholder Receivable	Accumulated Deficit	Noncontrolling Interest	Total
Balance at December 31, 2010	48,931	$11,652,516	$ (53)	$ (345,000)	$ (8,548,265)	$ 183,550	$ 2,991,679
Sale of common stock, net of costs	1,045	172,199	-	-	-	-	173,244
Conversion of accrued interest on convertible notes into common stock	146	72,813	-	-	-	-	72,959
Issuance of restricted stock	200	-	53	-	-	-	253
Issuance of subsidiary restricted stock	-	-	-	-	-	200	200
Stock based compensation expense	-	316,085	-	-	-	9,951	326,036
Net (loss) income	-	-	-	-	(786,111)	(192,359)	(978,470)
Balance at September 30, 2011	50,322	$12,213,613	$ -	$ (345,000)	$ (9,334,376)	$ 1,342	$ 2,585,901

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TECOGEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2011 and 2010
(unaudited)

	Nine Months Ended	
	September 30, 2011	September 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (786,111)	$ (76,308)
Income attributable to noncontrolling interest	(192,359)	(123,772)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	115,487	54,315
Provision for losses on accounts receivable	6,658	-
Stock-based compensation	326,036	145,790
Changes in operating assets and liabilities		
(Increase) decrease in:		
Accounts receivable and unbilled revenue	(56,119)	426,959
Inventory	(834,302)	152,113
Due from related party	57,248	(653,136)
Prepaid assets	3,587	23,490
Other assets	-	(109,858)
Increase (decrease) in:		
Accounts payable	(79,377)	414,845
Accrued expenses and other current liabilities	(74,629)	(37,213)
Deferred revenue	(1,811)	(219,842)
Interest payable, related party	(50,467)	30,707
Due to related party	-	(4,133)
Net cash provided (used) in operating activities	(1,566,159)	23,957
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(55,966)	(149,418)
Purchases of intangible assets	(1,881)	-
Purchases of short-term investments	(501,577)	(245,091)
Sale of short-term investments	85,000	764,747
Net cash provided (used) in investing activities	(474,424)	370,238
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments from issuance of notes receivable-stockholder	-	(345,000)
Payments made on demand notes payable	-	(686,228)
Proceeds from issuance of demand notes payable	750,000	200,000
Proceeds from sale of common stock, net of costs	673,244	711,251
Proceeds from issuance of restricted stock	453	49,871
Proceeds from exercise of warrants	-	142,500
Net cash provided by financing activities	1,423,697	72,394
Net increase (decrease) in cash and cash equivalents	(616,886)	466,589
Cash and cash equivalents, beginning of the period	1,828,173	479,934
Cash and cash equivalents, end of the period	$ 1,211,287	$ 946,523
Supplemental disclosures of cash flows information:		
Non-cash investing and financing activities:		
Conversion of accrued convertible debenture interest into common stock	$ 72,959	$ -

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Notes to Interim Unaudited Condensed Consolidated Financial Statements for the nine months ended September 30, 2011

Note 1 – Description of business and summary of significant accounting policies:

Description of business

Tecogen, Inc. and subsidiary, or the Company, a Delaware Corporation, was organized on November 15, 2000, and acquired the assets and liabilities of the Tecogen Products division of Thermo Power Corporation. The Company produces commercial and industrial, natural-gas-fueled engine-driven, combined heat and power (CHP) products that reduce energy costs, decrease greenhouse gas emissions and alleviate congestion on the national power grid. Tecogen's products supply electric power or mechanical power for cooling, while heat from the engine is recovered and purposefully used at a facility. The majority of Company's customers are located in regions with the highest utility rates, typically California, the Midwest and the Northeast.

Basis of Presentation

The unaudited condensed consolidated financial statements, or the Unaudited Financial Statements, presented herein have been prepared by the Company, without audit, and, in the opinion of management, reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the interim periods presented. The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission, or the SEC, for reporting in this registration statement on Form S-1, or registration statement. Accordingly, certain information and footnote disclosures required for complete financial statements are not included herein. It is suggested that the Unaudited Financial Statements be read in conjunction with the consolidated financial statements and notes included elsewhere in this registration statement. The Company's operating results for the nine month period ended September 30, 2011, may not be indicative of the results expected for any succeeding interim periods or for the entire year ending December 31, 2011.

The Company adopted the presentation requirements for noncontrolling interests required by ASC 810 Consolidation. Under ASC 810, earnings or losses attributed to the noncontrolling interests are reported as part of the consolidated earnings and not a separate component of income or expense. Noncontrolling interests in the net assets and operations of Ilios Inc., or Ilios, are reflected in the caption "Noncontrolling interest" in the accompanying consolidated financial statements. All intercompany transactions have been eliminated.

On May 4, 2009 the Company invested $8,400 in exchange for 8,400,000 shares of a newly established corporation Ilios. The investment gave the Company a controlling financial interest in Ilios whose business focus will be on advanced heating systems for commercial and industrial applications. On May 11, 2009 the Company sold 1,400,000 shares in Ilios at $0.50 per share to two of its existing stockholders in exchange for demand notes payable, convertible debentures and accrued interest (see "Note 8 – Related party"). On July 24, 2009 Ilios raised approximately $1,400,000 in a private placement with accredited investors. As of September 30, 2011 the Company owns a 64.6% interest in Ilios and has consolidated Ilios into its financial statements.

The accompanying consolidated financial statements include the accounts of the Company and its 64.6% owned subsidiary Ilios, whose business focus will be on advanced heating systems for commercial and industrial applications.

The Company's operations are comprised of one business segment. Our business is to manufacture and support highly efficient CHP products based on engines fueled by natural gas.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. Generally, sales of cogeneration and chiller units and parts are recognized when shipped and services are recognized over the term of the service period. Payments received in advance of services being performed are recorded as deferred revenue.

Infrequently, the Company recognizes revenue in certain circumstances before delivery has occurred (commonly referred to as bill and hold transactions). In such circumstances, among other things, risk of ownership has passed to the buyer, the buyer has made a written fixed commitment to purchase the finished goods, the buyer has requested the finished goods be held for future delivery as scheduled and designated by them, and no additional performance obligations exist by the Company. For these transactions, the finished goods are segregated from inventory and normal billing and credit terms are granted. For the periods ended September 30, 2011 and December 31, 2010, respectively, there were no bill and hold transactions.

For those arrangements that include multiple deliverables, the Company first determines whether each service or deliverable meets the separation criteria of FASB ASC 605-25, Revenue Recognition—Multiple-Element Arrangements. In general, a deliverable (or a group of deliverables) meets the separation criteria if the deliverable has stand-alone value to the customer and if the arrangement includes a general right of return related to the delivered item and delivery or performance of the undelivered item(s) is considered probable and substantially in control of the Company. Each deliverable that meets the separation criteria is considered a separate “unit of accounting”. The Company allocates the total arrangement consideration to each unit of accounting using the relative fair value method. The amount of arrangement consideration that is allocated to a delivered unit of accounting is limited to the amount that is not contingent upon the delivery of another unit of accounting.

When vendor-specific objective evidence or third-party evidence is not available, adopting the relative fair value method of allocation permits the Company to recognize revenue on specific elements as completed based on the estimated selling price. The Company generally uses internal pricing lists that determine sales prices to external customers in determining its best estimate of the selling price of the various deliverables in multiple-element arrangements. Changes in judgments made in estimating the selling price of the various deliverables could significantly affect the timing or amount of revenue recognition. The Company enters into sales arrangements with customers to sell its cogeneration and chiller units and related service contracts. Based on the fact that the Company sells each deliverable to other customers on a stand-alone basis, the Company has determined that each deliverable has a stand-alone value. Additionally, there are no rights of return relative to the delivered items; therefore, each deliverable is considered a separate unit of accounting.

After the arrangement consideration has been allocated to each unit of accounting, the Company applies the appropriate revenue recognition method for each unit of accounting based on the nature of the arrangement and the services included in each unit of accounting. Cogeneration and chiller units are recognized when shipped and services are recognized over the term of the applicable agreement or as provided when on a time and materials basis.

Presentation of Sales Taxes

The Company reports revenues net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions.

Shipping and Handling Costs

The Company classifies freight billed to customers as sales revenue and the related freight costs as cost of sales.

Advertising Costs

The Company expenses the costs of advertising as incurred. For the nine months ended September 30, 2011 and 2010, advertising expense was approximately $49,000 and $9,000, respectively.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company has cash balances in certain financial institutions in amounts which occasionally exceed current federal deposit insurance limits. The financial stability of these institutions is continually reviewed by senior management. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of highly liquid cash equivalents and trade receivables. The Company's cash equivalents are placed with certain financial institutions and issuers. As of September 30, 2011, the Company had a balance of $1,462,864 in cash and cash equivalents and short term investments that exceeded the Federal Deposit Insurance Corporation limit of $250,000.

Short-Term Investments

Short-term investments consist of certificates of deposit with maturities of greater than three months but less than one year. Certificates of deposits are recorded at fair value.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is provided for those accounts receivable considered to be uncollectible based upon historical experience and management's evaluation of outstanding accounts receivable at the end of the period. Bad debts are written off against the allowance when identified.

Inventory

Raw materials, work in process, and finished goods inventories are stated at the lower of cost, as determined by the average cost method, or net realizable value. The Company periodically reviews inventory quantities on hand for excess and/or obsolete inventory based primarily on historical usage, as well as based on estimated forecast of product demand. Any reserves that result from this review are charged to cost of sales. For the nine months ended September 30, 2011, and 2010, there was a reserve against inventory in the amount of $355,500 and $422,000, respectively.

Property, Plant and Equipment and Depreciation and Amortization

Property, plant and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the asset, which range from three to seven years. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives of the assets or the term of the related leases. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized.

Intangible Assets

Intangible assets subject to amortization include costs incurred by the Company to acquire product certifications and certain patent costs. These costs are amortized on a straight-line basis over the estimated economic life of the intangible asset, which range from seven to ten years. The Company reviews intangible assets for impairment when the circumstances warrant.

Research and Development Costs

Internal research and development expenditures are expensed as incurred. Proceeds from certain grants and contracts with governmental agencies and their contractors to conduct research and development for new CHP technologies or to improve or enhance existing technology is recorded as an offset to the related research and development expenses. These grants and contracts are paid on a cost reimbursement basis provided in the agreed upon budget. For the nine month periods ended September 30, 2011 and 2010, amounts received were approximately $184,200 and $656,700, respectively, which offset the Company's total research and development expenditures for each of the respective periods.

Stock-Based Compensation

Stock based compensation cost is measured at the grant date based on the estimated fair value of the award and is recognized as an expense in the consolidated statements of operations over the requisite service period. The fair value of stock options granted is estimated using the Black-Scholes option pricing valuation model. The Company recognizes compensation on a straight-line basis for each separately vesting portion of the option award. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. The determination of the fair value of share-based payment awards is affected by the Company's stock price. Since the Company is not publicly traded, the Company considered the sales price of the Common Stock in private placements to unrelated third parties as a measure of the fair value of its Common Stock. The average expected life is estimated using the simplified method for "plain vanilla" options. The simplified method determines the expected life in years based on the vesting period and contractual terms as set forth when the award is made. The Company uses the simplified method for awards of stock-based compensation since it does not have the necessary historical exercise and forfeiture data to determine an expected life for stock options. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term which approximates the expected life assumed at the date of grant. When options are exercised the Company normally issues new shares (see "Note 5 – Stock-based compensation".)

Common Stock Subscriptions

Outstanding proceeds for Common Stock transactions appear as Common Stock subscriptions in the accompanying consolidated balance sheets and consolidated statements of changes in stockholders' equity until received.

Loss per Common Share

The Company computes basic loss per share by dividing net loss for the period by the weighted-average number of shares of Common Stock outstanding during the period. The Company computes its diluted earnings per common share using the treasury stock method. For purposes of calculating diluted earnings per share, the Company considers its shares issuable in connection with the convertible debentures, stock options and warrants to be dilutive Common Stock equivalents when the exercise/conversion price is less than the average market price of our Common Stock for the period.

Other Comprehensive Net Loss

The comprehensive net loss for the nine months ended September 30, 2011 and 2010 does not differ from the reported loss.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. The current or deferred tax consequences of transactions are measured by applying the provisions of enacted tax laws to determine the amount of taxes payable currently or in future years. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities and expected future tax consequences of events that have been included in the financial statements or tax returns using enacted tax rates in effect for the years in which the differences are expected to reverse. Under this method, a valuation allowance is used to offset deferred taxes if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets may not be realized. Management evaluates the recoverability of deferred taxes and the adequacy of the valuation allowance annually.

Effective January 1, 2009, the Company adopted the provisions of the accounting standards relative to accounting for uncertainties in tax positions. These provisions provide guidance on the recognition, de-recognition and measurement of potential tax benefits associated with tax positions. The Company elected to recognize interest and penalties related to income tax matters as a component of income tax expense in the statements of operations. There was no impact on the financial statements as a result of this guidance. With few exceptions, the Company is no longer subject to possible income tax examinations by federal, state or local taxing authorities for tax years before 2007.

Fair Value of Financial Instruments

The Company's financial instruments are cash and cash equivalents, accounts receivable, accounts payable, capital lease obligations and notes due from related party convertible debentures. The recorded values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values based on their short-term nature. At September 30, 2011, the current value on the consolidated balance sheet of the debentures and capital lease obligations approximates fair value as the terms approximate those available for similar instruments.

Note 2 – Loss per common share:

Basic and diluted earnings per share for the nine months ended September 30, 2011 and 2010, respectively, were as follows:

	September 30, 2011	September 30, 2010
Loss available to stockholders	$ (786,111)	$ (76,308)
Weighted average shares outstanding - Basic and diluted	47,721,641	45,492,967
Basic and diluted loss per share	$ (0.02)	$ (0.00)
Anti-dilutive shares underlying stock options outstanding	4,401,000	2,480,000

Note 3 – Demand notes payable and convertible debentures – related party:

Demand notes payable to related parties consist of various demand notes outstanding to stockholders totaling $1,037,500 and $287,500 at September 30, 2011 and 2010, respectively. The primary lenders are John N. Hatsopoulos, the Company's Chief Executive Officer, who holds $1,000,000 and $250,000 of the demand notes as of September 30, 2011 and 2010, respectively. The demand notes accrue interest annually at rates ranging from 5% to 6%. Unpaid principal and interest on the demand notes is due upon demand by the lender.

On September 24, 2001, the Company entered into subscription agreements with three investors for the sale of convertible debentures in the aggregate principal amount of $330,000. The primary investors were George N. Hatsopoulos, a member of the board of directors, who subscribed for $200,000 of the debentures and John N. Hatsopoulos, the Company's Chief Executive Officer, who subscribed for $100,000 of the debentures. The debentures accrue interest at a rate of 6% per annum and were originally due six years from issuance date. The debentures are convertible, at the option of the holder, into a number of shares of Common Stock as determined by dividing the original principal amount plus accrued and unpaid interest by a conversion price of $0.30.

On May 11, 2009 the Company sold 1,400,000 shares in Ilios at $0.50 per share to George Hatsopoulos and John Hatsopoulos in exchange for the extinguishment of $427,432 in demand notes payable, $109,033 in convertible debentures and $163,535 in accrued interest. The difference between the Company's purchase price of the Ilios shares and the amount of debt forgiveness was recorded as additional paid-in capital. At September 30, 2011 and December 31, 2010, there were 636,557 shares of Common Stock issuable upon conversion of the Company's outstanding convertible debentures. At September 30, 2011 and December 31, 2010, the principal amount of the Company's convertible debentures was $190,967.

On September 30, 2009, a holder of the Company's convertible debentures elected to convert $30,000 of the outstanding principal amount of the debenture, plus accrued interest of $14,433, into 148,111 shares of Common Stock at a conversion price of $0.30 per share. On September 24, 2011 the remaining holders of the debentures agreed to extend their term to September 24, 2013 and requested that accrued interest in the amount of $72,959 be converted into the Company's Common Stock at $0.50 per share (which was the average price of the Company's stock from September 24, 2001 to September 24, 2011).

Note 4 – Redeemable common stock:

On June 13, 2011, the Southern California Gas Company entered into an agreement with the Company to invest $500,000 in the Company's Common Stock. The agreement included certain stockholder rights and a redemption right whereby the investor may redeem the shares for cash until the earlier of, the initiation of a public offering of the Company by filing a registration statement with the SEC, or five years. A letter of credit, secured by a Certificate of Deposit, for the amount of the investment has been put in place to satisfy the contingency of the redemption right. The Certificate of Deposit is classified as a short term investment in the accompanying balance sheet. The Common Stock was classified outside of permanent equity because of the redemption right.

Note 5 – Stock-based compensation:

In 2006, the Company adopted the 2006 Stock Option and Incentive Plan, or Plan, under which the board of directors may grant incentive or non-qualified stock options and stock grants to key employees, directors, advisors and consultants of the Company. On October 1, 2008 the board unanimously amended the Plan, to increase the reserved shares of Common Stock issuable under the Plan from 4,000,000 to 5,000,000, or the Amended Plan. On February 18, 2010, the board amended the Amended Plan, to increase the reserved shares of Common Stock issuable from 5,000,000 to 7,000,000, and on November 10, 2011, the board further amended the Amended Plan by increasing the reserved shares of Common Stock issuable from 7,000,000 to 7,355,000.

Stock options vest based upon the terms within the individual option grants, with an acceleration of the unvested portion of such options upon a change in control event, as defined in the Amended Plan. The options are not transferable except by will or domestic relations order. The option price per share under the Amended Plan cannot be less than the fair market value of the underlying shares on the date of the grant. The number of shares remaining available for future issuance under the Amended Plan as of September 30, 2011 was 270,732.

In 2010, the Company granted to one employee nonqualified options to purchase an aggregate of 100,000 shares of Common Stock at $0.65 per share. These options have a vesting schedule of four years and expire in five years. The fair value of the options issued in 2010 was $24,446, with a weighted-average grant date fair value of $0.24 per option.

In 2011, the Company granted to 28 employees nonqualified options to purchase an aggregate of 1,921,000 shares of Common Stock at an average price of $0.65 per share. These options have a vesting schedule of four years and expire in ten years. The fair value of the options issued in 2011 was $474,133, with a weighted-average grant date fair value of $0.25 per option.

Stock option activity as of September 30, 2011 and December 31, 2010 was as follows:

Common Stock Options	Number of Options	Exercise Price Per Share	Weighted Average Exercise Price	Weighted Average Remaining Life	Aggregate Intrinsic Value
Outstanding, December 31, 2009	2,380,000	$ 0.03-$0.30	$ 0.32	4.27 years	$ 793,500
Granted	100,000	0.65	0.65		
Exercised	-	-	-		
Canceled	-	-	-		
Expired	-	-	-		
Outstanding, December 31, 2010	2,480,000	$ 0.03-$0.65	$ 0.30	3.30 years	$ 793,500
Exercisable, December 31, 2010	1,230,000		$ 0.28		$ 451,000
Vested and expected to vest, December 31, 2010	2,480,000		$ 0.30		$ 793,500
Outstanding, December 31, 2010	2,480,000	$ 0.03-$0.65	$ 0.30	3.30 years	$ 793,500
Granted	1,921,000	0.65	0.65		
Exercised	-	-	-		
Canceled	-	-	-		
Expired	-	-	-		
Outstanding, September 30, 2011	4,401,000	$ 0.03-$0.65	$ 0.47	5.53 years	$ 1,013,550
Exercisable, September 30, 2011	1,780,000		$ 0.30		$ 703,750
Vested and expected to vest, September 30, 2011	4,401,000		$ 0.47		$ 1,013,550

In 2010, the Company made restricted stock grants to 3 employees by issuing 76,843 shares of Common Stock at a price of $0.001 per share. These shares vest 100% ninety days after an initial public offering. The related compensation expense is being recorded based on an anticipated initial public offering date.

In 2011, the Company made a restricted stock grant to one employee by issuing 200,000 shares of Common Stock at a price of $0.001 per share. These shares vest 25%, 180 days after an initial public offering and then an additional 25% of the shares vesting on each of the subsequent four anniversaries. The related compensation expense is being recorded based on an anticipated initial public offering date.

Restricted stock activity as of September 30, 2011 and December 31, 2010 was as follows:

	Number of Restricted Stock	Weighted Average Grant Date Fair Value
Unvested, December 31, 2009	1,656,425	$ 0.31
Granted	76,843	0.65
Vested	-	-
Forfeited	-	-
Unvested, December 31, 2010	1,733,268	$ 0.32
Unvested, December 31, 2010	1,733,268	$ 0.32
Granted	200,000	0.65
Vested	-	-
Forfeited	-	-
Unvested, September 30, 2011	1,933,268	$ 0.36

Stock Based Compensation - Ilios

In 2009, Ilios adopted the 2009 Stock Incentive Plan, or the Ilios Plan, under which the board of directors may grant incentive or non-qualified stock options and stock grants to key employees, directors, advisors and consultants of the Company. The maximum number of shares allowable for issuance under the Plan is 2,000,000 shares of Common Stock. Stock options vest based upon the terms within the individual option grants, with an acceleration of the unvested portion of such options upon a change in control event, as defined in the Plan. The options are not transferable except by will or domestic relations order. The option price per share under the Plan cannot be less than the fair market value of the underlying shares on the date of the grant.

In 2009, the Company granted nonqualified options to purchase an aggregate of 300,000 shares of Common Stock to three directors at $0.10 per share. These options have a vesting schedule of four years and expire in ten years. The total fair value of the options issued in 2009 was $10,872. The weighted-average grant date fair value of stock options granted during 2009 was $0.04.

In 2011, the Company granted to 4 employees nonqualified options to purchase an aggregate of 225,000 shares of Common Stock at an average price of $0.50 per share. These options have a vesting schedule of four years and expire in ten years. The fair value of the options issued in 2011 was $42,065, with a weighted-average grant date fair value of $0.19 per option.

Stock option activity as of September 30, 2011 and December 31, 2010 was as follows:

Common Stock Options	Number of Options	Exercise Price Per Share	Weighted Average Exercise Price	Weighted Average Remaining Life	Aggregate Intrinsic Value
Outstanding, December 31, 2009	300,000	$ 0.10	$ 0.10	9.34 years	$ 120,000
Granted	-	-	-		
Exercised	-	-	-		
Canceled	-	-	-		
Expired	-	-	-		
Outstanding, December 31, 2010	300,000	$ 0.10	$ 0.10	8.34 years	$ 120,000
Exercisable, December 31, 2010	-		$ -		$ -
Vested and expected to vest, December 31, 2010	300,000		$ 0.10		$ 120,000
Outstanding, December 31, 2010	300,000	$ 0.10	$ 0.10	8.34 years	$ 120,000
Granted	225,000	0.50	0.50		
Exercised	-	-	-		
Canceled	-	-	-		
Expired	-	-	-		
Outstanding, September 30, 2011	525,000	$ 0.10-$0.50	$ 0.27	8.48 years	$ 120,000
Exercisable, September 30, 2011	-		$ -		$ -
Vested and expected to vest, September 30, 2011	525,000		$ 0.27		$ 120,000

In 2009, Ilios made restricted stock grants to consultants and certain Tecogen employees by permitting them to purchase an aggregate of 360,000 shares of Common Stock at a price of $0.001 per share. These shares vest 100% one hundred eighty (180) days after an initial public offering. The related compensation expense is being recorded based on an anticipated initial public offering date.

Restricted stock activity as of September 30, 2011 and December 31, 2010 was as follows:

	Number of Restricted Stock	Weighted Average Grant Date Fair Value
Unvested, December 31, 2009	360,000	$ 0.10
Granted	-	-
Vested	-	-
Forfeited	-	-
Unvested, December 31, 2010	360,000	$ 0.10
Unvested, December 31, 2010	360,000	$ 0.10
Granted	200,000	0.50
Vested	-	-
Forfeited	-	-
Unvested, September 30, 2011	560,000	$ 0.24

Stock-based compensation expense for the period ended September 30, 2011 and 2010 was $326,036 and $145,793, respectively. At September 30, 2011, the total compensation cost related to unvested restricted stock awards and stock option awards not yet recognized is $632,767. This amount will be recognized over a weighted average period of 2.05 years. No tax benefit was recognized related to the stock-based compensation recorded during the periods.

Note 6 – Warrants:

During the year ended December 31, 2010, investors exercised 475,000 warrants, providing gross proceeds to the Company of $142,500, and 25,000 expired worthless. The Company had no warrants outstanding as of September 30, 2011.

Note 7 – Commitments and contingencies:

Future minimum lease payments under all non-cancelable operating leases as of September 30, 2011 consist of the following:

	2012	2013	2014	2015	Totals
Lease payments	568,538	543,867	164,843	10,130	1,287,378
	$ 568,538	$ 543,867	$ 164,843	$ 10,130	$ 1,287,378

For the nine months ended September 30, 2011 and 2010, rent expense was $439,352 and $368,074, respectively.

On October 26, 2011, the Company entered into an agreement with Digital Energy Corp., a customer of the Company, whereby the Company provided a letter of credit in the amount of $180,000, for the benefit of Digital Energy Corp., to satisfy a requirement of the New York Independent System Operator, Inc. A certificate of deposit for $180,000 secures the letter of credit. In exchange for providing this letter of credit, Digital Energy Corp. provided a promissory note to the Company for $180,000, with interest at 6%, payable in monthly installments of interest only. Principal would only be owed if the letter of credit was drawn upon and would become due and payable on the first anniversary date of the note.

Note 8 – Related party:

The Company has three affiliated companies, namely American DG Energy Inc., or American DG Energy, EuroSite Power Inc., or EuroSite Power, and GlenRose Instruments Inc., or GlenRose Instruments. These companies are affiliates because several of the major stockholders of those companies, have a significant ownership position in the Company. American DG Energy, EuroSite Power and GlenRose Instruments do not own any shares of the Company, and the Company does not own any shares of American DG Energy, EuroSite Power or GlenRose Instruments. The common stockholders include John N. Hatsopoulos, the Company's Chief Executive Officer who is the Chairman of GlenRose Instruments, the Chief Executive Officer of American DG Energy and a Director of EuroSite Power. Also, Dr. George N. Hatsopoulos, who is John N. Hatsopoulos' brother, is a director of the Company, is the Chairman of American DG Energy and an investor in GlenRose Instruments. The business of GlenRose Instruments is not related to the business of the Company, American DG Energy and their other corporate affiliates.

American DG Energy, GlenRose Instruments, Tecogen and Ilios, are affiliated companies by virtue of common ownership. Specifically, John N. Hatsopoulos who is the Chief Executive Officer of the Company is: (a) the Chief Executive Officer of American DG Energy and holds 12.1% of the company's Common Stock, (b) a Director of Ilios and holds 8.6% of the company's Common Stock, and (c) the Chairman of GlenRose Instruments and holds 15.7% of the company's Common Stock. Dr. George N. Hatsopoulos, who is John N. Hatsopoulos' brother, is: (a) a Director of American DG Energy and holds 14.7% of the company's Common Stock, (b) an investor in Ilios and holds 3.4% of the company's Common Stock and (c) a Director of GlenRose Instruments and holds 15.7% of the company's Common Stock.

American DG Energy has sales representation rights to the Company's products and services in New England, and the Company has sales representation rights to the American DG Energy On-Site Utility solution in California.

On October 20, 2009, American DG Energy, in the ordinary course of its business, signed a Sales Representative Agreement with Ilios to promote, sell and service the Ilios high-efficiency heating products, such as the high efficiency water heater, in the marketing territory of the New England States, including Connecticut, Rhode Island, Massachusetts, New Hampshire, Vermont, and Maine. The marketing territory also includes all of the nations in the European Union. The initial term of this Agreement is for five years, after which it may be renewed for successive one-year terms upon mutual written agreement.

On September 24, 2001, the Company entered into subscription agreements with investors for the sale of convertible debentures. The primary investors were George N. Hatsopoulos, a director of the Company, who subscribed for $200,000 of the debentures, and the John N. Hatsopoulos 1989 Family Trust for the benefit of Mr. Hatsopoulos' adult children, who subscribed for a total amount of $100,000 of the debentures. The debentures accrue interest at a rate of 6% per annum and are due on September 24, 2007. The debentures are convertible, at the option of the holder, into shares of Common Stock at a conversion price of $0.30 per share.

On September 24, 2007, the holders of the debentures agreed to extend their term to September 24, 2011.
On May 11, 2009, George N. Hatsopoulos converted a portion of the principal in the amount of $109,033 of the debentures and accrued interest in the amount of $90,967 into 400,000 shares of Common Stock in the Company's newly formed subsidiary, Ilios, at $0.50 per share. Also, on May 11, 2009, John N. Hatsopoulos converted principal amount of $427,432 in demand notes payable and accrued interest in the amount of $72,567 into 1,000,000 shares of Ilios Common Stock at $0.50 per share. The difference between the Company's purchase price of the Ilios shares and the amount of debt forgiveness was recorded as additional paid-in capital.

On September 30, 2009, a holder of the Company's convertible debentures elected to convert $30,000 of the outstanding principal amount of the debenture, plus accrued interest of $14,433, into 148,111 shares of Common Stock at a conversion price of $0.30 per share. On September 24, 2011 the remaining holders of the debentures agreed to extend their term to September 24, 2013 and requested that accrued interest in the amount of $72,959 be converted into the Company's Common Stock at $0.50 per share (which was the average price of the Company's stock from September 24, 2001 to September 24, 2011).

On September 10, 2008 the Company entered into a demand note agreement with John N. Hatsopoulos, the Company's Chief Executive Officer, in the principal amount of $250,000 at an annual interest rate of 5%. On September 7, 2011 the Company entered into an additional demand note agreement with John N. Hatsopoulos, in the principal amount of $750,000 at an annual interest rate of 6%. Unpaid principal and interest on the demand notes is due upon demand by the lender.

John N. Hatsopoulos is the Company's Chief Executive Officer and is also the Chief Executive Officer of American DG Energy and the Chairman of GlenRose Instruments. His salary is $1.00 per year. On average, Mr. Hatsopoulos spends approximately 20% of his business time on the affairs of the Company; however such amount varies widely depending on the needs of the business and is expected to increase as the business of the Company develops.

The Company signed a Facilities and Support Services Agreement with American DG Energy on January 1, 2006, as amended. The term of the agreement commences as of the start of each year and certain portions of the agreement, including office space allocation, get renewed annually upon mutual written agreement.

The Company subleases portions of its corporate offices and manufacturing facility to sub-tenants under annual sublease agreements, and several of the sub-tenants are related to the Company through common ownership. In addition to sublease payments for the nine months ended September 30, 2011 and 2010 of $148,197 and $148,955, respectively received from American DG Energy, Levitronix LLC and Alexandros Partners LLC, the Company received $165,755 and $87,437 from these related parties to offset common operating expenses incurred in the administration and maintenance of the Company's corporate office and warehouse facility for the nine months ended September 30, 2011 and 2010, respectively.

The Company's headquarters are located in Waltham, Massachusetts and consist of 24,000 square feet of office and storage space that are shared with American DG Energy and other tenants. The lease expires on March 31, 2014. We believe that our facilities are appropriate and adequate for our current needs.

Note 9 – Fair value measurements:

The fair value topic of the FASB Accounting Standards Codification defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The accounting guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities. The Company does not have any Level 1 financial assets or liabilities. We currently have no Level 1 financial assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1. Level 2 inputs include quoted prices for identical assets or liabilities in non-active markets, quoted prices for similar assets or liabilities in active markets and inputs other than quoted prices that are observable for substantially the full term of the asset or liability. At September 30, 2011, the Company had certificates of deposits which are categorized as Level 2.

Level 3 — Unobservable inputs reflecting management's own assumptions about the input used in pricing the asset or liability. We currently do not have any Level 3 financial assets or liabilities.

The Company determines the fair value of certificates of deposits using information provided by the issuing bank which includes discounted expected cash flow estimates using current market rates offered for deposits with similar remaining maturities.

	Level 1	Level 2	Level 3	Total
Assets as of September 30, 2011				
Certificates of Deposit:	$ -	$ 501,577	$ -	$ 501,577

Note 10 – Income taxes:

The Company did not record any income tax benefit or tax provision for the nine months ended September 30, 2011 and 2010, respectively. A reconciliation of federal statutory income tax provision to the Company's actual provision for the nine months ended September 30, 2011 and 2010, is as follows:

	September 30, 2011 (unaudited)	December 31, 2010
Benefit at federal statutory tax rate	$ 324,000	$ 138,750
Unbenefited operating losses	(324,000)	(138,750)
Income tax provision	$ -	$ -

The component of net deferred tax assets recognized in the accompanying balance sheet at September 30, 2011 and December 31, 2010, is as follows:

	September 30, 2011 (unaudited)	December 31, 2010
Net operating loss carryforwards	$ 2,754,000	$ 2,867,000
Accrued expenses and other	641,000	30,000
Depreciation	212,000	13,000
	3,607,000	2,910,000
Valuation allowance	(3,607,000)	(2,910,000)
Net deferred tax asset	$ -	$ -

Income taxes computed using the federal statutory income tax rate differs from the Company's effective tax rate as of September 30, 2011 and December 31, 2010, primarily due to the following:

As of December 2010, the company has federal loss carryforwards of approximately $6,580,000 and varying amounts of state net operating losses which may be used to offset future federal and state taxable income, expiring at various dates through 2030. The federal net operating losses include approximately $1,037,000 attributable to the Company's majority owned subsidiary, which can only be used against income of that entity.

Management has determined that it is more likely than not that the company will not recognize the benefits of the federal and state deferred tax assets and as a result has recorded a valuation allowance against the entire net deferred tax asset. If the company should generate sustained future taxable income, against which these tax attributes may be recognized, some portion or all of the valuation allowance would be reversed.

The Company's net operating loss carryforwards could become subject to limitations pursuant to Internal Revenue Code Section 382, if there is a change in ownership of the company, as proscribed in that section. The annual limitation on the use of such losses would be a function of the value of the Company at the time of the change in ownership, and the federal long-term tax exempt rate.

Note 11 – Subsequent events:

On October 26, 2011, the Company entered into an agreement with Digital Energy Corp., a customer of the Company, whereby the Company provided a letter of credit in the amount of $180,000, for the benefit of Digital Energy Corp., to satisfy a requirement of the New York Independent System Operator, Inc. A certificate of deposit for $180,000 secures the letter of credit. In exchange for providing this letter of credit, Digital Energy Corp. provided a promissory note to the Company for $180,000, with interest at 6%, payable in monthly installments of interest only. Principal would only be owed if the letter of credit was drawn upon and would become due and payable on the first anniversary date of the note.

On November 30, 2011, the Company raised $2,937,750 in a private placement of 3,672,188 shares of Common Stock at a price of $0.80 per share. The private placement was done exclusively by 3 accredited investors, representing 7.3% of the total shares then outstanding.

The Company has evaluated subsequent events through December 22, 2011, and determined that no additional subsequent events occurred that would require recognition in the consolidated financial statements or disclosure in the notes thereto.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Tecogen Inc.

We have audited the accompanying consolidated balance sheet of Tecogen Inc. as of December 31, 2010, and the related consolidated statement of operations, stockholders' equity, and cash flow for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tecogen Inc. as of December 31, 2010, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

/s/ McGladrey & Pullen, LLP
McGladrey & Pullen, LLP

Boston, Massachusetts
December 22, 2011

Audited Financial Statements

TECOGEN INC.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2010 and 2009

	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,828,173	$ 479,934
Short-term investments	85,000	764,747
Accounts receivable, net	1,788,323	2,126,562
Inventory, net	1,324,415	1,412,266
Due from related party	98,230	-
Prepaid and other current assets	85,103	91,568
Total current assets	5,209,244	4,875,077
Property, plant and equipment, net	404,888	286,279
Intangible assets, net	226,865	124,675
Other assets	35,425	32,945
TOTAL ASSETS	5,876,422	5,318,976
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Demand notes payable, related party	287,500	710,068
Current portion of convertible debentures, related party	190,967	-
Accounts payable	705,406	288,030
Accrued expenses	895,884	918,022
Deferred revenue	711,259	787,698
Interest payable, related party	93,727	120,128
Due to related party	-	4,133
Total current liabilities	2,884,743	2,828,079
Long-term liabilities:		
Convertible debentures, related party, net of current portion	-	190,967
Total liabilities	2,884,743	3,019,046
Stockholders' equity:		
Tecogen Inc. stockholders' equity:		
Common Stock, $0.001 par value; 50,000,000 shares authorized; 48,931,046 and 46,515,742 issued and outstanding at December 31, 2010 and 2009, respectively	48,931	46,516
Additional paid-in capital	11,652,516	10,058,287
Common Stock subscription	(53)	-
Receivable from stockholder	(345,000)	-
Accumulated deficit	(8,548,265)	(8,192,957)
Total Tecogen Inc. stockholders' equity	2,808,129	1,911,846
Noncontrolling interest	183,550	388,084
Total stockholders' equity	2,991,679	2,299,930
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,876,422	$ 5,318,976

The accompanying notes are an integral part of these consolidated financial statements.

TECOGEN INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2010 and 2009

	2010	2009
Revenues		
Products	$ 5,543,605	$ 6,442,169
Services	5,767,624	5,334,072
	11,311,229	11,776,241
Cost of sales		
Products	3,801,485	4,120,458
Services	2,795,720	2,743,628
	6,597,205	6,864,086
Gross profit	4,714,024	4,912,155
Operating expenses		
General and administrative	4,973,794	4,919,023
Selling	290,505	534,957
	5,264,299	5,453,980
Loss from operations	(550,275)	(541,825)
Other income (expense)		
Interest and other income	23,574	22,581
Interest expense	(37,280)	(63,514)
	(13,706)	(40,933)
Loss before income taxes	(563,981)	(582,758)
Provision for state income taxes	-	-
Consolidated net loss	(563,981)	(582,758)
Less: Loss attributable to the noncontrolling interest	208,673	117,161
Net loss attributable to Tecogen Inc.	(355,308)	(465,597)
Net loss per share - basic and diluted	$ (0.01)	$ (0.01)
Weighted average shares outstanding - basic and diluted	45,882,631	44,131,903

The accompanying notes are an integral part of these consolidated financial statements.

TECOGEN INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2010 and 2009

	Tecogen Inc.						
	Common Stock $0.001 Par Value	Additional Paid-In Capital	Common Stock Subscription	Stockholder Receivable	Accumulated Deficit	Noncontrolling Interest	Total
Balance at December 31, 2008	45,018	$ 7,563,866	$ (15,160)	$ -	$ (7,727,360)	$ -	$ (133,636)
Conversion of note payable to Common Stock	148	44,285	-	-	-	-	44,433
Sale of Common Stock, net of costs	1,300	696,700	-	-	-	-	698,000
Issuance of restricted stock	50	-	160	-	-	-	210
Exercise of warrants	-	-	15,000	-	-	-	15,000
Related party forgiveness	-	698,600	-	-	-	-	698,600
Sale of subsidiary Common Stock, net of costs	-	853,735	-	-	-	502,665	1,356,400
Sale of subsidiary restricted stock	-	-	-	-	-	360	360
Stock based compensation expense	-	201,101	-	-	-	2,220	203,321
Net (loss) income	-	-	-	-	(465,597)	(117,161)	(582,758)
Balance at December 31, 2009	46,516	10,058,287	-	-	(8,192,957)	388,084	2,299,930
Sale of Common Stock, net of costs	1,863	1,209,386	-	-	-	-	1,211,249
Issuance of restricted stock	77	49,871	(53)	-	-	-	49,895
Note receivable from stockholder	-	-	-	(345,000)	-	-	(345,000)
Exercise of warrants	475	142,025	-	-	-	-	142,500
Stock based compensation expense	-	192,947	-	-	-	4,139	197,086
Net (loss) income	-	-	-	-	(355,308)	(208,673)	(563,981)
Balance at December 31, 2010	48,931	$11,652,516	$ (53)	$ (345,000)	$ (8,548,265)	$ 183,550	$ 2,991,679

The accompanying notes are an integral part of these consolidated financial statements.

TECOGEN INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (355,308)	$ (465,597)
Income attributable to noncontrolling interest	(208,673)	(117,161)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	88,656	55,189
Provision for losses on accounts receivable	6,658	34,885
Provision for inventory reserve	(66,500)	12,000
Stock-based compensation	197,086	203,321
Changes in operating assets and liabilities		
(Increase) decrease in:		
Accounts receivable and unbilled revenue	331,581	17,225
Inventory	154,351	(186,687)
Due from related party	(98,230)	153,397
Prepaid assets and other current assets	6,465	(57,795)
Other assets	(2,481)	87,496
Increase (decrease) in:		
Accounts payable	417,376	(1,119,490)
Accrued expenses and other current liabilities	(22,138)	160,456
Deferred revenue	(76,439)	329,293
Interest payable, related party	(26,401)	63,514
Due to related party	(4,133)	4,133
Net cash provided by (used in) operating activities	341,870	(825,821)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(195,955)	(193,155)
Purchases of intangible assets	(113,499)	(133,823)
Purchases of short term investments	-	(764,747)
Sale of short-term investments	679,747	-
Net cash provided by (used in) investing activities	370,293	(1,091,725)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments from issuance of stockholder loan	(345,000)	-
Payments made on demand notes payable, related party	(422,568)	-
Proceeds from sale of Common Stock, net of costs	1,211,249	2,053,000
Proceeds from issuance of restricted stock	49,895	570
Proceeds from exercise of warrants	142,500	15,000
Net cash provided by financing activities	636,076	2,068,570
Net increase in cash and cash equivalents	1,348,239	151,024
Cash and cash equivalents, beginning of year	479,934	328,910
Cash and cash equivalents, end of year	$ 1,828,173	$ 479,934
Supplemental disclosures of cash flows information:		
Cash paid during the year for:		
Interest	$ 63,139	$ -
Supplemental disclosures of noncash financing activities:		
Conversion of notes payable and accrued interest to Common Stock	$ -	$ 44,433
Related party forgiveness of notes payable and accrued interest for subsidiary Common Stock	$ -	$ 698,600

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Audited Consolidated Financial Statements

Note 1 – Nature of business and operations

Tecogen, Inc. and Subsidiary (the "Company") (a Delaware Corporation) was organized on November 15, 2000, and acquired the assets and liabilities of the Tecogen Products division of Thermo Power Corporation. The Company produces commercial and industrial, natural-gas-fueled engine-driven, combined heat and power (CHP) products that reduce energy costs, decrease greenhouse gas emissions and alleviate congestion on the national power grid. Tecogen's products supply electric power or mechanical power for cooling, while heat from the engine is recovered and purposefully used at a facility. The majority of Company's customers are located in regions with the highest utility rates, typically California, the Midwest and the Northeast.

On May 4, 2009 the Company invested $8,400 in exchange for 8,400,000 shares of a newly established corporation Ilios, Inc. The investment gave the Company a controlling financial interest in Ilios, Inc. whose business focus will be on advanced heating systems for commercial and industrial applications. On May 11, 2009 the Company sold 1,400,000 shares in Ilios, Inc. at $0.50 per share to two of its existing stockholders in exchange for the extinguishment of $700,000 in demand notes payable, convertible debentures and accrued interest (Note 8). On July 24, 2009 Ilios, Inc. raised approximately $1,400,000 in a private placement. As of December 31, 2010 and 2009, the Company owns a 63% interest in Ilios, Inc. and has consolidated Ilios, Inc. into its financial statements.

The Company's operations are comprised of one business segment. Our business is to manufacture and support highly efficient CHP products based on engines fueled by natural gas.

Note 2 – Summary of significant accounting policies

Principles of Consolidation and Basis of Presentation

The financial statements have been prepared in accordance with accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) to ensure financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification (ASC). The Company adopted the presentation requirements for noncontrolling interests required by ASC 810 *Consolidation*. Under ASC 810, earnings or losses attributed to the noncontrolling interests are reported as part of the consolidated earnings and not a separate component of income or expense. Noncontrolling interests in the net assets and operations of Ilios, Inc. are reflected in the caption "Noncontrolling interest" in the accompanying consolidated financial statements. All intercompany transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments and accounts receivable. The Company maintains its cash balances in bank accounts, which at times may exceed the Federal Deposit Insurance Corporation's ("FDIC") general deposit insurance limits. The amount on deposit at December 31, 2010 and 2009 which exceeded the $250,000 federally insured limit was approximately $1,167,000 and $32,000, respectively. The Company has not experienced any losses in such accounts and thus believes that it is not exposed to any significant credit risk on cash and cash equivalents.

The Company has one customer who represents 14.6% and 13% of revenues for the years ending December 31, 2010 and 2009, respectively. Included in trade accounts receivable are amounts from two and three customers who represent an aggregate of 51% and 55% of the trade accounts receivable balance as of December 31, 2010 and 2009, respectively. These customers have individual balances between 24% and 27% of trade accounts receivable at December 31, 2010 and between 13% and 25% of trade accounts receivable at December 31, 2009.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity date, at date of purchase, of three months or less to be cash and cash equivalents.

Short-Term Investments

Short-term investments consist of certificates of deposit with maturities of greater than three months but less than one year. Certificates of deposits are recorded at fair value.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is provided for those accounts receivable considered to be uncollectible based upon historical experience and management's evaluation of outstanding accounts receivable at the end of the year. Bad debts are written off against the allowance when identified. At December 31, 2010 and 2009 the allowance for doubtful accounts was $78,300 and $95,000, respectively.

Inventory

Raw materials, work in process, and finished goods inventories are stated at the lower of cost, as determined by the average cost method, or net realizable value. The Company periodically reviews inventory quantities on hand for excess and/or obsolete inventory based primarily on historical usage, as well as based on estimated forecast of product demand. Any reserves that result from this review are charged to cost of sales.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the asset, which range from three to seven years. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives of the assets or the term of the related leases. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized.

Intangible Assets

Intangible assets subject to amortization include costs incurred by the Company to acquire product certifications and certain patent costs. These costs are amortized on a straight-line basis over the estimated economic life of the intangible asset. The Company reviews intangible assets for impairment when the circumstances warrant.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. The current or deferred tax consequences of transactions are measured by applying the provisions of enacted tax laws to determine the amount of taxes payable currently or in future years. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities and expected future tax consequences of events that have been included in the financial statements or tax returns using enacted tax rates in effect for the years in which the differences are expected to reverse. Under this method, a valuation allowance is used to offset deferred taxes if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets may not be realized. Management evaluates the recoverability of deferred taxes and the adequacy of the valuation allowance annually.

Effective January 1, 2009, the Company adopted the provisions of the accounting standards relative to accounting for uncertainties in tax positions. These provisions provide guidance on the recognition, de-recognition and measurement of potential tax benefits associated with tax positions. The Company elected to recognize interest and penalties related to income tax matters as a component of income tax expense in the statements of operations. There was no impact on the financial statements as a result of this guidance. Additional information is contained in Note 14 – Income taxes.

With few exceptions, the Company is no longer subject to possible income tax examinations by federal, state or local taxing authorities for tax years before 2007.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. Generally, sales of cogeneration and chiller units and parts are recognized when shipped and services are recognized over the term of the service period. Payments received in advance of services being performed are recorded as deferred revenue.

Infrequently, the Company recognizes revenue in certain circumstances before delivery has occurred (commonly referred to as bill and hold transactions). In such circumstances, among other things, risk of ownership has passed to the buyer, the buyer has made a written fixed commitment to purchase the finished goods, the buyer has requested the finished goods be held for future delivery as scheduled and designated by them, and no additional performance obligations exist by the Company. For these transactions, the finished goods are segregated from inventory and normal billing and credit terms are granted. For the years ended December 31, 2010 and 2009, revenues in the amount of $0 and $274,204, respectively, were recorded as bill and hold transactions.

In October 2009, the FASB issued amended revenue recognition guidance for arrangements with multiple deliverables under the FASB Accounting Standards Update (ASU) 2009-13, *Multiple-Deliverable Revenue Arrangements* (ASU 2009-13). The new guidance eliminates the prior residual method of revenue recognition and establishes a hierarchy of methods to determine the selling price. The highest level in the hierarchy is vendor-specific objective evidence (VSOE) of selling price and is limited to the price charged when the same deliverable is sold separately, or for a deliverable that is not yet sold separately, the price established by management if it is probable that the price, once established, will not change before the separate introduction of the deliverable to the marketplace. When VSOE does not exist, the next level of the hierarchy is third-party evidence of selling price, which would exist if any other vendor separately sells a generally interchangeable product. When neither VSOE nor third-party evidence exists, the allocation is based on the vendor's best estimate of the price that the deliverable would be sold for if it was sold on a standalone basis. ASU 2009-13 is effective in fiscal years beginning on or after June 15, 2010, with early adoption permitted. During 2009, the Company adopted the guidance and elected to apply the guidance retrospectively. The adoption did not have a material effect on the financial statements for previous years.

For those arrangements that include multiple deliverables, the Company first determines whether each service or deliverable meets the separation criteria of FASB ASC 605-25, *Revenue Recognition—Multiple-Element Arrangements*. In general, a deliverable (or a group of deliverables) meets the separation criteria if the deliverable has stand-alone value to the customer and if the arrangement includes a general right of return related to the delivered item and delivery or performance of the undelivered item(s) is considered probable and substantially in control of the Company. Each deliverable that meets the separation criteria is considered a separate ‘‘unit of accounting”. The Company allocates the total arrangement consideration to each unit of accounting using the relative fair value method. The amount of arrangement consideration that is allocated to a delivered unit of accounting is limited to the amount that is not contingent upon the delivery of another unit of accounting.

When vendor-specific objective evidence or third-party evidence is not available, adopting the relative fair value method of allocation permits the Company to recognize revenue on specific elements as completed based on the estimated selling price. The Company generally uses internal pricing lists that determine sales prices to external customers in determining its best estimate of the selling price of the various deliverables in multiple-element arrangements. Changes in judgments made in estimating the selling price of the various deliverables could significantly affect the timing or amount of revenue recognition. The Company enters into sales arrangements with customers to sell its cogeneration and chiller units and related service contracts. Based on the fact that the Company sells each deliverable to other customers on a stand-alone basis, the company has determined that each deliverable has a stand-alone value. Additionally, there are no rights of return relative to the delivered items; therefore, each deliverable is considered a separate unit of accounting.

After the arrangement consideration has been allocated to each unit of accounting, the Company applies the appropriate revenue recognition method for each unit of accounting based on the nature of the arrangement and the services included in each unit of accounting. Cogeneration and chiller units are recognized when shipped and services are recognized over the term of the applicable agreement or as provided when on a time and materials basis.

Presentation of Sales Taxes

The Company reports revenues net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions.

Shipping and Handling Costs

The Company classifies freight billed to customers as sales revenue and the related freight costs as cost of sales.

Advertising Costs

The Company expenses the costs of advertising as incurred. For the years ended December 31, 2010 and 2009, advertising expense was approximately $14,900 and $40,700, respectively.

Research and Development Costs

Internal research and development expenditures are expensed as incurred. Proceeds from certain grants and contracts with governmental agencies and their contractors to conduct research and development for new CHP technologies or to improve or enhance existing technology is recorded as an offset to the related research and development expenses. These grants and contracts are paid on a cost reimbursement basis provided in the agreed upon budget. Amounts received totaled $917,000 and $349,000 in fiscal years 2010 and 2009, respectively, which offset the Company's total R&D expenditures for each of the respective years.

Stock-Based Compensation

Stock-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as an expense in the statements of operations over the requisite service period.

Pursuant to ASC 505-50, *Equity Based Payments to Non-Employees*, the fair value of restricted Common Stock and stock options issued to nonemployees is revalued at each reporting period until the ultimate measurement date, as defined by ASC 505-50. The Company records the value of the instruments at the time services are provided and the instruments vest. Accordingly, the ultimate expense is not fixed until such instruments are fully vested.

The determination of the fair value of share-based payment awards is affected by the Company's stock price. Since the Company is not publicly traded, the Company considered the sales price of the Common Stock in private placements to unrelated third parties as a measure of the fair value of its Common Stock.

The Company utilizes an estimated forfeiture rate when calculating the expense for the period. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Stock-based compensation expense recognized is based on awards that are ultimately expected to vest. The Company evaluates the assumptions used to value awards regularly and if factors change and different assumptions are employed, stock-based compensation expense may differ significantly from what has been recorded in the past. If there are any modifications or cancellations of the underlying unvested securities, the Company may be required to accelerate, increase or cancel any remaining unearned stock-based compensation expense.

Common Stock Subscriptions

Outstanding proceeds for Common Stock transactions appear as Common Stock subscriptions in the accompanying consolidated balance sheets and consolidated statements of changes in stockholders' equity until received.

Recent Accounting Pronouncements

In January 2010, The FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements*. This amends ASC 820 (formerly FAS 157-4) to require additional disclosures. The guidance requires entities to disclose transfers of assets in and out of Levels 1 and 2 of the fair value hierarchy, and the reasons for those transfers. ASU No. 2010-06 is effective January 2010. In addition, the guidance requires separate presentation of purchases and sales in the Level 3 asset reconciliation which will be effective for the year ending December 31, 2011. The adoption of the effective portions of this guidance did not have a material impact on the Company's consolidated financial statement position, results of operations or cash flows.

In June 2009, the FASB issued new guidance on consolidations which became effective for Tecogen, Inc. on January 1, 2010. This guidance changes the definition of a variable interest entity and changes the methodology to determine who is the primary beneficiary of, or in other words, who consolidates, a variable interest entity. The guidance replaces the quantitative-based risks and rewards calculation for determining which enterprise, if any, has a controlling financial interest in a variable interest entity with an approach focused on identifying which enterprise has the power to direct the activities of a variable interest entity that most significantly affect the entity's economic performance and (i) the obligation to absorb losses of the entity or (ii) the right to receive benefits from the entity. The adoption of this new guidance did not have an impact on the Company's consolidated financial statement position, results of operations or cash flows.

Note 3 – Loss per common share:

Basic and diluted earnings per share for the years ended December 31, 2010 and 2009, respectively, were as follows:

	December 31, 2010	December 31, 2009
Loss available to stockholders	$ (355,308)	$ (465,597)
Weighted average shares outstanding - Basic and diluted	45,882,631	44,131,903
Basic and diluted loss per share	$ (0.01)	$ (0.01)
Anti-dilutive shares underlying stock options outstanding	2,480,000	2,380,000

Note 4 – Inventory

Inventories at December 31, 2010 and 2009 consisted of the following.

	2010	2009
Gross raw materials	$1,675,141	$1,823,582
Less - reserves	(355,500)	(422,000)
Net raw materials	1,319,641	1,401,582
Work-in-process	4,774	10,684
Finished goods	-	-
	$1,324,415	$1,412,266

Note 5 – Intangible assets

The Company capitalized $62,309 and $42,352 of product certification costs during the years ended December 31, 2010 and 2009, respectively. Also included in intangible assets are the costs incurred by the Company to acquire certain patents. These patents, once in service, will be amortized on a straight-line basis over the estimated economic life of the associated product, which are approximately 10 years. The Company capitalized $51,190 and $0 of patent-related costs during the years ended December 31, 2010 and 2009, respectively.

Intangible assets at December 31, 2010 and 2009 consist of the following:

Balance at December 31, 2009	Product Certifications	Patents	Total
Intangible assets	$ 133,823	$ -	$ 133,823
Less – accumulated amortization	(9,148)	-	(9,148)
	$ 124,675	$ -	$ 124,675

Balance at December 31, 2010	Product Certifications	Patents	Total
Intangible assets	$ 196,132	$ 51,190	$ 247,322
Less – accumulated amortization	(20,457)	-	(20,457)
	$ 175,675	$ 51,190	$ 226,865

Amortization expense was $11,309 and $9,148 during the years ended December 31, 2010 and 2009, respectively. Estimated amortization expense at December 31, 2010 for each of the five succeeding years is as follows:

2011	$ 20,212
2012	22,628
2013	22,628
2014	22,628
2015	22,628
Thereafter	116,141
	$226,865

Note 6 – Fair value of financial instruments

The Company has categorized its financial assets and liabilities, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as set forth below. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement the instrument. The three levels of the hierarchy are defined as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities. We currently do not have any Level 1 financial assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1. Level 2 inputs include quoted prices for identical assets or liabilities in non-active markets, quoted prices for similar assets or liabilities in active markets and inputs other than quoted prices that are observable for substantially the full-term of the asset or liability.

Level 3 - Unobservable inputs reflecting management's own assumptions about the input used in pricing the asset or liability. We currently do not have any Level 3 financial assets or liabilities.

The following table presents the input level used to determine the fair values of the Company's financial instruments measured at fair value on a recurring basis for the years ended December 31, 2010 and 2009:

	Level 1	Level 2	Level 3	Total
Assets as of December 31, 2010				
Certificates of Deposit:	$ -	$ 85,000	$ -	$ 85,000
Assets as of December 31, 2009				
Certificates of Deposit:	$ -	$ 764,747	$ -	$ 764,747

The Company determines the fair value of certificates of deposits using information provided by the issuing bank which includes discounted expected cash flow estimates using current market rates offered for deposits with similar remaining maturities.

Note 7 – Property and equipment

Property and equipment at December 31, 2010 and 2009 consisted of the following:

	Estimated Useful Life (in Years)	2010	2009
Machinery and equipment	5 - 7 years	$ 268,713	$ 196,822
Furniture and fixtures	5 years	41,487	-
Computer software	3 - 5 years	44,291	-
Leasehold improvements	*	226,261	187,975
		580,752	384,797
Less – accumulated depreciation and amortization		(175,864)	(98,518)
		$ 404,888	$ 286,279

* Lesser of estimated useful life of asset or lease term

Depreciation and amortization expense on property and equipment for the years ended December 31, 2010 and 2009 was $77,346 and $46,041, respectively.

Note 8 – Demand notes payable and convertible debentures – related party

Demand notes payable to related parties consist of various demand notes outstanding to stockholders totaling $287,500 and $710,068 at December 31, 2010 and 2009, respectively. The primary lenders are John N. Hatsopoulos, the Company's Chief Executive Officer, who holds $250,000 and $572,567 of the demand notes as of December 31, 2010 and 2009, respectively, and George N. Hatsopoulos, a member of the board of directors, who holds $0 and $100,000 of the demand notes as of December 31, 2010 and 2009, respectively. The demand notes accrue interest annually at rates ranging from 5% to 6%. Unpaid principal and interest on the demand notes is due upon demand by the lender.

On September 24, 2001, the Company entered into subscription agreements with three investors for the sale of convertible debentures in the aggregate principal amount of $330,000. The primary investors were George N. Hatsopoulos, a member of the board of directors, who subscribed for $200,000 of the debentures and John N. Hatsopoulos, the Company's Chief Executive Officer, who subscribed for $100,000 of the debentures. The debentures accrue interest at a rate of 6% per annum and are due six years from issuance date. The debentures are convertible, at the option of the holder, into a number of shares of Common Stock as determined by dividing the original principal amount plus accrued and unpaid interest by a conversion price of $0.30.

A holder of the Company's convertible debentures elected to convert $30,000 of the outstanding principal amount of the debenture, plus accrued interest of $14,433, into 148,111 shares of Common Stock in September, 2009. In addition, the remaining holders of the Company's convertible debentures agreed to amend the terms of the debentures and extend the due date from September 24, 2007 to September 24, 2011.

On May 11, 2009 the Company sold 1,400,000 shares in Ilios, Inc. at $0.50 per share to George Hatsopoulos and John Hatsopoulos in exchange for the extinguishment of $427,432 in demand notes payable, $109,033 in convertible debentures and $163,535 in accrued interest. The difference between the Company's purchase price of the Ilios, Inc. shares and the amount of debt forgiveness was recorded as additional paid-in capital. At December 31, 2010 and 2009, there were 636,557 shares of Common Stock issuable upon conversion of the Company's outstanding convertible debentures. At December 31, 2010 and 2009, the principal amount of the Company's convertible debentures was $190,967 which is due on September 24, 2011.

Note 9 – Commitments and contingencies

Operating Lease Obligations

The Company leases office space and warehouse facilities under various lease agreements which expire through March 2015. The Company subleases portions of its corporate offices and manufacturing facility to sub-tenants under annual sublease agreements, on a calendar year basis (see Note 13 – Related party transactions). Total rent expense for the years ended December 31, 2010 and 2009 amounted to $535,092 and $480,385, offset by $196,466 and $198,322 in rent paid by sub-lessees for a net amount of $338,626 and $282,063.

The Company leases certain service vehicles under various lease agreements which expire through January 2012. Vehicle rent expense amounted to approximately $4,639 and $11,305 during the years ended December 31, 2010 and 2009, respectively. At December 31, 2010 and 2009, the Company had one vehicle under lease.

Future minimum lease payments under all non-cancelable operating leases as of December 31, 2010 consist of the following:

2011	$ 561,436
2012	568,151
2013	543,867
2014	164,843
2015	10,130
	$1,848,427

Legal Proceedings

From time to time the Company may be involved in various claims and other legal proceedings which arise in the normal course of business. Such matters are subject to many uncertainties and outcomes that are not predictable. Based on the information available to the Company and after discussions with legal counsel, the Company does not believe any such proceedings will have a material adverse effect on the business, results of operations, financial position or liquidity.

Note 10 – Product warranty

The Company reserves an estimate of its exposure to warranty claims based on both current and historical product sales data and warranty costs incurred. The majority of the Company's products carry a one-year warranty. The Company assesses the adequacy of its recorded warranty liability annually and adjusts the amount as necessary. The warranty liability is included in accrued expenses on the accompanying consolidated balance sheets. Changes in the Company's warranty reserve were as follows:

Warranty reserve, December 31, 2008	$ 50,000
Warranty provision for units sold	79,626
Costs of warranty incurred	(47,026)
Warranty reserve, December 31, 2009	82,600
Warranty provision for units sold	42,847
Costs of warranty incurred	(72,447)
Warranty reserve, December 31, 2010	$ 53,000

Note 11 – Stockholders' equity

Common Stock

In 2010 and 2009 the Company raised additional funds through private placements of Common Stock to a limited number of accredited investors. In connection with the 2010 private placements the Company sold an aggregate of 1,863,461 shares of Common Stock at a purchase price of $0.65 per share, resulting in net cash proceeds of $1,211,249. In connection with the 2009 private placements the Company sold an aggregate of 1,300,000 shares of Common Stock at a purchase price of $0.50 to $0.65 per share, resulting in net cash proceeds of $698,000.

The holders of Common Stock have the right to vote their interest on a per share basis. At December 31, 2010 and 2009 there were 48,931,046 and 46,515,742 shares of Common Stock outstanding, respectively.

Note Receivable from Stockholder

On June 3, 2010 the Company issued a Promissory Note to an investor in the amount of $345,000. The Note is due in full on June 3, 2012 and bears interest at the Bank Prime Rate plus three percent. Accrued interest is paid on a quarterly basis. The Note is secured by 1,150,000 shares of Tecogen, Inc. Common Stock.

Warrants

At January 1, 2009 the Company had 500,000 warrants outstanding. Each warrant represents the right to purchase one share of Common Stock at a price of $0.30. These warrants had been issued on April 5, 2005 in connection with a private placement of the Company's Common Stock to a limited number of accredited investors.

During the year ended December 31, 2010, investors exercised 475,000 warrants, providing gross proceeds to the Company of $142,500. During 2010, 25,000 warrants expired and during 2009 no warrants expired. As of December 31, 2010 and 2009 there were 0 and 500,000 warrants outstanding at $0.30 per share, respectively.

Stock-Based Compensation

In 2006, the Company adopted the 2006 Stock Option and Incentive Plan ("the Plan"), under which the board of directors may grant incentive or non-qualified stock options and stock grants to key employees, directors, advisors and consultants of the Company. On October 1, 2008 the board unanimously amended the Plan, to increase the reserved shares of Common Stock issuable under the Plan from 4,000,000 to 5,000,000 (the "Amended Plan"). On February 18, 2010, the board unanimously amended the Plan, to increase the reserved shares of Common Stock issuable under the Plan from 5,000,000 to 7,000,000 (the "Amended Plan" as of February 18, 2010).

Stock options vest based upon the terms within the individual option grants, with an acceleration of the unvested portion of such options upon a change in control event, as defined in the Amended Plan. The options are not transferable except by will or domestic relations order. The option price per share under the Amended Plan cannot be less than the fair market value of the underlying shares on the date of the grant. The number of shares remaining available for future issuance under the Amended Plan as of December 31, 2010 and 2009 was 2,886,732 and 963,575, respectively.

In 2009, the Company granted nonqualified options to purchase an aggregate of 400,000 shares of Common Stock at $0.50 per share. These options have a vesting schedule of four years and expire in ten years. The fair value of the options issued in 2009 was $72,893. The weighted-average grant date fair value of stock options granted during 2009 was $0.18.

In 2010, the Company granted nonqualified options to purchase an aggregate of 100,000 shares of Common Stock at $0.65 per share. These options have a vesting schedule of four years and expire in five years. The fair value of the options issued in 2010 was $24,446. The weighted-average grant date fair value of stock options granted during 2010 was $0.24. Stock option activity for the year ended December 31, 2010 and 2009 was as follows:

Common Stock Options	Number of Options	Exercise Price Per Share	Weighted Average Exercise Price	Weighted Average Remaining Life	Aggregate Intrinsic Value
Outstanding, December 31, 2008	1,980,000	$ 0.03-$0.30	$ 0.28	4.27 years	$ 436,500
Granted	400,000	0.50	0.50		
Exercised	-	-	-		
Canceled	-	-	-		
Expired	-	-	-		
Outstanding, December 31, 2009	2,380,000	$ 0.03-$0.50	$ 0.32	4.27 years	$ 793,500
Exercisable, December 31, 2009	705,000		$ 0.24		$ 287,250
Vested and expected to vest, December 31, 2009	2,380,000		$ 0.32		$ 793,500
Outstanding, December 31, 2009	2,380,000	$ 0.03-$0.50	$ 0.32	4.27 years	$ 793,500
Granted	100,000	0.65	0.65		
Exercised	-	-	-		
Canceled	-	-	-		
Expired	-	-	-		
Outstanding, December 31, 2010	2,480,000	$ 0.03-$0.65	$ 0.30	3.30 years	$ 793,500
Exercisable, December 31, 2010	1,230,000		$ 0.28		$ 451,000
Vested and expected to vest, December 31, 2010	2,480,000		$ 0.30		$ 793,500

The Company does not expect any forfeitures and the table above represents all stock options expected to vest. The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Expected volatility was calculated based on the average volatility of four comparable publicly traded companies. The average expected life was estimated using the simplified method for "plain vanilla" options as permitted by SEC Staff Accounting Bulletin No. 107, or SAB No. 107. The simplified method determines the expected life in years based on the vesting period and contractual terms as set forth when the award is made. The Company continues to use the simplified method for awards of stock-based compensation after January 1, 2008 as permitted by SEC Staff Accounting Bulletin No. 110, or SAB No. 110, since it does not have the necessary historical exercise data to determine an expected life for stock options. The Company uses a single weighted-average expected life to value option awards and recognizes compensation on a straight-line basis over the requisite service period for each separately vesting portion of the awards. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term which approximates the expected life assumed at the date of grant. When options are exercised the Company normally issues new shares.

The weighted average assumptions used in the Black-Scholes option pricing model for options granted in 2010 and 2009 are as follows:

	2010	2009
Stock option awards:		
Expected life	5 years	6.25 years
Risk-free interest rate	2.46%	2.56%
Expected volatility	33.3%	31.7%

In 2009, the Company made restricted stock grants to a former board member by permitting him to purchase an aggregate of 50,000 shares of Common Stock at a price of $0.001 per share. These shares vest 100% one year after an initial public offering. The related compensation expense is being recorded based on an anticipated initial public offering date.

In 2010, the Company made restricted stock grants to certain employees by permitting them to purchase an aggregate of 76,843 shares of Common Stock at a price of $0.001 per share. These shares vest 100% six months after an initial public offering. The related compensation expense is being recorded based on an anticipated initial public offering date.

Restricted stock activity for the years ended December 31, 2010 and 2009 was as follows:

	Number of Restricted Stock Shares	Grant Date Fair Value
Unvested, December 31, 2008	1,606,425	$ 0.30
Granted	50,000	0.50
Vested	-	-
Forfeited	-	-
Unvested, December 31, 2009	1,656,425	0.31
Granted	76,843	0.65
Vested	-	-
Forfeited	-	-
Unvested, December 31, 2010	1,733,268	$ 0.32

During the years ended December 31, 2010 and 2009, the Company recognized stock-based compensation of $185,901 and $197,683, respectively, related to the issuance of stock options and restricted stock. No tax benefit was recognized related to the stock-based compensation recorded during the years. At December 31, 2010 and 2009 there were 1,683,268 and 1,656,425 unvested shares of restricted stock outstanding, respectively. At December 31, 2010 and 2009 the total compensation cost related to unvested restricted stock awards and stock option awards not yet recognized is $141,859 and $296,748, respectively. This amount will be recognized over a weighted average period of 1.9 years.

Stock Based Compensation - Ilios

In 2009, Ilios, Inc. adopted the 2009 Stock Incentive Plan ("the Plan") under which the board of directors may grant incentive or non-qualified stock options and stock grants to key employees, directors, advisors and consultants of the Company. The maximum number of shares allowable for issuance under the Plan is 2,000,000 shares of Common Stock.

Stock options vest based upon the terms within the individual option grants, with an acceleration of the unvested portion of such options upon a change in control event, as defined in the Plan. The options are not transferable except by will or domestic relations order. The option price per share under the Plan cannot be less than the fair market value of the underlying shares on the date of the grant.

During the years ended December 31, 2010 and 2009 Ilios, Inc. recognized stock-based compensation of $11,185 and $7,486, related to the issuance of stock options and restricted stock, respectively. No tax benefit was recognized related to the stock-based compensation recorded during the year. At December 31, 2010 and 2009 there were 360,000 unvested shares of restricted stock outstanding. At December 31, 2010 and 2009 the total compensation cost related to unvested restricted stock awards and stock option awards not yet recognized is $27,839 and $39,026, respectively. This amount will be recognized over the weighted average period of 2.5 years.

In 2009, the Company granted nonqualified options to purchase an aggregate of 300,000 shares of Common Stock to three directors at $0.10 per share. These options have a vesting schedule of four years and expire in ten years. The total fair value of the options issued in 2009 was $10,872. The weighted-average grant date fair value of stock options granted during 2009 was $0.04. Stock option activity for the year ended December 31, 2010 and 2009 was as follows:

Common Stock Options	Number of Options	Exercise Price Per Share	Weighted Average Exercise Price	Weighted Average Remaining Life	Aggregate Intrinsic Value
Outstanding, December 31, 2008	-	$ -	$ -	-	$ -
Granted	300,000	0.10	0.10	9.34 years	120,000
Exercised	-	-	-		
Canceled	-	-	-		
Expired	-	-	-		
Outstanding, December 31, 2009	300,000	$ 0.10	$ 0.10	9.34 years	$ 120,000
Exercisable, December 31, 2009	-		$ -		$ -
Vested and expected to vest, December 31, 2009	300,000		$ 0.10		$ 120,000
Outstanding, December 31, 2009	300,000	$ 0.10	$ 0.10	9.34 years	$ 120,000
Granted	-	-	-		
Exercised	-	-	-		
Canceled	-	-	-		
Expired	-	-	-		
Outstanding, December 31, 2010	300,000	$ 0.10	$ 0.10	8.34 years	$ 120,000
Exercisable, December 31, 2010	-		$ -		$ -
Vested and expected to vest, December 31, 2010	300,000		$ 0.10		$ 120,000

Ilios Inc. does not expect any forfeitures and the table above represents all stock options expected to vest. Ilios Inc. uses the Black-Scholes option pricing model to determine the fair value of stock options granted. Expected volatility was calculated based on the average volatility of comparable publicly traded companies, the expected life of the options was calculated using the "simplified method", and the risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term which approximates the expected life assumed at the date of grant. The Company uses a single weighted-average expected life to value option awards and recognizes compensation on a straight-line basis over the requisite service period for each separately vesting portion of the awards.

The weighted average assumptions used in the Black-Scholes option pricing model for options granted in 2009 are as follows:

Stock option awards:	
Expected life	6.25 years
Risk-free interest rate	2.03%
Expected volatility	32.8%

In 2009, Ilios Inc. made restricted stock grants to consultants and certain Tecogen employees by permitting them to purchase an aggregate of 360,000 shares of Common Stock at a price of $0.001 per share. These shares vest 100% one hundred eighty (180) days after an initial public offering. The related compensation expense is being recorded based on an anticipated initial public offering date.

Restricted stock activity for the period ended December 31, 2010 was as follows:

	Number of Restricted Stock Shares	Grant Date Fair Value
Unvested, December 31, 2008	-	$ -
Granted	360,000	0.10
Vested	-	-
Forfeited	-	-
Unvested, December 31, 2009	360,000	0.10
Granted	-	-
Vested	-	-
Forfeited	-	-
Unvested, December 31, 2010	360.000	$ 0.10

Note 12 – Retirement plans

The Company has a defined contribution retirement plan (the "Plan"), which qualifies under Section 401(k) of the Internal Revenue Code (IRC). Under the Plan, employees meeting certain requirements may elect to contribute a percentage of their salary up to the maximum allowed by the IRC. The Company matches a variable amount based on participant contributions up to a maximum of 4.5% of each participant's salary. The Company contributed approximately $111,100 and $112,400 to the Plan for the years ended December 31, 2010 and 2009.

Note 13 – Related party transactions

The Company's majority stockholders own approximately 27% of the Common Stock of American DG Energy Inc. ("ADG"), a public company. In addition, the Chief Executive Officer ("CEO") of the Company is also the CEO of ADG and the Company and ADG have members of their Board of Directors common to both.

ADG has sales representation rights to Tecogen's products and services. In New England, ADG has exclusive sales representation rights to Tecogen's cogeneration products. ADG has granted Tecogen sales representation rights to its On-Site Utility energy service in California.

Revenue from sales of cogeneration and chiller systems, parts and service to ADG during the years ended December 31, 2010 and 2009 amounted to $1,658,471 and $1,503,681, respectively. In addition, Tecogen pays certain operating expenses, including benefits and insurance, on behalf of ADG. Tecogen was reimbursed for these costs. As of December 31, 2010 and 2009, the total amount due from ADG was $113,404 and $15,751, respectively.

The Company subleases portions of its corporate offices and manufacturing facility to sub-tenants under annual sublease agreements, and several of the sub-tenants are related to the Company through common ownership. In addition to sublease payments for the years ended December 31, 2010 and 2009 of $196,466 and $198,322, respectively received from ADG, Levitronix LLC and Alexandros Partners LLC, the Company received $142,050 and $127,196 from these related parties to offset common operating expenses incurred in the administration and maintenance of the Company's corporate office and warehouse facility for the years ended December 31, 2010 and 2009, respectively.

Note 14 – Income taxes

The components of net deferred tax assets recognized in the accompanying consolidated balance sheets at December 31, 2010 and 2009 are as follows:

	December 31, 2010	December 31, 2009
Net operating loss carryforwards	$ 2,867,000	$ 2,681,000
Accrued expenses and other	30,000	113,000
Depreciation	13,000	40,000
	2,910,000	2,834,000
Valuation allowance	(2,910,000)	(2,834,000)
Net deferred tax asset	$ -	$ -

Income taxes computed using the federal statutory income tax rate differs from the Company's effective tax rate as of December 31, 2010 and December 31, 2009, primarily due to the following:

As of December 2010, the Company has federal loss carryforwards of approximately $6,325,000 and varying amounts of state net operating losses which may be used to offset future federal and state taxable income, expiring at various dates through 2030. The federal net operating losses include approximately $485,000 attributable to the Company's majority owned subsidiary, which can only be used against income of that entity.

Management has determined that it is more likely than not that the Company will not recognize the benefits of the federal and state deferred tax assets and as a result has recorded a valuation allowance against the entire net deferred tax asset. The valuation allowance has increased by $76,000 during fiscal year 2010. If the Company should generate sustained future taxable income, against which these tax attributes may be recognized, some portion or all of the valuation allowance would be reversed.

The Company did not record a benefit for income taxes related to its operating losses for the years ended December 31, 2010 and 2009. The Company has analyzed its current tax return compliance positions and has determined that no uncertain tax positions have been taken that would require recognition.

The Company's net operating loss carryforwards could become subject to limitations pursuant to Internal Revenue Code Section 382, if there is a change in ownership of the company, as proscribed in that section. The annual limitation on the use of such losses would be a function of the value of the Company at the time of the change in ownership, and the federal long-term tax exempt rate.

Note 15 – Subsequent events

On June 13, 2011, Southern California Gas Company entered into an agreement with the Company to invest $500,000 in the Common Stock of the Company. This agreement includes certain stockholder rights and a redemption right whereby the investor may redeem the shares for cash until the earlier of, the initiation of a public offering of the Company by filing a registration statement with the SEC, or five years.

On October 26, 2011, the Company entered into an agreement with Digital Energy Corp., a customer of the Company, whereby the Company provided a letter of credit in the amount of $180,000, for the benefit of Digital Energy Corp., to satisfy a requirement of the New York Independent System Operator, Inc. A certificate of deposit for $180,000 secures the letter of credit. In exchange for providing this letter of credit, Digital Energy Corp. provided a promissory note to the Company for $180,000, with interest at 6%, payable in monthly installments of interest only. Principal would only be owed if the letter of credit was drawn upon and would become due and payable on the first anniversary date of the note.

On November 30, 2011, the Company raised $2,937,750 in a private placement of 3,672,188 shares of Common Stock at a price of $0.80 per share. The private placement was done exclusively by 3 accredited investors, representing 7.3% of the total shares then outstanding.

The Company has evaluated subsequent events through December 22, 2011 and determined that no additional subsequent events occurred that would require recognition in the consolidated financial statements or disclosure in the notes thereto.

PART II - INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth our expenses in connection with this registration statement. All of such amounts are estimates, other than the fee payable to the Securities and Exchange Commission.

	Amount
Securities and Exchange Commission registration fee	$ 3,244
Legal fees and expenses	50,000
Accounting fees and expenses	34,000
Printing and miscellaneous	10,000
Total	$ 97,244

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 102 of the Delaware General Corporation Law allows a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. We have included such a provision in our amended and restated charter.

Section 145 of the Delaware General Corporation Law provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against amounts paid and expenses incurred in connection with an action or proceeding to which he is or she is threatened to be made a party by reason of such position, if such person shall have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal proceeding, if such person had no reasonable cause to believe his conduct was unlawful; *provided that,* in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the adjudicating court determines that such indemnification is proper under the circumstances.

Our amended and restated charter includes a provision that eliminates the personal liability of our directors for monetary damages for breach of fiduciary duty as a director, except for liability:

- for any breach of the director's duty of loyalty to the Company or its stockholders;
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- under section 174 of the Delaware General Corporation Law regarding unlawful dividends and stock purchases; or
- for any transaction from which the director derived an improper personal benefit.

Our amended and restated charter also provides that:

- we must indemnify our directors and officers to the fullest extent permitted by Delaware law;
- we may, to the extent authorized from time to time by our Board of Directors, indemnify our other employees and agents to the same extent that we indemnified our officers and directors; and
- in the event we do not assume the defense in a legal proceeding, we must advance expenses, as incurred, to our directors and executive officers in connection with a legal proceeding to the fullest extent permitted by Delaware law.

The indemnification provisions contained in our amended and restated charter and bylaws are not exclusive of any other rights to which a person may be entitled by law, agreement, vote of stockholders, or disinterested directors or otherwise.

In addition to the indemnification provided for in our restated charter and bylaws, we intend to enter into indemnification agreements with each of our directors and executive officers. Each indemnification agreement will provide that we will indemnify the director or executive officer to the fullest extent permitted by law for claims arising in his or her capacity as our director, officer, employee or agent, provided that he or she acted in good faith and in a manner that he or she reasonably believed to be in, or not opposed to, our best interests and, with respect to any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful. In the event that we do not assume the defense of a claim against a director or executive officer, we are required to advance his or her expenses in connection with his or her defense, provided that he or she undertakes to repay all amounts advanced if it is ultimately determined that he or she is not entitled to be indemnified by us.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our Company pursuant to the foregoing provisions, the opinion of the SEC is that such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

In addition, we may maintain insurance on behalf of our directors and executive officers insuring them against any liability asserted against them in their capacities as directors or officers or arising out of such status.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Set forth below is information regarding Common Stock issued, warrants issued and stock options granted by the Company during fiscal years 2009 through 2011. Also included is the consideration, if any, we received and information relating to the section of the Securities Act, or rule of the SEC, under which exemption from registration was claimed.

Common Stock and Warrants

On June 17, 2009, the Company raised $490,000 in a private placement of 980,000 shares of Common Stock at a price of $0.50 per share. The private placement was sold exclusively to 12 accredited investors. Such transactions were exempt from registration under Section 4(2) of the Securities Act and/or under Rule 506 of Regulation D.

On September 4, 2009, the Company raised $208,000 in a private placement of 320,000 shares of Common Stock at a price of $0.65 per share. The private placement was sold exclusively to two accredited investors. Such transactions were exempt from registration under Section 4(2) of the Securities Act and/or under Rule 506 of Regulation D.

On September 30, 2009, a holder of the Company's convertible debentures elected to convert $30,000 of the outstanding principal amount of the debenture, plus accrued interest of $14,433, into 148,111 shares of Common Stock at a conversion price of $0.30 per share. The investor was an accredited investor, and such transaction was exempt from registration under Section 3(a)(9) of the Securities Act and/or under Rule 506 of Regulation D.

On March 26, 2010, the Company raised $142,500 through the exercise of 475,000 warrants to purchase Common Stock at a price of $0.30 per share. The warrants were exercised by three accredited investors. Such transactions were exempt from registration under Section 4(2) of the Securities Act and/or under Rule 506 of Regulation D.

On October 20, 2010, the Company raised $1,211,259 in a private placement of 1,863,461 shares of Common Stock at a price of $0.65 per share. The private placement was sold exclusively to eight accredited investors. Such transactions were exempt from registration under Section 4(2) of the Securities Act and/or under Rule 506 of Regulation D.

On June 10, 2011, the Company raised $666,075 in a private placement of 1,024,731 shares of Common Stock at a price of $0.65 per share. The private placement was sold exclusively to 12 accredited investors. Such transactions were exempt from registration under Section 4(2) of the Securities Act and/or under Rule 506 of Regulation D.

On May 31, 2011, the Company raised $14,000 in a private placement of 20,000 shares of Common Stock at a price of $0.70 per share. The private placement was sold exclusively to one accredited investor. Such transaction was exempt from registration under Section 4(2) of the Securities Act and/or under Rule 506 of Regulation D.

On September 24, 2011, three holders of the Company's convertible debentures elected to convert accrued interest of $72,959, into 145,917 shares of Common Stock at a conversion price of $0.50 per share. The conversion of the debentures into shares of Common Stock was effected by three accredited investors. Such transactions were exempt from registration under Section 3(a)(9) of the Securities Act and/or under Rule 506 of Regulation D.

On November 30, 2011, the Company raised $2,937,750 in a private placement of 3,672,188 shares of Common Stock at a price of $0.80 per share. The private placement was sold exclusively to three accredited investors. Such transactions were exempt from registration under Section 4(2) of the Securities Act and/or under Rule 506 of Regulation D.

Restricted Stock Grants

On May 4, 2009, the Company made a restricted stock grant to a consultant by granting him the right to purchase an aggregate of 50,000 shares of Common Stock at a price of $0.001 per share. Such transaction was exempt from registration under Section 4(2) of the Securities Act.

On September 15, 2010, the Company made restricted stock grants to three employees by permitting them to purchase an aggregate of 76,843 shares of Common Stock at a price of $0.001 per share. Such transactions were exempt from registration under Section 4(2) of the Securities Act.

On June 20, 2011, the Company made a restricted stock grant to an employee by granting him the right to purchase an aggregate of 200,000 shares of Common Stock at a price of $0.001 per share. Such transaction was exempt from registration under the Securities Act under Section 4(2).

Stock Options

On March 11, 2009, the Company granted nonqualified options to purchase 400,000 shares of Common Stock to two employees at $0.50 per share. The grant of such options was exempt from registration under Rule 701 under the Securities Act.

On February 18, 2010, the Company granted nonqualified options to purchase 100,000 shares of Common Stock to one employee at $0.65 per share. The grant of such options was exempt from registration under Rule 701 under the Securities Act.

On February 15, 2011, the Company granted nonqualified options to purchase 1,921,000 shares of the Common Stock to 28 employees at $0.65 per share. The grant of such options was exempt from registration under Rule 701 under the Securities Act.

No underwriters were involved in the foregoing sales of securities. All purchasers represented to us in connection with their purchase that they were accredited investors and made other customary investment representations. All of the foregoing securities are deemed restricted securities for purposes of the Securities Act.

ITEM 16. EXHIBITS.

The exhibits to the Registration Statement are listed in the Exhibit Index attached hereto and incorporated by reference herein.

ITEM 17. UNDERTAKINGS.

(a) The undersigned registration hereby undertakes as follows:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(iii) If the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A (§ 230.430A of this chapter), shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424 (§ 230.424 of this chapter);
(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Waltham, Massachusetts on December 22, 2011.

TECOGEN INC.

By: /s/ John N. Hatsopoulos
John N. Hatsopoulos
Chief Executive Officer

POWER OF ATTORNEY AND SIGNATURES

The undersigned officers and directors of the Company hereby constitute and appoint John N. Hatsopoulos, Bonnie Brown and Anthony S. Loumidis, and each of them singly, with full power of substitution, our true and lawful attorneys-in-fact and agents to take any actions to enable the Company to comply with the Securities Act, and any rules, regulations and requirements of the SEC, in connection with this registration statement on Form S-1, including the power and authority to sign for us in our names in the capacities indicated below any and all further amendments to this registration statement and any other registration statement filed pursuant to the provisions of Rule 462 under the Securities Act.

Pursuant to the requirements of the Securities Act of 1933, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Angelina M. Galiteva Angelina M. Galiteva	Chairman of the Board	December 22, 2011
/s/ John N. Hatsopoulos John N. Hatsopoulos	Chief Executive Officer (Principal Executive Officer) & Director	December 22, 2011
/s/ Bonnie J. Brown Bonnie J. Brown	Chief Financial Officer (Principal Financial and Accounting Officer)	December 22, 2011
/s/ George N. Hatsopoulos George N. Hatsopoulos	Director	December 22, 2011
/s/ Charles T. Maxwell Charles T. Maxwell	Director	December 22, 2011
/s/ Ahmed F. Ghoniem Ahmed F. Ghoniem	Director	December 22, 2011
/s/ Joseph E. Aoun Joseph E. Aoun	Director	December 22, 2011

EXIBIT INDEX

Exhibit Number	Description
3.1	Certificate of Incorporation as currently in effect
3.2*	Certificate of Incorporation to be in effect upon effectiveness of this registration statement
3.3	Bylaws as currently in effect
3.4*	Bylaws to be in effect upon effectiveness of this registration statement
4.1*	Specimen Common Stock Certificate of Tecogen Inc.
4.2	Form of Restricted Stock Purchase Agreement
5.1*	Opinion of Sullivan & Worcester LLP
10.1	Audit Committee Charter
10.2	Compensation Committee Charter
10.3	Nominating and Governance Committee Charter
10.4+	Tecogen Inc. 2006 Stock Incentive Plan, as amended on November 10, 2011
10.5	Form of Tecogen Inc. Subscription Agreement for private placement of Common Stock
10.6#	Facilities, Support Services and Business Agreement between American DG Energy Inc. and Tecogen Inc., dated January 1, 2006
14.1	Code of Business Conduct and Ethics to be in effect upon effectiveness of this registration statement
21.1	List of subsidiaries
23.1	Consent of McGladrey and Pullen LLP
23.2	Consent of Caturano and Company, Inc.
24.1	Power of Attorney (included on signature page).

*	To be filed by amendment. All other exhibits are filed herewith.
+	Management contract or compensatory plan or arrangement.
#	Previously filed with the Securities and Exchange Commission on November 22, 2006 as Exhibit 10.5 to the American DG Energy Inc. Registration Statement on Form 10-SB/A (Registration No. 000-52294) and incorporated herein by reference. Confidential treatment has been granted for portions of this document. The confidential portions were omitted and filed separately, on a confidential basis, with the Securities and Exchange Commission.

Exhibit 3.1

RESTATED CERTIFICATE OF INCORPORATION OF TECOGEN INC.

This Restated Certificate of Incorporation restates and integrates the Certificate of Incorporation of Tecogen Inc. (formerly known as Tecogen Acquisition Inc.) (the "Corporation") originally filed on September 15, 2000 and all amendments thereto and does not further amend the provisions thereof. There is no discrepancy between the provisions of the Corporation's Certificate of Incorporation as amended and the provisions of this Restated Certificate of Incorporation. This Restated Certificate of Incorporation has been duly adopted by the Board of Directors of the Corporation in accordance with Section 245 of the Delaware General Corporation Law.

FIRST. The name of the Corporation is: Tecogen Inc.

SECOND. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD. The nature of the business or purposes to be conducted or promoted by the Corporation is as follows:

To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH. The total number of shares of stock which the Corporation shall have authority to issue is 100,000,000 shares of Common Stock, $.001 par value per share.

The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of Delaware.

FIFTH. The name and mailing address of the sole incorporator are as follows:

NAME	MAILING ADDRESS
William O. Flannery	722 Grove Street Framingham, Massachusetts 01701

SIXTH. In furtherance of and not in limitation of powers conferred by statute, it is further provided:

1. Election of directors need not be by written ballot.
2. The Board of Directors is expressly authorized to adopt, amend or repeal the By-Laws of the Corporation.

SEVENTH. Except to the extent that the General Corporation Law of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

EIGHTH. 1. Actions, Suits and Proceedings Other than by or in the Right of the Corporation. The Corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) (all such persons being referred to hereafter as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. Notwithstanding anything to the contrary in this Article, except as set forth in Section 7 below, the Corporation shall not indemnify an Indemnitee seeking indemnification in connection with a proceeding (or part thereof) initiated by the Indemnitee unless the initiation thereof was approved by the Board of Directors of the Corporation. Notwithstanding anything to the contrary in this Article, the Corporation shall not indemnify an Indemnitee to the extent such Indemnitee is reimbursed from the proceeds of insurance, and in the event the Corporation makes any indemnification payments to an Indemnitee and such Indemnitee is subsequently reimbursed from the proceeds of insurance, such Indemnitee shall promptly refund such indemnification payments to the Corporation to the extent of such insurance reimbursement.

2. Actions or Suits by or in the Right of the Corporation. The Corporation shall indemnify any Indemnitee who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such action, suit or proceeding and any appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of Delaware shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses (including attorneys' fees) which the Court of Chancery of Delaware shall deem proper.

3. Indemnification for Expenses of Successful Party. Notwithstanding the other provisions of this Article, to the extent that an Indemnitee has been successful, on the merits or otherwise, in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article, or in defense of any claim, issue or matter therein, or on appeal from any such action, suit or proceeding, he shall be indemnified against all expenses (including attorneys' fees) actually and reasonably incurred by him or on his behalf in connection therewith. Without limiting the foregoing, if any action, suit or proceeding is disposed of, on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to the Indemnitee, (ii) an adjudication that the Indemnitee was liable to the Corporation, (iii) a plea of guilty or nolo contendere by the Indemnitee, (iv) an adjudication that the Indemnitee did not act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and (v) with respect to any criminal proceeding, an adjudication that the Indemnitee had reasonable cause to believe his conduct was unlawful, the Indemnitee shall be considered for the purposes hereof to have been wholly successful with respect thereto.

4. Notification and Defense of Claim. As a condition precedent to his right to be indemnified, the Indemnitee must notify the Corporation in writing as soon as practicable of any action, suit, proceeding or investigation involving him for which indemnity will or could be sought. With respect to any action, suit, proceeding or investigation of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to the Indemnitee. After notice from the Corporation to the Indemnitee of its election so to assume such defense, the Corporation shall not be liable to the Indemnitee for any legal or other expenses subsequently incurred by the Indemnitee in connection with such claim, other than as provided below in this Section 4. The Indemnitee shall have the right to employ his own counsel in connection with such claim, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of the Indemnitee unless (i) the employment of counsel by the Indemnitee has been authorized by the Corporation, (ii) counsel to the Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and the Indemnitee in the conduct of the defense of such action or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel for the Indemnitee shall be at the expense of the Corporation, except as otherwise expressly provided by this Article. The Corporation shall not be entitled, without the consent of the Indemnitee, to assume the defense of any claim brought by or in the right of the Corporation or as to which counsel for the Indemnitee shall have reasonably made the conclusion provided for in clause (ii) above.

5. Advance of Expenses. Subject to the provisions of Section 6 below, in the event that the Corporation does not assume the defense pursuant to Section 4 of this Article of any action, suit, proceeding or investigation of which the Corporation receives notice under this Article, any expenses (including attorneys' fees) incurred by an Indemnitee in defending a civil or criminal action, suit, proceeding or investigation or any appeal therefrom shall be paid by the Corporation in advance of the final disposition of such matter; provided however that the payment of such expenses incurred by an Indemnitee in advance of the final disposition of such matter shall be made only upon receipt of an undertaking by or on behalf of the Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined that the Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Article. Such undertaking shall be accepted without reference to the financial ability of the Indemnitee to make such repayment.

6. Procedure for Indemnification. In order to obtain indemnification or advancement of expenses pursuant to Section 1, 2, 3 or 5 of this Article, the Indemnitee shall submit to the Corporation a written request, including in such request such documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification or advancement of expenses. Any such indemnification or advancement of expenses shall be made promptly, and in any event within 60 days after receipt by the Corporation of the written request of the Indemnitee, unless with respect to requests under Section 1, 2 or 5 the Corporation determines within such 60-day period that the Indemnitee did not meet the applicable standard of conduct set forth in Section 1 or 2, as the case may be. Such determination shall be made in each instance by (a) a majority vote of the directors of the Corporation consisting of persons who are not at that time parties to the action, suit or proceeding in question ("disinterested directors"), whether or not a quorum, (1,) a majority vote of a quorum of the outstanding shares of stock of all classes entitled to vote for directors, voting as a single class, which quorum shall consist of stockholders who are not at that time parties to the action, suit or proceeding in question, (c) independent legal counsel (who may, to the extent permitted by law, be regular legal counsel to the Corporation), or (d) a court of competent jurisdiction.

7 Remedies. The right to indemnification or advances as granted by this Article shall be enforceable by the Indemnitee in any court of competent jurisdiction if the Corporation denies such request, in whole or in part, or if no disposition thereof is made within the 60-day period referred to above in Section 6. Unless otherwise required by law, the burden of proving that the Indemnitee is not entitled to indemnification or advancement of expenses under this Article shall be on the Corporation. Neither the failure of the Corporation to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation pursuant to Section 6 that the Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. The Indemnitee's expenses (including attorneys' fees) incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the Corporation.

8. Subsequent Amendment. No amendment, termination or repeal of this Article or of the relevant provisions of the General Corporation Law of Delaware or any other applicable laws shall affect or diminish in any way the rights of any Indemnitee to indemnification under the provisions hereof with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or facts occurring prior to the final adoption of such amendment, termination or repeal.

9. Other Rights. The indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which an Indemnitee seeking indemnification or advancement of expenses may be entitled under any law (common or statutory), agreement or vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in any other capacity while holding office for the Corporation, and shall continue as to an Indemnitee who has ceased to be a director or officer, and shall inure to the benefit of the estate, heirs, executors and administrators of the Indemnitee. Nothing contained in this Article shall be deemed to prohibit, and the Corporation is specifically authorized to enter into, agreements with officers and directors providing indemnification rights and procedures different from those set forth in this Article. In addition, the Corporation may, to the extent authorized from time to time by its Board of Directors, grant indemnification rights to other employees or agents of the Corporation or other persons serving the Corporation and such rights may be equivalent to, or greater or less than, those set forth in this Article.

10. Partial Indemnification. If an Indemnitee is entitled under any provision of this Article to indemnification by the Corporation for some or a portion of the expenses (including attorneys' fees), judgments, fines or amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with any action, suit, proceeding or investigation and any appeal therefrom but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify the Indemnitee for the portion of such expenses (including attorneys' fees), judgments, fines or amounts paid in settlement to which the Indemnitee is entitled.

11. Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) against any expense, liability or loss incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of Delaware.

12. Merger or Consolidation. If the Corporation is merged into or consolidated with another corporation and the Corporation is not the surviving corporation, the surviving corporation shall assume the obligations of the Corporation under this Article with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or facts occurring prior to the date of such merger or consolidation.

13. Savings Clause. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with any action, suit, proceeding or investigation, whether civil, criminal or administrative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

14. Definitions. Terms used herein and defined in Section 145(h) and Section 145(i) of the General Corporation Law of Delaware shall have the respective meanings assigned to such terms in such Section 145(h) and Section 145(i).

15. Subsequent Legislation. If the General Corporation Law of Delaware is amended after adoption of this Article to expand further the indemnification permitted to Indemnitees, then the Corporation shall indemnify such persons to the fullest extent permitted by the General Corporation Law of Delaware, as so amended.

NINTH. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute and this Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

TENTH. Section 203 of the General Corporation Law of Delaware, as it may be amended from time to time, shall not apply to the Corporation.

The undersigned hereby executes this Restated Certificate of Incorporation as Secretary of the Corporation as its act and deed, and declare that the facts stated herein are true, this 20th day of December, 2011.

/s/Bonnie J. Brown
Bonnie J. Brown
Secretary

Exhibit 3.3

TECOGEN ACQUISITION INC.
BY-LAWS

ARTICLE I - OFFICES

The principal office of the Corporation in the State of Delaware is located at 100 West Tenth Street in the City of Wilmington, County of New Castle, State of Delaware, and the name of the resident agent in charge thereof is called The Corporation Trust Company. The Corporation may also have offices at such other places, within or without the State of Delaware, as the Board of Directors may from time to time determine.

ARTICLE II - STOCKHOLDERS

Section 1. Annual Meeting. The annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held in the Corporation's offices in Waltham, Massachusetts, or at such other place within or without the State of Delaware, and at such time, as may be specified in the notice of meeting or waiver thereof, on the second Wednesday in September in each year or on such other date within six months of the end of the Corporation's fiscal year as may be fixed by the Board of Directors.

Section 2. Special Meetings. A special meeting of the stockholders of the Corporation, unless otherwise regulated by statute, may be called by the Chairman of the Board, the Chief Executive Officer or the President and shall be called by the Chairman of the Board, the Chief Executive Officer, the President, the Secretary or an Assistant Secretary when directed to do so by resolution of the Board of Directors at a duly convened meeting of the Board, or at the request in writing of a majority of the Board of Directors. Such request shall state the purpose or purposes of the proposed meeting. On failure of any officer above specified to call such special meeting when duly requested, the signers of such request may call such special meeting over their own signatures. Special meetings shall be held at such place within or without the State of Delaware as may be specified in the call thereof. Business transacted at all special meetings shall be confined to the objects stated in the call.

Section 3. Notice of Meetings. Written notice of every meeting of the stockholders shall be served by the Secretary or an Assistant Secretary, either personally or by mail, upon each stockholder of record entitled to vote at such meeting, at least ten days before the meeting. If mailed, the notice of meeting shall be directed to a stockholder at his or her last known post office address. The notice of meeting shall specify the date, time and location of the meeting.

Section 4. Quorum. At all meetings of stockholders the holders of a majority in interest of all capital stock entitled to vote at such meeting or, if two or more classes of stock are issued, outstanding and entitled to vote as separate classes, a majority in interest of each class, present in person or represented by proxy, shall constitute a quorum, except when a larger quorum is required by law, by the Certificate of Incorporation or by these By-laws. The announcement of a quorum by the officer presiding at the meeting shall constitute a conclusive determination that a quorum is present. The absence of such an announcement shall have no significance. Shares of its own stock held by the corporation or held for its use and benefit shall not be counted in determining the total number of shares outstanding at any particular time. If a quorum is not present or represented, the stockholders present or represented and entitled to vote at such meeting, by a majority vote, may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum is present or represented. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted if the meeting had been held as originally called. The stockholders present at a duly organized meeting may continue to transact business until adjournment notwithstanding the withdrawal of one or more stockholders so as to leave less than a quorum.

Section 5. Voting. At every meeting of the stockholders, except as may be otherwise provided in the Certificate of Incorporation or in these By-Laws, every stockholder of the Corporation entitled to vote thereat shall be entitled to one vote for each share of stock entitled to vote standing in his name on the books of the Corporation at the time of the meeting, or, if a record date shall have been fixed as hereinafter provided, on such record date; but, except where the transfer books of the Corporation shall have been closed or a record date shall have been fixed, no share of stock shall be voted on at any election for directors which shall have been transferred on the books of the Corporation within 20 days next preceding such election of directors. No person may be elected a director unless his name shall have first been put before the meeting or the stockholders by nomination of one of the stockholders. Upon the demand of any stockholder entitled to vote, the vote for directors, or the vote upon any question before a meeting, shall be by ballot, but otherwise the method of voting shall be discretionary with the presiding officer at the meeting.

Section 6. Presiding Officer and Secretary. At all meetings of the stockholders, the Chairman of the Board of the Corporation, or in his absence the Chief Executive Officer, the President, or a Vice President or if none be present, the appointee of the Board of Directors, shall preside as Chairman of the meeting. The Secretary of the Corporation, or in his absence an Assistant Secretary, or if none be present, the appointee of the Presiding Officer of the meeting, shall act as Secretary of the meeting.

Section 7. Proxies. Any stockholder entitled to vote at any meeting of stockholders may vote either in person or by proxy, but no proxy shall be voted on after three years from its date, unless such proxy provides for a longer period. Every proxy must be executed in writing by the stockholder, or by his or her duly authorized attorney, and dated, but need not be sealed, witnessed or acknowledged. Proxies shall be delivered to the Secretary of the Corporation before the meeting or to the Judges of Election at the meeting.

Section 8. Judges of Election. At each meeting of the stockholders at which the vote for directors or the vote upon any question before the meeting is taken by ballot, the polls shall be opened and closed by, and the proxies and ballots shall be received and taken in charge by, and all questions touching on the qualifications of voters and the validity of proxies and the acceptance and rejection of the same shall be decided by two Judges of Election. Such Judges of Elections may be appointed by the Board of Directors before the meeting, but if no such appointment shall have been made, they shall be appointed by the meeting. If for any reason any Judge of Election previously appointed shall fail to attend or refuse or be unable to serve, a Judge of Election in his place shall be appointed by the meeting. Any appointment of Judges of Election by the meeting shall be by per capita vote of the stockholders present and entitled to vote.

Section 9. List of Stockholders. At least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be prepared and certified by the Secretary or an Assistant Secretary. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

ARTICLE III - DIRECTORS

Section 1. Number, Election and Tenure. Except as may be otherwise specifically provided by law, the Certificate of Incorporation or by these By-Laws, the power, business, property and affairs of the Corporation shall be exercised and managed by a board of directors which shall consist of not less than three nor more than seven directors. Within such limit, the number of directors shall be determined by resolution of the board of directors. A director shall hold office until the next annual meeting of stockholders and until his or her successor shall be elected and shall qualify, or until his or her earlier death, resignation, retirement, disqualification or removal. Except as provided in Section 2 of this Article, directors shall be elected by a plurality of the votes cast at the annual meeting of stockholders, provided that if the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the Certificate of Incorporation, such director or directors shall be elected by a plurality of the votes cast by such class or classes or series thereof at the annual meeting of stockholders. No director need be a stockholder.

Section 2. Vacancies. Vacancies and newly created directorships resulting from an increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series thereof may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

Section 3. Resignations. Any director may resign from his or her office at any time by delivering his or her resignation in writing to the Corporation, and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make such resignation effective.

Section 4. Meetings. The Board of Directors may hold its meetings in such place or places within or without the State of Delaware as the Board from time to time by resolution may determine or as shall be specified in the respective notices or waivers of notice thereof, and the directors may adopt such rules and regulations for the conduct of their meetings and the management of the Corporation, not inconsistent with these By-Laws, as they may deem proper. An annual meeting of the Board for the election of officers shall be held within three days following the day on which the annual meeting of the stockholders for the election of directors shall have been held. The Board of Directors from time to time by resolution may fix a time and place (or varying times and places) for the annual and other regular meetings of the Board; provided that, unless a time and place is so fixed for any annual meeting of the Board, the same shall be held immediately following the annual meeting of the stockholders at the same place at which such meeting shall have been held. No notice of the annual or other regular meetings of the Board need be given. Other meetings of the Board of Directors shall be held whenever called by the Chief Executive Officer, the President or by any two of the directors for the time being in office; and the Secretary or an Assistant Secretary shall give notice of each such meeting to each director by mailing the same not later than the second day before the meeting, or personally or by telegraphing, cabling, emailing or telephoning the same not later than the day before the meeting. No notice of a meeting need be given if all directors are present in person. Any business may be transacted at any meeting of the Board of Directors, whether or not specified in a notice of the meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the Board, and such written consent is filed with the minutes of proceedings of the Board.

Section 5. Quorum. Except as may be otherwise specifically provided by law, the Certificate of Incorporation or these By-Laws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If there be less than a quorum at any meeting of the Board of Directors, a majority of those present (or if only one be present, then that one) may adjourn the meeting from time to time, without notice other than announcement at the meeting which shall be so adjourned, until a quorum shall be present.

Section 6. Compensation of Directors. The Board of Directors shall have the power to fix the compensation of directors and members of committees of the Board. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors, as well as a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 7. Committees. The Board of Directors may, by resolution or resolutions, passed by a majority of the whole Board, from time to time designate an Executive Committee and such other committee or committees as it may determine, each committee to consist of two or more of the directors of the Corporation, which, to the extent provided in said resolution or resolutions, shall have and may exercise any powers of the Board of Directors in the management of the business and affairs of the Corporation, and may have the power to authorize the seal of the corporation to be affixed to all papers which may require it. Any action required or permitted to be taken at any meeting of the committee may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of such committee, and such written consent is filed with the minutes of proceedings of the committee.

ARTICLE IV - OFFICERS AND AGENTS

Section 1. General Provisions. The officers of the Corporation shall be a President, a Treasurer and a Secretary, and such other officers with such other titles as the Board of Directors may determine, including but not limited to a Chairman of the Board, a Deputy Chairman of the Board, a Chief Executive Officer, one or more Vice Presidents, one or more Assistant Treasurers and one or more Assistant Secretaries, all of whom shall be appointed by the Board of Directors as soon as may be after the election of directors in each year. Any two offices may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law or by these By-Laws to be executed, acknowledged or verified by any two or more officers. Each officer shall serve until the annual meeting of the Board of Directors next succeeding his or her appointment and until his or her successor is elected and qualified or until his or her earlier resignation or removal. The Board of Directors may appoint such officers, agents and employees as it may deem necessary or proper who shall respectively have such authority and perform such duties as may from time to time be prescribed by the Board of Directors. All officers, agents and employees appointed by the Board of Directors shall be subject to removal at any time by the affirmative vote of a majority of the whole Board. Other agents and employees may be removed at any time by the Board of Directors, by the officer appointing them, or by any other superior upon whom such power of removal may be conferred by the Board of Directors. The salaries of the officers of the Corporation shall be fixed by the Board of Directors, but this power may be delegated to any officer.

Section 2. Chief Executive Officer. The chief executive officer of the corporation shall, subject to the control of the directors, have general charge and supervision of the business of the corporation. If no such designation is made, the President shall be the chief executive officer. Unless the Board of Directors otherwise specifies, if there is no Chairman of the Board or Deputy Chairman of the Board, the chief executive officer shall preside, or designate the person who shall preside, at all meetings of the stockholders and of the Board of Directors.

Section 3. Chairman of the Board. If a Chairman of the Board of Directors is elected, he or she shall have the duties and powers specified in these By-laws and shall have such other duties and powers as may be determined by the directors. Unless the Board of Directors otherwise specifies, the Chairman of the Board shall preside, or designate the person who shall preside, at all meetings of the stockholders and of the Board of Directors.

Section 4. President. The President shall, subject to the control of the Board of Directors, be responsible for the day to day operations of the corporation and shall have such duties and powers as the directors may determine.

Section 5. Vice Presidents. Any Vice Presidents shall have such duties and powers as the directors shall designate from time to time.

Section 6. Chief Financial Officer. The Board of Directors shall appoint an officer to serve as the Chief Financial Officer of the Corporation. The Chief Financial Officer shall be responsible for the financial records and affairs of the Corporation and shall have such further powers and duties as are incident to the position of Chief Financial Officer, subject to the direction of the Chief Executive Officer, the President and the Board of Directors. The Chief Financial Officer shall supervise the activities of the Treasurer of the Corporation, who shall be subordinate to and report to the Chief Financial Officer.

Section 7. Treasurer. The Treasurer shall have the care and custody of all funds and securities of the Corporation which may come into his or her hands and shall deposit the same to the credit of the Corporation in such bank or banks or other depository or depositories as the Board of Directors may designate. The Treasurer may endorse all commercial documents requiring endorsements for or on behalf of the Corporation and may sign all receipts and vouchers for payments made to the Corporation. He or she shall be subordinate to and responsible to officer who is designated Chief Financial Officer by the Board of Directors. He or she shall render an account of his or her transactions to the Board of Directors as often as they shall require the same and shall at all reasonable times exhibit his or her books and accounts to any director; shall cause to be entered regularly in books kept for that purpose full and accurate account of all moneys received and paid by the Treasurer on account of the Corporation; and shall have such further powers and duties as are incident to the position of Treasurer, subject to the control of the Board of Directors. The Treasurer may be required by the Board of Directors to give a bond for the faithful discharge of his or her duties in such sum and with such surety as the Board may require.

Section 8. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the stockholders and shall attend to the giving and serving of all notices of the Corporation. He or she shall have custody of the seal of the Corporation and shall affix the seal to all certificates of shares of stock of the Corporation and to such other papers or documents as may be proper and, when the seal is so affixed, he or she shall attest the same by his or her signature wherever required. The Secretary shall have charge of the stock certificate book, transfer book and stock ledger, The Secretary shall, in general, perform all the duties of Secretary, subject to the control of the Board of Directors.

Section 9. Assistant Treasurers. In the absence or inability of the Treasurer to act, any Assistant Treasurer may perform all the duties and exercise all of the powers of the Treasurer, subject to the control of the Board of Directors. The performance of any such duty shall be conclusive evidence of his or her power to act. An Assistant Treasurer shall also perform such other duties as the Treasurer or the Board of Directors may from time to time assign to him or her.

Section 10. Assistant Secretaries. In the absence or inability of the Secretary to act, any Assistant Secretary may perform all the duties and exercise all the powers of the Secretary, subject to the control of the Board of Directors. The performance of any such duty shall be conclusive evidence of his or her power to act. An Assistant Secretary shall also perform such other duties as the Secretary or the Board of Directors may from time to time assign to him or her.

Section 11. Other Officers. Other officers shall perform such duties and have such powers as may from time to time be assigned to them by the Board of Directors.

Section 12. Delegation of Duties. In the absence of any officer of the Corporation, or for any other reason that the Board may deem sufficient, the Board may confer, for the time being, the powers or duties, or any of them, of such officer upon any other officer, or upon any director.

ARTICLE V - CAPITAL STOCK

Section 1. Certificate for Shares. Certificates for shares of stock of the Corporation certifying the number and class of shares owned shall be issued to each stockholder in such form not inconsistent with the Certificate of Incorporation and these By-Laws, as shall be approved by the Board of Directors. The certificates for the shares of each class shall be numbered and registered in the order in which they are issued and shall be signed by the Chairman, the Chief Executive Officer, the President or a Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and the seal of the Corporation shall be affixed thereto. All certificates exchanged or returned to the Corporation shall be cancelled.

Section 2. Transfer of Shares of Stock. Transfers of shares shall be made only upon the books of the Corporation by the holder, in person or by attorney lawfully constituted in writing, and on the surrender of the certificate or certificates for such shares properly assigned. The Board of Directors shall have the power to make all such rules and regulations, not inconsistent with the Certificate of Incorporation and these By-Laws, as they may deem expedient concerning the issue, transfer and registration of certificates for shares of stock of the Corporation.

Section 3. Lost, Stolen or Destroyed Certificates. The Board of Directors, in their discretion, may require the owner of any certificate of stock alleged to have been lost, stolen or destroyed, or his or her legal representatives, to give the Corporation a bond in such sum as they may direct, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate, as a condition of the issue of a new certificate of stock in the place of any certificate theretofore issued alleged to have been lost, stolen or destroyed. Proper and legal evidence of such loss, theft or destruction shall be procured for the Board, if required. The Board of Directors, in their discretion, may refuse to issue such new certificate, save upon the order of some court having jurisdiction in such matters.

Section 4. Record Date. The Board of Directors may fix in advance a date as a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders or to express consent (or dissent) to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 10 days after the date of adoption of a record date for a written consent without a meeting, nor more than 60 days prior to any other action to which such record date relates. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is properly delivered to the corporation. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE VI – GENERAL PROVISIONS

Section 1. Fiscal Year. Except as from time to time otherwise designated by the Board of Directors, the fiscal year of the corporation shall begin on the first day of January in each year and end on the last day of December in each year.

Section 2. Corporate Seal. The corporate seal shall be in such form as shall be approved by the Board of Directors.

Section 3. Waiver of Notice. Whenever any notice whatsoever is required to be given by law, by the Certificate of Incorporation or by these By-Laws, a waiver of such notice either in writing signed by the person entitled to such notice or such person's duly authorized attorney, or by facsimile transmission or any other available method, whether before, at or after the time stated in such waiver, or the appearance of such person or persons at such meeting in person or by proxy, shall be deemed equivalent to such notice.

Section 4. Voting of Securities. Except as the directors may otherwise designate, the Chairman of the Board, the Chief Executive Officer, the President or the Treasurer may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for this corporation (with or without power of substitution) at, any meeting of stockholders or stockholders of any other corporation or organization, the securities of which may be held by this corporation.

Section 5. Evidence of Authority. A certificate by the Secretary, or an Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, directors, a committee or any officer or representative of the corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

Section 6. Certificate of Incorporation. All references in these By-Laws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as amended and in effect from time to time.

ARTICLE VII - AMENDMENTS

Section 1. By the Board of Directors. These By-Laws may be altered, amended or repealed or new by-laws may be adopted by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board of Directors at which a quorum is present.

Section 2. By the Stockholders. These By-Laws may be altered, amended or repealed or new by-laws may be adopted by the affirmative vote of the holders of a majority of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at any regular meeting of stockholders, or at any special meeting of stockholders, provided notice of such alteration, amendment, repeal or adoption of new by-laws shall have been stated in the notice of such special meeting.

TECOGEN INC.
FORM OF RESTRICTED STOCK PURCHASE AGREEMENT

This Agreement is made as of the ___ day of _____ 2011 by and between Tecogen Inc., a Delaware corporation having its principal place of business at 45 First Avenue, Waltham, Massachusetts 02451 (the "Company"), and _____, an individual having an address at: _____ (the "Purchaser").

The Company desires to sell, and the Purchaser desires to purchase _____ shares of the Common Stock of the Company (the "Shares"). The Shares are not subject to repurchase by the Company if the Purchaser ceases to be an employee of or consultant to the Company or any parent, subsidiary or affiliate of the Company for any reason.

NOW THEREFORE, in consideration of the covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereto covenant and agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms shall have the following respective meanings.

"Act" shall mean the Securities Act of 1933, as amended from time to time, and the rules and regulations thereunder.

"Change in Control" shall mean (a) the acquisition in a transaction or series of transactions by any person (such term to include anyone deemed a person under Section 13(d)(3) under the Exchange Act), other than the Company or any of its subsidiaries, or any employee benefit plan or related trust of the Company or any of its subsidiaries, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; provided a Change in Control shall not occur solely as the result of an Initial Public Offering or (b) the sale or other disposition of all or substantially all of the assets of the Company in one transaction or series of related transactions.

"Common Stock" shall mean the shares of Common Stock, par value $.001 per share, of the Company.

"Company" shall have the meaning set forth in the preamble to this Agreement.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations thereunder.

"Purchaser" shall have the meaning set forth in the preamble to this Agreement.

"Initial Public Offering" shall mean the consummation of the first fully underwritten, firm commitment public offering pursuant to an effective registration statement under the Act, other than on Forms S-4 or S-8 or their then equivalents, covering the offer and sale by the Company of its equity securities, the registration of the Company pursuant to Section 12(b) or (g) of the Exchange Act or such other event as a result of or following which the Shares shall be listed on Nasdaq, OTC or on any securities exchange on which the Shares are listed for trading.

"Permitted Transferee" shall mean any of the following to whom the Purchaser may subsequently transfer Shares hereunder: the Purchaser's spouse, children (natural or adopted), stepchildren, or a trust for the sole benefit of any of such persons of which the Purchaser is the settlor or any other affiliate of the Purchaser.

"Restricted Shares" shall initially mean all of the Shares that are not Vested Shares.

"Shares" shall have the meaning set forth in the preamble to this Agreement.

"Termination Event" shall mean the termination of the Purchaser's status as an employee of or consultant to the Company or any parent, subsidiary or affiliate of the Company for any reason.

"Vested Shares" shall mean ___% of the Shares vest ___ days after the Vesting Start Date, and then an additional ___% of the Shares vest on each of the subsequent _____ anniversaries of the Vesting Start Date.

"Vesting Start Date" shall mean ___ days after an Initial Public Offering.

2. Purchase and Sale of the Shares. The Company hereby sells the Shares to the Purchaser, and the Purchaser hereby purchases the Shares from the Company, for a purchase price of $.001 per share or an aggregate purchase price of **$_____** (the "Purchase Price"). The Company hereby acknowledges receipt of the Purchase Price from the Purchaser. The parties agree to execute and deliver such further documents as may be necessary to give effect to the purchase and sale of the Shares.

3. Representations by the Company. The Company hereby represents and warrants to the Purchaser that (a) it has the corporate power and authority to sell the Shares to the Purchaser, and (b) it has good and marketable title to the Shares free and clear of all security interests, liens, encumbrances or other claims. Except as set forth in the preceding sentence, the Company makes no representation or warranty to the Purchaser with respect to either the Shares or the Company.

4. Representations by the Purchaser. The Purchaser hereby represents and warrants to the Company as follows:

(a) The Purchaser is acquiring the Shares for his or her own account as principal, for investment purposes only, and not with a view to, or for, resale or distribution of all or any part of the Shares, and no other person has a direct or indirect beneficial interest in such Shares.

(b) The Purchaser acknowledges his or her understanding that the sale of the Shares is intended to be exempt from registration under the Act, and, in furtherance thereof, the Purchaser represents and warrants to and agrees with the Company that the Purchaser has the financial ability to bear the economic risk of his or her investment in the Shares, has adequate means for providing for his or her current needs and contingencies and has no need for liquidity with respect to his or her investment in the Shares.

(c) The Purchaser has determined the Shares are a suitable investment for the Purchaser and that at this time he or she can bear a complete loss of his or her investment in the Shares.

5. Acknowledgments by the Purchaser. The Purchaser acknowledges that:

(a) No federal or state agency has passed upon the Shares or made any finding or determination as to the fairness of this investment.

(b) There is no established market for the Shares and no assurance has been given that any public market for them will develop.

(c) The Shares may not be sold, pledged or otherwise transferred, except as may be permitted under the Act and applicable state securities laws pursuant to registration or exemption therefrom; and accordingly, the Purchaser may be required to bear the financial risks of an investment in the Shares for an indefinite period of time.

6. **Restrictions on Transfer of Shares**. None of the Shares shall be sold, assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of or encumbered, whether voluntarily or by operation of law, unless such transfer is in compliance with all applicable federal and state securities laws and such disposition is in accordance with the terms and conditions of this Section 6. In connection with any transfer of Shares, the Company may require the transferor to provide at the transferor's own expense an opinion of counsel to the transferor, satisfactory to the Company that such transfer is in compliance with all foreign, federal and state securities laws. Any attempted disposition of Shares not in accordance with the terms and conditions of this Section 6 shall be null and void, and the Company shall not reflect on its records any change in record ownership of any Shares as a result of any such disposition, shall otherwise refuse to recognize any such disposition and shall not in any way give effect to any such disposition of any Shares. Subject to the foregoing general provisions, the Purchaser may sell, assign, transfer or give away any or all of the Shares only to Permitted Transferees; provided, however, that such Permitted Transferee(s) shall, as a condition to any such transfer, agree to be subject to the provisions of this Agreement (including, without limitation, the provisions of Section 5 and this Section 6) and shall have delivered a written acknowledgment to that effect to the Company.

7. **Legend**. Each certificate(s) representing the Shares shall carry substantially the following legend:

"The transferability of this certificate and the shares of stock represented hereby are subject to the restrictions, terms and conditions (including restrictions against transfers) contained in a certain Restricted Stock Purchase Agreement between the Company and the holder of this certificate (a copy of which is available at the offices of the Company for examination).

The securities represented hereby have not been registered under the Securities Act of 1933, as amended (the "Act"), or any state securities or "blue sky" laws and may not be offered, sold, transferred, hypothecated or otherwise assigned except (1) pursuant to a registration statement with respect to such securities which is effective under the Act; or (2) pursuant to an available exemption from registration under the Act relating to the disposition of securities; and (3) in accordance with applicable state securities and "blue sky" laws."

8. **Miscellaneous Provisions.**

(a) Record Owner; Dividends. The Purchaser and any Permitted Transferees, during the duration of this Agreement, shall be considered the record owners of and shall be entitled to vote the Shares. The Purchaser and any Permitted Transferees shall be entitled to receive all dividends and any other distributions declared on the Shares; provided, however, that the Company is under no duty to declare any such dividends or to make any such distribution.

(b) Equitable Relief. The parties hereto agree and declare that legal remedies are inadequate to enforce the provisions of this Agreement and that equitable relief, including specific performance and injunctive relief, may be used to enforce the provisions of this Agreement.

(c) Change and Modifications. This Agreement may not be orally changed, modified or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be changed, modified or terminated only by an agreement in writing signed by the Company and the Purchaser.

(d) Choice of Law. Notwithstanding the place where this Agreement may be executed by any of the parties hereto, all the terms and provisions hereof shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this agreement to the substantive law of another jurisdiction. Any dispute which may arise out of or in connection with this Agreement shall be adjudicated before a court located in Boston, Massachusetts and the parties hereby submit to the exclusive jurisdiction of the courts of the Commonwealth of Massachusetts located in Boston, Massachusetts and of the federal courts in Boston, Massachusetts with respect to any action or legal proceeding commenced by any party, and irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Agreement or any acts or omissions relating to the sale and purchase of the Shares, and each of the Company and the Purchaser (including any Permitted Transferees) consents to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, or by means of a recognized overnight air courier service in care of the address set forth below or such other address as each party shall furnish in writing to the other. In the event any such action is brought, whether at law or in equity, then the prevailing party shall be paid his, her or its reasonable attorneys' fees, expenses and disbursements arising out of such action. The parties hereby waive trial by jury in any action or proceeding involving, directly or indirectly, any matter (whether sounding in tort, contract, fraud or otherwise) in any way arising out of or in connection with this Agreement or the purchase of the Shares.

(e) Headings. The headings are intended only for convenience in finding the subject matter and do not constitute part of the text of this Agreement and shall not be considered in the interpretation of this Agreement.

(f) Saving Clause. If any provision(s) of this Agreement shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

(g) Notices. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by facsimile transmission or by a recognized overnight courier service or when received if mailed by first class registered or certified mail, postage prepaid. Notices to the Company or the Purchaser shall be sent to the addresses first set forth above, or to such other address or addresses as may have been furnished by such party in writing to the other. Notices to any holder of the Shares other than the Purchaser shall be addressed to the address furnished by such holder to the Company.

(h) Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns, and legal representatives. Without limitation of the foregoing, upon any stock-for-stock merger in which the Company is not the surviving entity, shares of the Company's successor issued in respect of the Shares shall remain subject to terms, conditions and restrictions set forth herein. The Company has the right to assign this Agreement, and such assignee shall become entitled to all the rights of the Company hereunder to the extent of such assignment.

(i) Employment or Consulting. This Agreement does not confer upon the Purchaser any rights with respect to continuation of his or her employment or consulting relationship with the Company, nor shall it interfere with any right of the Company to terminate such employment or consulting relationship at any time.

(j) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

IN WITNESS WHEREOF, the Company and the Purchaser have executed this Restricted Stock Purchase Agreement as of the date first above written.

TECOGEN INC.

By: _____
Name: John N. Hatsopoulos
Title: Chief Executive Officer

_____
Name:

Exhibit 10.1

TECOGEN INC.
AUDIT COMMITTEE CHARTER

Purpose

The purpose of the Audit Committee is to assist the Board of Directors in overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements.

Structure and Membership

Number. Except as otherwise permitted by the applicable NYSE Amex rules, the Audit Committee shall consist of at least three members of the Board of Directors.

Independence. Except as otherwise permitted by the applicable NYSE Amex rules, each member of the Audit Committee shall be independent as defined by NYSE Amex rules, meet the criteria for independence set forth in Rule 10A-3(b)(l) under the Securities Exchange Act (subject to the exemptions provided in Rule 10A-3(c) under such Act), and not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years.

Financial Literacy. Each member of the Audit Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement, at the time of his or her appointment to the Audit Committee. In addition, at least one member must have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Unless otherwise determined by the Board of Directors (in which case disclosure of such determination shall be made in the Company's annual report filed with the Securities and Exchange Commission), at least one member of the Audit Committee shall be an "audit committee financial expert" (as defined by applicable Securities and Exchange Commission rules).

Chair. Unless the Board of Directors elects a Chair of the Audit Committee, the Audit Committee shall elect a Chair by majority vote.

Compensation. The compensation of Audit Committee members shall be as determined by the Board of Directors. No member of the Audit Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, other than fees paid in his or her capacity as a member of the Board of Directors or a committee of the Board.

Selection and Removal. Members of the Audit Committee shall be appointed by the Board of Directors. The Board of Directors may remove members of the Audit Committee from such committee, with or without cause.

Authority and Responsibilities

General

The Audit Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management and the independent auditor, in accordance with its business judgment. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements. The authority and responsibilities set forth in this Charter do not reflect or create any duty or obligation of the Audit Committee to plan or conduct any audit, to determine or certify that the Company's financial statements are complete, accurate, fairly presented, or in accordance with generally accepted accounting principles or applicable law, or to guarantee the independent auditor's report.

Oversight of Independent Auditors

Selection. The Audit Committee shall be solely and directly responsible for appointing, evaluating, retaining and, when necessary, terminating the engagement of the independent auditor. The Audit Committee may, in its discretion, seek stockholder ratification of the independent auditor it appoints.

Independence. The Audit Committee shall take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the independent auditor. In connection with this responsibility, the Audit Committee shall obtain and review a formal written statement from the independent auditor describing all relationships between the auditor and the Company, including the disclosures required by Independence Standards Board Standard No. 1. The Audit Committee shall actively engage in dialogue with the auditor concerning any disclosed relationships or services that might impact the objectivity and independence of the auditor.

Compensation. The Audit Committee shall have sole and direct responsibility for setting the compensation of the independent auditor. The Audit Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of the independent auditor established by the Audit Committee.

Preapproval of Services. The Audit Committee shall preapprove all audit services to be provided to the Company, whether provided by the principal auditor or other firms, and all other services (review, attest and non-audit) to be provided to the Company by the independent auditor; *provided, however,* that de minimis non-audit services may instead be approved in accordance with applicable Securities and Exchange Commission rules.

Oversight. The independent auditor shall report directly to the Audit Committee, and the Audit Committee shall have sole and direct responsibility for overseeing the work of the independent auditor, including resolution of disagreements between Company management and the independent auditor regarding financial reporting. In connection with its oversight role, the Audit Committee shall, from time to time as appropriate, receive and consider the reports required to be made by the independent auditor regarding:

- critical accounting policies and practices;
- alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with Company management, including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
- other material written communications between the independent auditor and Company management.

Audited Financial Statements

Review and Discussion. The Audit Committee shall review and discuss with the Company's management and independent auditor the Company's audited financial statements, including the matters about which Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards, AU §380) requires discussion.

Recommendation to Board Regarding Financial Statements. The Audit Committee shall consider whether it will recommend to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K.

Audit Committee Report. The Audit Committee shall prepare an annual committee report for inclusion where necessary in the proxy statement of the Company relating to its annual meeting of security holders.

Review of Other Financial Disclosures

Independent Auditor Review of Interim Financial Statements. The Audit Committee shall direct the independent auditor to use its best efforts to perform all reviews of interim financial information prior to disclosure by the Company of such information and to discuss promptly with the Audit Committee and the Chief Financial Officer any matters identified in connection with the auditor's review of interim financial information which are required to be discussed by applicable auditing standards. The Audit Committee shall direct management to advise the Audit Committee in the event that the Company proposes to disclose interim financial information prior to completion of the independent auditor's review of interim financial information.

Controls and Procedures

Oversight. The Audit Committee shall coordinate the Board of Directors' oversight of the Company's internal control over financial reporting, disclosure controls and procedures and code of conduct. The Audit Committee shall receive and review the reports of the CEO and CFO required by Rule 13a-14 of the Securities Exchange Act.

Procedures for Complaints. The Audit Committee shall establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Related-Party Transactions. The Audit Committee shall review all "related party transactions" (defined as transactions required to be disclosed pursuant to Item 404 of Regulation S-K promulgated by the Securities and Exchange Commission) on an ongoing basis, and all such transactions must be approved by the Audit Committee.

Additional Powers. The Audit Committee shall have such other duties as may be delegated from time to time by the Board of Directors.

Procedures and Administration

Meetings. The Audit Committee shall meet as often as it deems necessary in order to perform its responsibilities, but at least once each calendar quarter. The Audit Committee may also act by unanimous written consent in lieu of a meeting. The Audit Committee shall periodically meet separately with (a) the independent auditor and (b) Company management. The Audit Committee shall keep such records of its meetings as it shall deem appropriate.

Subcommittees. The Audit Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances. Any decision of a subcommittee to preapprove audit, review, attest or non-audit services shall be presented to the full Audit Committee at its next scheduled meeting.

Reports to Board. The Audit Committee shall report regularly to the Board of Directors.

Charter. At least annually, the Audit Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

Independent Advisors. The Audit Committee is authorized, without further action by the Board of Directors, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Audit Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of such advisors as established by the Audit Committee.

Investigations. The Audit Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Audit Committee or any advisors engaged by the Audit Committee.

Funding. The Audit Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

Exhibit 10.2

TECOGEN INC.
COMPENSATION COMMITTEE CHARTER

Purpose

The purpose of the Compensation Committee is to assist the Board of Directors in the discharge of its responsibilities relating to compensation of the Company's executive officers.

Structure and Membership

Number. The Compensation Committee shall consist of at least two members of the Board of Directors.

Independence. Except as otherwise permitted by the applicable rules of NYSE Amex, each member of the Compensation Committee shall be an "independent director" as defined by such rules.

Chair. Unless the Board of Directors elects a Chair of the Compensation Committee, the Compensation Committee shall elect a Chair by majority vote.

Compensation. The compensation of Compensation Committee members shall be as determined by the Board of Directors.

Selection and Removal. Members of the Compensation Committee shall be appointed by the Board of Directors. The Board of Directors may remove members of the Compensation Committee from such committee, with or without cause.

Authority and Responsibilities

General

The Compensation Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management, in accordance with its business judgment.

Compensation Matters

Executive Officer Compensation. The Compensation Committee, or a majority of the independent directors serving on the Board of Directors, shall review and approve, or recommend for approval by the Board of Directors, the compensation of the Company's Chief Executive Officer and the Company's other executive officers, including salary, bonus and incentive compensation levels; deferred compensation; executive perquisites; equity compensation (including awards to induce employment); severance arrangements; change-in-control benefits and other forms of executive officer compensation. The Compensation Committee or the independent directors, as the case may be, shall meet without the presence of executive officers when approving or deliberating on Chief Executive Officer compensation but may, in its or their discretion, invite the Chief Executive Officer to be present during the approval of, or deliberations with respect to, other executive officer compensation.

Plan Recommendations and Approvals. The Compensation Committee shall periodically review and make recommendations to the Board of Directors with respect to incentive-compensation plans and equity-based plans. In addition, in the case of any tax-qualified, non-discriminatory employee benefit plans (and any parallel nonqualified plans) for which stockholder approval is not sought and pursuant to which options or stock may be acquired by officers, directors, employees or consultants of the Company, the Compensation Committee, or a majority of the independent directors serving on the Board of Directors, shall approve such plans.

Administration of Plans. The Compensation Committee shall exercise all rights, authority and functions of the Board of Directors under all of the Company's stock option, stock incentive, employee stock purchase and other equity-based plans, including the authority to interpret the terms thereof, to grant options thereunder and to make stock awards thereunder; *provided, however,* that, except as otherwise expressly authorized to do so by this charter or a plan or resolution of the Board of Directors, the Compensation Committee shall not be authorized to amend any such plan. To the extent permitted by applicable law and the provisions of a given equity-based plan, and consistent with the requirements of applicable law and such equity-based plan, the Compensation Committee may delegate to one or more executive officers of the Company the power to grant options or other stock awards pursuant to such equity-based plan to employees of the Company or any subsidiary of the Company who are not directors or executive officers of the Company. The Compensation Committee, or a majority of the independent directors serving on the Board of Directors, shall approve any inducement awards granted in reliance on the exemption from stockholder approval contained in the rules of NYSE Amex.

Director Compensation. The Compensation Committee shall periodically review and make recommendations to the Board of Directors with respect to director compensation.

Compensation Committee Report on Executive Compensation. The Compensation Committee shall prepare for inclusion where necessary in a proxy or information statement of the Company relating to an annual meeting of security holders at which directors are to be elected (or special meeting or written consents in lieu of such meeting), the report described in Item 402(k) of Regulation S-K promulgated by the Securities and Exchange Commission.

Compensation Committee Report on Repricing of Options/SARs. If during the last fiscal year of the Company (while the Company was a reporting company pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the rules and regulations thereunder (the "Exchange Act")) any adjustment or amendment was made to the exercise price of any stock option or stock appreciation right previously awarded to a "named executive officer" (as such term is defined from time to time in Item 402(a)(3) of Regulation S-K), the Compensation Committee shall furnish the report required by Item 402(i) of Regulation S-K.

Additional Powers. The Compensation Committee shall have such other duties as may be delegated from time to time by the Board of Directors.

Procedures and Administration

Meetings. The Compensation Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Compensation Committee may also act by unanimous written consent in lieu of a meeting. The Compensation Committee shall keep such records of its meetings as it shall deem appropriate.

Subcommittees. The Compensation Committee may form and delegate authority to one or more subcommittees as it deems appropriate from time to time under the circumstances, including (a) a subcommittee consisting of a single member and (b) a subcommittee consisting of at least two members, each of whom qualifies as a "non-employee director," as such term is defined from time to time in Rule 16b-3 promulgated under the Exchange Act, and as an "outside director," as such term is defined from time to time in Section 162(m) of the Internal Revenue Code of 1986 and the rules and regulations thereunder.

Reports to Board. The Compensation Committee shall report regularly to the Board of Directors.

Charter. The Compensation Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

Consulting Arrangements. The Compensation Committee shall have the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of executive officer compensation and shall have authority to approve the consultant's fees and other retention terms. The Compensation Committee shall also have authority to commission compensation surveys or studies as the need arises. The Compensation Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of such consultants as established by the Compensation Committee.

Independent Advisors. The Compensation Committee is authorized, without further action by the Board of Directors, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Compensation Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of such advisors as established by the Compensation Committee.

Investigations. The Compensation Committee shall have the authority to conduct or authorize investigations into *any* matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Compensation Committee or any advisors engaged by the Compensation Committee.

Funding. The Compensation Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the ordinary administrative expenses of the Compensation Committee that are necessary or appropriate in carrying out its duties.

Exhibit 10.3

TECOGEN INC.
NOMINATING AND GOVERNANCE COMMITTEE CHARTER

The Nominating and Governance Committee (the "Committee") of the Board of Directors (the "Board") of Tecogen Inc. (the "Company") shall consist of a minimum of three (3) directors. In the event one or more vacancies on the Committee temporarily reduce the number of members to two (2), actions taken by the two members of the Committee will be deemed authorized actions of the Committee. Members of the Committee shall be appointed by the Board and shall serve until the meeting of the Board occurring immediately after the next following annual meeting of the stockholders, and until their successor are duly elected and qualified, unless they are earlier removed by the Board acting in its discretion.

Purpose

The purpose of the Committee shall be:

(1) to assist the Board by recommending the composition of the Board and in identifying individuals qualified to become Board members, consistent with criteria approved by the Board;

(2) to advise the Board with respect to functions and structures of committees;

(3) to develop, recommend to the Board and implement corporate governance principles applicable to the Company;

(4) to assist the Board in providing for planned succession of senior management positions;

(5) to develop and monitor a process to assess the effectiveness of the Board and to lead the Board in its annual review of the Board's performance; and

(6) to develop and propose for consideration by the Board compensation policies for the Company's non-employee directors that enable the Company to retain highly qualified individuals for such positions.

In furtherance of this purpose, the Committee shall have the following authority and responsibilities:

(1) To lead the search for individuals qualified to become members of the Board, consistent with criteria approved by the Board and to recommend to the Board nominees to be presented for election as directors by stockholders at each annual meeting of stockholders. The Committee shall select individuals as director nominees who have the highest personal and professional integrity, who shall have demonstrated exceptional ability and judgment and who shall be most effective, in conjunction with the other nominees to and members of the Board, in collectively serving the long-term interests of the stockholders.

(2) To review the Board's committee structure and to recommend to the Board for its approval directors to serve as members of each committee. The Committee shall review and recommend committee slates annually and shall recommend additional committee members to fill vacancies as needed.

(3) To develop and recommend to the Board for its approval corporate governance guidelines. The Committee shall review the guidelines on an annual basis, or more frequently if appropriate, and recommend changes as necessary.

(4) To oversee the development and implementation of senior executive succession plans.

(5) To develop and recommend to the Board for its approval an annual self-evaluation of the Board and its committees. The Committee shall oversee the annual self-evaluation. In addition, the Committee shall consider and evaluate other methods of assessing the effectiveness of the Board.

(6) To review annually the Company's compensation package for non-employee directors to ensure that compensation to such persons is competitive and appropriate, and to recommend changes, when appropriate, to the Board for approval.

Subcommittees

The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion.

Committee Membership Qualifications

All of the members of the Committee shall meet the independence requirements of the corporate governance rules of such national securities exchange on which the shares of Common Stock of the Company are listed.

Miscellaneous

The Committee shall have the authority to retain (or terminate) any search firm engaged to assist in identifying director candidates, and to retain outside counsel and any other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms.

The Committee shall report its actions and recommendations to the Board after each Committee meeting and shall conduct and present to the Board an annual performance evaluation of the Committee. The Committee shall review at least annually the adequacy of this charter and recommend any proposed changes to the Board for approval.

Exhibit 10.4

TECOGEN INC.
2006 STOCK INCENTIVE PLAN
(As Amended On November 10, 2011)

1. Purposes of the Plan

This 2006 Stock Incentive Plan (the "Plan"), as amended to date, is intended to provide incentives (a) to the officers and employees of Tecogen Inc., a Delaware corporation (the "Company"), and any parent or subsidiary of the Company, by providing such officers and employees with opportunities to purchase stock in the Company pursuant to options granted hereunder which qualify as "incentive stock options" under Section 422(b) of the Internal Revenue Code of 1986, as amended (the "Code") ("ISO" or "ISOs"); (b) to directors, officers, employees, consultants and advisors of the Company and any present or future parent, subsidiary or affiliate of the Company (hereinafter collectively "Related Corporations") by providing them with opportunities to purchase stock in the Company pursuant to options granted hereunder which do not qualify as ISOs ("Non-Qualified Option" or "Non-Qualified Options"); (c) to directors, officers, employees, consultants and advisors of the Company and Related Corporations by providing them with opportunities to receive awards of stock in the Company whether such stock awards are in the form of bonus shares, deferred stock awards, or of performance share awards ("Awards"); and (d) to directors, officers, employees, consultants and advisors of the Company and Related Corporations by providing them with opportunities to make direct purchases of restricted stock in the Company ("Restricted Stock Purchases"). Both ISOs and Non-Qualified Options are referred to hereafter individually as an "Option" and collectively as "Options". Options, Awards and authorizations to make Restricted Stock Purchases are referred to hereafter individually as a "Stock Right" and collectively as "Stock Rights". As used herein, the terms "parent" and "subsidiary" mean "parent corporation" and "subsidiary corporation", respectively, as those terms are defined in Section 424 of the Code.

2. Administration of the Plan

(a) Board or Committee Administration. This Plan shall be administered by the Board of Directors of the Company (the "Board"). The Board may appoint a Compensation Committee or Human Resources Committee (as the case may be, the "Committee") of two (2) or more of its members to administer this Plan and to grant Stock Rights hereunder, provided such Committee is delegated such powers in accordance with applicable state law. (All references in this Plan to the "Committee" shall mean the Board if no such Compensation Committee or Stock Incentive Plan Committee has been so appointed). If the Company or any Related Corporation registers any class of any equity security pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), this Plan shall be administered in accordance with the applicable rules set forth in Rule 16b-3 or any successor provisions of the Exchange Act ("Rule 16b-3"). From and after the date the Company becomes subject to Section 162(m) of the Code with respect to compensation earned under this Plan, each member of the Committee shall also be an "outside director" within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder.

(b) Authority of Board or Committee. Subject to the terms of this Plan, the Committee shall have the authority to: (i) determine the employees of the Company and any Related Corporation (from among the class of employees eligible under paragraph 3 to receive ISOs) to whom ISOs may be granted, and to determine (from among the class of individuals and entities eligible under paragraph 3 to receive Non-Qualified Options and Awards and to make Restricted Stock Purchases) to whom Non-Qualified Options, Awards and authorizations to make Restricted Stock Purchases may be granted; (ii) determine the time or times at which Options or Awards may be granted or Restricted Stock Purchases made; (iii) determine the exercise price of shares subject to each Option, which price shall not be less than the minimum price specified in paragraph 6, and the purchase price of shares subject to each Restricted Stock Purchase; (iv) determine whether each Option granted shall be an ISO or a Non-Qualified Option; (v) determine (subject to paragraph 8) the time or times when or what conditions must be satisfied before each Option shall become exercisable and the duration of the exercise period; (vi) determine whether restrictions such as transfer restrictions, repurchase options and "drag along" rights and rights of first refusal are to be imposed on shares subject to Options, Awards and Restricted Stock Purchases and the nature of such restrictions, if any; (vii) impose such other terms and conditions with respect to capital stock issued pursuant to Stock Rights not inconsistent with the terms of this Plan as it deems necessary or desirable; and (viii) interpret the Plan and prescribe and rescind rules and regulations relating to it.

If the Committee determines to issue a Non-Qualified Option, the Committee shall take whatever actions it deems necessary, under the Code and the regulations promulgated thereunder, to ensure that such Option is not treated as an ISO. The interpretation and construction by the Committee of any provisions of the Plan or of any Stock Right granted under it shall be final unless otherwise determined by the Board. The Committee may from time to time adopt such rules and regulations for carrying out the Plan as it may deem best. No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Stock Right granted under it.

(c) Delegation of Authority to Grant Awards to Officer. Without limiting the foregoing, the Board, in its discretion, may also delegate to a single officer of the Company who is a member of the Board (to the extent consistent with state law) all or part of the Board's or Committee's authority and duties with respect to the granting of Stock Rights to individuals who are not subject to the reporting and other provisions of Section 16 of the Exchange Act or "covered employees" within the meaning of Section 162(m) of the Code, subject to such limitations as the Board or the Committee deems appropriate, including without limitation as to the amount of Stock Rights that may be granted during the period of delegation, and guidelines as to the determination of the exercise price of any Option, the purchase price of other Stock Rights and the setting of vesting schedules or criteria. Such officer (the "Delegated Officer") shall act as a one member committee of the Board, and shall in any event be subject to the same limitations as are applicable to the Committee. References to the Committee in this Plan shall also include the Delegated Officer, but only to the extent consistent with the authorities and duties delegated to the Delegated Officer by the Board. The Board may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Delegated Officer that were consistent with the terms of this Plan.

(d) Committee Actions. The Committee may select one of its members as its chairman and shall hold meetings at such time and places as it may determine. Acts by a majority of the Committee, acting at a meeting (whether held in person or by teleconference), or acts reduced to or approved in writing by all of the members of the Committee, shall be the valid acts of the Committee. From time to time the Board may increase the size of the Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer this Plan, subject to compliance with paragraph 2(a).

(e) Grant of Stock Rights to Board Members. Stock Rights may be granted to members of the Board, subject to compliance with Rule 16b-3 when required by paragraph 2(a). All grants of Stock Rights to members of the Board shall in all respects be made in accordance with the provisions of this Plan applicable to other eligible persons.

3. Eligible Employees and Others

ISOs may be granted to any employee of the Company or any parent or subsidiary of the Company. Those officers and directors of the Company who are not employees of the Company or any parent or subsidiary of the Company may not be granted ISOs under this Plan. Non-Qualified Options, Awards and authorizations to make Restricted Stock Purchases may be granted to any employee, officer or director (whether or not also an employee) of or consultant or advisor to the Company or any Related Corporation. The Committee may take into consideration a recipient's individual circumstances in determining whether to grant a Stock Right. Granting a Stock Right to any individual or entity shall neither entitle that individual or entity to, nor disqualify him or her from, participation in any other grant of Stock Rights.

4. Stock

The stock subject to Stock Rights shall be the authorized but unissued shares of Common Stock of the Company (the "Common Stock"), or shares of Common Stock reacquired by the Company in any manner. The aggregate number of shares of Common Stock which may be issued pursuant to this Plan is 7,355,000, subject to adjustment as provided in paragraph 13 or amendment as provided in Section 15. Any such shares may be issued pursuant to the exercise of Stock Rights, so long as the aggregate number of shares so issued does not exceed the number of such shares authorized under this paragraph 4.

5. Granting of Stock Rights

Stock Rights may be granted under this Plan at any time on or after January 1, 2006 and prior to January 1, 2016. The date of grant of a Stock Right under this Plan will be the date specified by the Committee at the time it grants the Stock Right or such date that is specified in the instrument or agreement evidencing such Stock Right; provided, however, that such date shall not be prior to the date on which the Committee acts to approve the grant and that with respect to an ISO grant such date shall not be earlier than the date of commencement of employment of the employee granted the ISO. The Committee shall have the right, with the consent of the optionee, to convert an ISO granted under this Plan to a Non-Qualified Option pursuant to paragraph 17.

6. Minimum Option Price; ISO Limitations

(a) Price for ISOs. The exercise price per share specified in the agreement relating to each ISO granted under this Plan shall not be less than the fair market value per share of Common Stock on the date of such grant. In the case of an ISO to be granted to an employee owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, the price per share specified in the agreement relating to such ISO shall not be less than one hundred ten percent (110%) of the fair market value per share of Common Stock on the date of grant.

(b) $100,000 Annual Limitation on ISOs. Each eligible employee may be granted ISOs only to the extent that, in the aggregate under this Plan and all other incentive stock option plans of the Company and any parent or subsidiary of the Company, such ISOs do not become exercisable for the first time by such employee during any calendar year in a manner which would entitle the employee to purchase more than $100,000 in fair market value (determined at the time the ISOs were granted) of Common Stock in that year. Any Options granted to an employee in excess of such amount will be granted as Non-Qualified Options.

(c) Determination of Fair Market Value. If, at the time an Option is granted under the Plan, the Common Stock is publicly traded, "fair market value" shall be determined as of the last business day for which the prices or quotes discussed in this sentence are available prior to the date such Option is granted and shall mean (i) the average (on that date) of the high and low prices of the Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the last reported sale price (on that date) of the Common Stock on the NASDAQ National Market List, if the Common Stock is not then traded on a national securities exchange; or (iii) the closing bid price (or average of bid prices) last quoted (on that date) by an established quotation service for over-the-counter securities, if the Common Stock is not then traded on a national securities exchange and is not reported on the NASDAQ National Market List. However, if the Common Stock is not publicly traded at the time an Option is granted under the Plan, "fair market value" shall be deemed to be the fair value of the Common Stock as determined by the Committee after taking into consideration all factors in good faith it deems appropriate, including, without limitation, recent sale and offer prices of the Common Stock in private transactions negotiated at arm's length, if any.

7. Option Duration

Subject to earlier termination as provided in paragraphs 9, 10, and 13(b), each Option shall expire on the date specified by, or shall have such duration as may be specified by, the Committee and set forth in the original stock option agreement granting such Option, but not more than ten years from the date of grant. Notwithstanding the foregoing, in the case of ISOs granted to an employee owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, such ISOs shall expire not more than five years from the date of grant. Non-Qualified Options shall expire on the date specified in the agreement granting such Non-Qualified Options, subject to extension as determined by the Committee. ISOs, or any part thereof, that have been converted into Non-Qualified Options may be extended as provided in paragraph 17.

8. Exercise of Options

Subject to the provisions of paragraphs 9 through 13, each Option granted under the Plan shall be exercisable as follows:

(a) Vesting. As set forth in paragraph 2(b), and subject to paragraphs 9 and 10 with respect to ISOs, the Committee shall determine the time or times when or what conditions must be satisfied before each Option shall become exercisable and the duration of the exercise period. The Committee may also specify such other conditions precedent as it deems appropriate to the exercise of an Option.

(b) Full Vesting of Installments. Once an installment becomes exercisable it shall remain exercisable until expiration or termination of the Option, unless otherwise specified by the Committee.

(c) Partial Exercise. Each Option or installment may be exercised at any time or from time to time, in whole or in part, for up to the total number of shares with respect to which it is then exercisable, provided that the Committee may specify a certain minimum number or percentage of the shares issuable upon exercise of any Option that must be purchased upon any exercise.

(d) Acceleration of Vesting. The Committee shall have the right to accelerate the date of exercise of any installment of any Option, despite the fact that such acceleration may (i) cause the application of Sections 280G and 4999 of the Code if a Change in Control Event, as defined below in paragraph 13(b), occurs, or (ii) disqualify all or part of the Option as an ISO.

9. Termination of Employment

Subject to the provisions of paragraph 13(b), if an ISO optionee ceases to be employed by the Company and all Related Corporations other than by reason of death or disability as defined in paragraph 10, no further installments of his or her ISOs shall become exercisable following the date of such cessation of employment, and his or her ISOs shall terminate after the passage of ninety (90) days from the date of termination of his or her employment, but in no event later than on their specified expiration dates, except to the extent that such ISOs (or unexercised installments thereof) have been converted into Non-Qualified Options pursuant to paragraph 17. Nothing in this Plan shall be deemed to give any grantee of any Stock Right the right to be retained in employment or other service by the Company or any Related Corporation for any period of time.

Notwithstanding anything contained in this paragraph 9 to the contrary, the Board or Committee may establish rules in particular stock option agreements with respect to Misconduct, as defined below, committed by a grantee of a Stock Right.

10. Death; Disability

(a) Death. If an ISO optionee ceases to be employed by the Company and all Related Corporations by reason of his or her death, or if the employee dies within the thirty (30) day period after the employee ceases to be employed by the Company and all Related Corporations, any ISO of his or hers may be exercised, to the extent of the number of shares with respect to which he or she could have exercised it on the date of his or her death, by his or her estate, personal representative or beneficiary who has acquired the ISO by will or by the laws of descent and distribution, at any time prior to the earlier of the specified expiration date of the ISO or one (1) year from the date of such optionee's death.

(b) Disability. If an ISO optionee ceases to be employed by the Company and all Related Corporations by reason of his or her disability, he or she shall have the right to exercise any ISO held by the optionee on the date of termination of employment, to the extent of the number of shares with respect to which he or she could have exercised it on that date, at any time prior to the earlier of the specified expiration date of the ISO or one (1) year from the date of the termination of the optionee's employment. For the purposes of the Plan, the term "disability" shall mean "permanent and total disability" as defined in Section 22(e)(3) of the Code or successor statute.

11. Assignability

Except for Non-Qualified Options which may be transferred for estate planning purposes to the extent provided in the instrument or agreement granting such Non-Qualified Options, no Stock Right shall be assignable or transferable by the grantee except by will or by the laws of descent and distribution, and during the lifetime of the grantee each Stock Right shall be exercisable only by the optionee. No Stock Right, and no right to exercise any portion thereof, shall be subject to execution, attachment, or similar process, assignment, or any other alienation or hypothecation. Upon any attempt so to transfer, assign, pledge, hypothecate, or otherwise dispose of any Stock Right, or of any right or privilege conferred thereby, contrary to the provisions thereof or hereof or upon the levy of any attachment or similar process upon any Stock Right, right or privilege, such Stock Right and such rights and privileges shall immediately become null and void. The foregoing shall not be construed to restrict the ability to assign or transfer shares of Common Stock issued upon the exercise or award of a Stock Right to the extent that the instrument or agreement granting such Stock Right permits such assignment or transfer.

12. Terms and Conditions of Stock Rights

Stock Rights shall be evidenced by instruments (which need not be identical) in such forms as the Committee may from time to time approve. Such instruments shall conform to the terms and conditions set forth in paragraphs 6 through 11 hereof to the extent applicable and may contain such other provisions as the Committee deems advisable which are not inconsistent with this Plan. Without limiting the foregoing, such provisions may include transfer restrictions, rights of refusal, vesting provisions, repurchase rights, lock-up provisions and drag-along rights with respect to shares of Common Stock issuable upon exercise of Stock Rights, and such other restrictions applicable to shares of Common Stock as the Committee may deem appropriate. In granting any Non-Qualified Option, the Committee may specify that such Non-Qualified Option shall be subject to the restrictions set forth herein with respect to ISOs, or to such other termination, cancellation or other provisions as the Committee may determine. The Committee may from time to time confer authority and responsibility on one or more of its own members and/or one or more officers of the Company to execute and deliver such instruments. The proper officers of the Company are authorized and directed to take any and all action necessary or advisable from time to time to carry out the terms of such instruments.

13. Adjustments

Upon the occurrence of any of the following events, an optionee's rights with respect to Options granted to the optionee hereunder shall be adjusted as hereinafter provided, unless otherwise specifically provided in the written agreement between the optionee and the Company relating to such Option:

(a) Stock Dividends and Stock Splits. If the shares of Common Stock subject to Options granted under this Plan shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, the number of shares of Common Stock deliverable upon the exercise of Options shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination or stock dividend.

(b) Acquisitions and Change in Control Events. If the Company is to be subject to or engage in (x) a merger (or reverse merger), consolidation, or other similar event affecting the Company in which outstanding shares of Common Stock are exchanged for cash, securities, and/or other property of another entity, or (y) the sale or lease of all or substantially all of the Company's assets to another person or entity (any such event in such clauses (x) and (y) an "Acquisition"), the Committee or the Board shall (i) provide that the entity that survives the Acquisition or purchases or leases the Company's assets in the Acquisition or any affiliate of such entity (the "Surviving Entity") shall assume the Options granted pursuant to this Plan or substitute options to purchase securities of the Surviving Entity (or an affiliate thereof) on an equitable basis, (ii) upon written notice to the optionees, provide that all Options will become exercisable in full subject to the consummation of the Acquisition as of a specified time prior to the Acquisition and will terminate immediately prior to the consummation of such Acquisition or within a specified period of time after the Acquisition, and will not be exercisable after such termination, or (iii) in the event of an Acquisition under the terms of which holders of Common Stock will receive upon consummation thereof an amount of cash, securities and/or other property for each share of Common Stock surrendered pursuant to such Acquisition (the amount of cash plus the fair market value reasonably determined by the Committee of any securities and/or other property received by holders of Common Stock in exchange for each share of Common Stock shall be the "Acquisition Price"), provide that all outstanding Options shall terminate upon consummation of such Acquisition and that each optionee shall receive, in exchange for all vested shares of Common Stock under such Option on the date of the Acquisition, a payment in cash or in kind having a fair market value reasonably determined by the Committee or the board of directors of the Surviving Entity equal to the amount (if any) by which (A) the Acquisition Price multiplied by the number of such vested shares of Common Stock exceeds (B) the aggregate exercise price of such shares. If the Committee chooses under clause (iii) in the preceding sentence that all outstanding Options shall terminate upon consummation of an Acquisition and that each optionee shall receive a payment for the optionee's vested shares, with respect to any optionee whose stock option agreement specifies that no shares are vested until the first anniversary of the commencement of the optionee's employment, if the consummation of the Acquisition occurs prior to such first anniversary, then the number of vested shares under such Option shall be deemed to be equal to the product of (x) the number of shares of stock subject to the Option that otherwise would vest on the first anniversary and (y) the quotient obtained by dividing the number of days the optionee was employed by the Company, by 365. For purposes hereof, an Option shall be considered to be assumed or substituted "on an equitable basis" (without limiting other ways in which an Option may be assumed or substituted on an equitable basis hereunder) if, following consummation of the Acquisition, the assumed or substituted option confers the right to purchase, for each share of Common Stock subject to the Option immediately prior to the consummation of the Acquisition, the consideration received as a result of the Acquisition by the holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Acquisition (and if holders of Common Stock were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if the consideration received as a result of the Acquisition Event is not solely Common Stock of the Surviving Entity (or an affiliate thereof), the Company may, with the consent of the Surviving Entity, provide for the consideration to be received upon the exercise of each share of Common Stock subject to the Option to consist solely of Common Stock of the Surviving Entity (or an affiliate thereof) having a fair market value as reasonably determined by the Committee or the board of directors of the Surviving Entity equal to the Acquisition Price.

If a Change in Control Event, as defined below, occurs that either (a) does not also constitute an Acquisition or (b) does constitute an Acquisition and clause (i) of the preceding paragraph is elected, and the optionee's employment with the Company, the Related Corporation or the Surviving Entity is terminated on or prior to the six month anniversary of the date of the consummation of such Change in Control Event either by the optionee for Good Reason, as defined below, or by the Company, the Related Corporation or the Surviving Entity for reason(s) other than Misconduct, as defined below, then all of the Options, or the equivalent to such Options in the form of assumed or substituted options granted in the Surviving Entity, that but for such termination and such Change in Control Event would vest on or prior to the next following annual anniversary of the Grant Date thereafter shall become immediately exercisable in full and any repurchase provisions applicable to Common Stock issued upon exercise thereof shall lapse, provided, however, that in particular stock option agreements issued pursuant to this Plan, the Board may provide that the Options or assumed or substituted options covered by such agreement shall become immediately exercisable upon the consummation of such Change in Control Event without regard to termination of employment, and that any repurchase provisions applicable to Common Stock issued upon exercise thereof shall lapse.

A "Change in Control Event" shall occur upon the occurrence of (i) an Acquisition after which holders of the Common Stock before the Acquisition do not beneficially own, directly or indirectly, at least 50% of the combined voting power of the then-outstanding securities of the Surviving Entity entitled to vote generally in the election of directors immediately after the consummation of the Acquisition, (ii) a single transaction or a series of transactions pursuant to which any person (within the meaning of Section 13(d) or Section 14(d)(2) of the Securities Exchange Act of 1934), excluding any employee benefit plan sponsored by the Company and any affiliates of the Company prior to such transaction or transactions, acquires the beneficial ownership, directly or indirectly, of at least 50% of the combined voting power of the then-outstanding securities of the Company or the Surviving Entity, as the case may be, entitled to vote generally in the election of directors immediately after the consummation of the transaction or transactions, except that any acquisitions of securities directly from the Company shall be disregarded for purposes of this clause (ii), or (iii) the liquidation or dissolution of the Company.

If, in connection with a Change in Control Event, a tax under Section 4999 of the Code would be imposed on the grantee of any Stock Right (after taking into account the exceptions set forth in Sections 280G(b)(4) and 280G(b)(5) of the Code), and the grantee, on an after-tax basis (taking into account such tax) would receive greater net compensation by not having any or all of such Stock Rights accelerate, then at the discretion of the Committee, the number of Stock Rights of any such grantee which shall become immediately exercisable, realizable or vested as provided in this Section 13 (or such provision of any other agreement or instrument governing such Stock Right that provides for such an acceleration in connection with a Change in Control Event) may be reduced (or delayed), to the extent necessary to maximize such net compensation. For purposes of determining "net compensation" under this paragraph, the amount of compensation considered to be realized by the grantee of any Stock Right as a result of the acceleration of the vesting of such Stock Right shall be determined in accordance with the principles set forth in the proposed Treasury Regulations under Section 280G of the Code (or any final or temporary Treasury Regulations replacing such proposed Treasury Regulations) for determining the amount of any "parachute payment" resulting from the acceleration of vesting of restricted stock, a stock option or any other unvested stock right.

"Misconduct" shall mean any one or more of the following: (a) the commission of an act of embezzlement, fraud, dishonesty or deliberate disregard of the rules or policies of the Company or any Related Corporation which results in material loss, damage or injury to the Company or any Related Corporation, whether directly or indirectly; (b) the unauthorized disclosure of any trade secret or confidential information of the Company or any Related Corporation; (c) the breach by the optionee of any agreement with the Company or any Related Corporation, including without limitation any noncompetition agreement between the optionee and the Company or any Related Corporation; or (d) the willful failure by the optionee to perform his or her material responsibilities to the Company or any Related Corporation.

"Good Reason" shall mean (i) any material diminution in the optionee's title, authority, or responsibilities from and after such Acquisition or Change in Control Event, as the case may be, (ii) any reduction in the annual cash compensation payable to the optionee from and after such Acquisition or Change in Control Event, as the case may be or (iii) a change of more than 100 miles in the optionee's permanent workplace without the optionee's consent.

(c) Recapitalization or Reorganization. If a recapitalization or reorganization of the Company (other than a transaction described in subparagraph (b) above) occurs, pursuant to which securities of the Company or another entity are issued with respect to the outstanding shares of Common Stock, an optionee, upon exercising an Option, shall be entitled to receive for the purchase price paid upon such exercise the securities he or she would have received if he or she had exercised his or her Option prior to such recapitalization or reorganization and had been the owner of the Common Stock receivable upon such exercise at such time.

(d) Modification of ISOs. Notwithstanding the foregoing, any adjustments made pursuant to the foregoing subparagraphs (a), (b) or (c) with respect to ISOs shall be made only after the Committee, after consulting with counsel for the Company, determines whether such adjustments would constitute a "modification" of such ISOs (as that term is defined in Section 424 of the Code or any successor thereto) or would cause any adverse tax consequences for the holders of such ISOs. If the Committee determines that such adjustments made with respect to ISOs would constitute a modification of such ISOs, it may refrain from making such adjustments.

(e) Issuances of Securities and Non-Stock Dividends. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, of the Company shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Options. No adjustments shall be made for dividends paid in cash or in property other than securities of the Company (and, in the case of securities of the Company, such adjustments shall be made pursuant to the foregoing subparagraph (a)).

(f) Fractional Shares. No fractional shares shall be issued under this Plan, and the optionee shall receive from the Company cash in lieu of such fractional shares.

(g) Adjustments. Upon the happening of any of the foregoing events described in subparagraphs (a), (b) or (c) above, the class and aggregate number of shares set forth in paragraph 4 hereof that are subject to Stock Rights which previously have been or subsequently may be granted under this Plan shall also be appropriately adjusted to reflect the events described in such subparagraphs. The Committee or the board of directors of the Surviving Entity (the "Successor Board"), as applicable, shall determine the specific adjustments to be made under this paragraph 13 and its determination shall be conclusive.

If any person or entity owning Common Stock obtained by exercise of a Stock Right made hereunder receives shares or securities or cash in connection with a corporate transaction described in subparagraphs (a), (b) or (c) above as a result of owning such Common Stock, except as otherwise provided in subparagraph (b), such shares or securities or cash shall be subject to all of the conditions and restrictions applicable to the Common Stock with respect to which such shares or securities or cash were issued, unless otherwise determined by the Committee or the Successor Board.

14. Means of Exercising Options

An Option (or any part or installment thereof) shall be exercised by giving written notice to the Company at its principal office address. Such notice shall identify the Option being exercised and specify the number of shares as to which such Option is being exercised, accompanied by full payment of the purchase price therefor either (a) in United States dollars in cash or by check, or (b) at the discretion of the Committee, by delivery of an irrevocable and unconditional undertaking, satisfactory in form and substance to the Company, by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price, or delivery to the Company of a copy of irrevocable and unconditional instructions, satisfactory in form and substance to the Company, to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price, or (c) at the discretion of the Committee, by delivery of the grantee's personal recourse note bearing interest payable not less than annually at no less than 100% of the applicable Federal rate, as defined in Section 1274(d) of the Code, or (d) at the discretion of the Committee, by any combination of (a), (b) and (c) above. The holder of an Option shall not have the rights of a stockholder with respect to the shares covered by his or her Option until the date of issuance of a stock certificate to the optionee for the shares subject to the Option. Except as expressly provided above in paragraph 13 with respect to changes in capitalization and stock dividends, no adjustment shall be made for dividends or similar rights for which the record date is before the date such stock certificate is issued.

15. Term and Amendment of Plan

This Plan was originally adopted by the stockholders of the Company and the Board on December 22, 2005. This Plan shall expire on January 1, 2016 (except as to Options outstanding on that date). Subject to the provisions of paragraph 5 above, Options may be granted under this Plan prior to the date of stockholder approval of this Plan. The Board may terminate or amend this Plan in any respect at any time, except that (a) the total number of shares that may be issued under this Plan may not be increased without stockholder approval (except by adjustment pursuant to paragraph 13); (b) the provisions of paragraph 3 regarding eligibility for grants of ISOs may not be modified; (c) the provisions of paragraph 6(b) regarding the exercise price at which shares may be offered pursuant to ISOs may not be modified (except by adjustment pursuant to paragraph 13); and (d) the expiration date of this Plan may not be extended without the approval of the stockholders obtained within 12 months before or after the Board adopts a resolution authorizing any of the foregoing actions.

16. Section 162(m)

Notwithstanding anything in this Plan to the contrary, no Stock Right shall become exercisable, vested or realizable if such Stock Right is granted to an employee that is a "covered employee" as defined in Section 162(m) of the Code and the Committee has determined that such Stock Right should be structured so that it is not "applicable employee remuneration" under such Section 162(m) unless and until the terms of this Plan, including any amendment hereto, have been approved by the Company's stockholders in the manner and to the extent required under such Section 162(m).

17. Amendment of Stock Rights

The Board or Committee may amend, modify or terminate any outstanding Stock Rights including, but not limited to, substituting therefor another Stock Right of the same or a different type, changing the date of exercise or realization, and converting an ISO to a Non-Qualified Option, provided, that, except as otherwise provided in paragraphs 9 or 10, the grantee's consent to such action shall be required unless the Board or Committee determines that the action, taking into account any related action, would not materially and adversely affect the grantee.

18. Application of Funds

The proceeds received by the Company from the sale of shares pursuant to Stock Rights issued or granted under this Plan shall be used for general corporate purposes.

19. Governmental Regulation

The Company's obligation to sell and deliver shares of the Common Stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such shares.

20. Withholding of Additional Income Taxes

Upon the exercise of a Non-Qualified Option, the making of a Restricted Purchase of Common Stock for less than its fair market value, the granting of an Award, the making of a Disqualifying Disposition (as defined in paragraph 21) or the vesting of restricted Common Stock acquired on the exercise of a Stock Right hereunder, the Company, in accordance with Section 3402(a) of the Code, may require the optionee or purchaser to pay additional withholding taxes in respect of the amount that is considered compensation includible in such person's gross income. The Committee in its discretion may condition (i) the exercise of an Option, (ii) the making of a Restricted Stock Purchase of Common Stock for less than its fair market value, or (iii) the granting of an award, or (iv) the vesting of restricted Common Stock acquired by exercising a Stock Right, on the grantee's payment of such additional withholding taxes.

21. Notice to Company of Disqualifying Disposition

Each employee who receives an ISO must agree to notify the Company in writing immediately after the employee makes a Disqualifying Disposition of any Common Stock acquired pursuant to the exercise of an ISO. A "Disqualifying Disposition" is any disposition (including any sale) of such Common Stock before the later of

(a) two years after the date the employee was granted the ISO, or

(b) one year after the date the employee acquired Common Stock by exercising the ISO. If the employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

22. Governing Law; Construction

The validity and construction of this Plan and the instruments evidencing Stock Rights shall be governed by the laws of the State of Delaware.

Exhibit 10.5

TECOGEN INC.
COMMON STOCK PURCHASE AGREEMENT

TO: Tecogen Inc.
45 First Avenue
Waltham, Massachusetts 02451

Ladies and Gentlemen:

The undersigned (the "Investor") desires to purchase from Tecogen Inc., a Delaware corporation (the "Company"), _____ shares of its Common Stock, par value $.001 per share (the "Common Stock"). The purchase price for each share of Common Stock is $___.

1. **Subscription**

a. Subject to the terms and conditions of this Agreement (this "Agreement"), the Investor agrees to subscribe for and purchase from the Company and tenders this subscription for _____ shares of Common Stock (the "Shares") together with payment of the subscription price for the Shares in the amount of $_____ . The subscription price is referred to in this Agreement as the "Funds."

b. Tender of the Funds shall be made by delivery of a personal or bank check payable to the Company or by wire transfer to the Company's designated bank account, together with executed copies of this Agreement. The Investor should deliver the executed subscription documents and payment for the Shares to the Company, Attention: Chief Financial Officer, 45 First Avenue, Waltham, MA 02451.

2. **Acceptance of Agreement**

It is understood and agreed that this Subscription is made subject to the following terms and conditions:

a. The Company shall have the right to accept or reject this Subscription, in whole or in part, for any reason, the ineligibility of a subscriber under applicable state or foreign securities laws, for any other reason or for no reason. If this Subscription is rejected, the Funds previously delivered to the Company will be returned to the Investor.

b. Two complete copies of this Agreement will be executed by the Investor. If this Subscription is accepted, one copy of this Common Stock Purchase Agreement as accepted by the Company shall be delivered to the Investor.

c. If this Subscription is accepted in part and rejected in part, the Investor will be so notified, at which time the excess Funds previously delivered to the Company will be returned to the Investor.

3. **Representations and Warranties of the Investor**

In order to induce the Company to accept this Agreement, the Investor hereby represents and warrants to the Company as follows:

a. **THE INVESTOR HAS READ CAREFULLY AND UNDERSTANDS THIS AGREEMENT AND HAS CONSULTED THE INVESTOR'S OWN ATTORNEY, ACCOUNTANT OR INVESTMENT ADVISER WITH RESPECT TO THE INVESTMENT CONTEMPLATED HEREBY AND ITS SUITABILITY FOR THE INVESTOR. THE INVESTOR HAS HAD AN OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVED ANSWERS FROM THE COMPANY, OR A PERSON OR PERSONS ACTING ON THE COMPANY'S BEHALF, CONCERNING THE TERMS AND CONDITIONS OF THIS INVESTMENT AND THE BUSINESS OF THE COMPANY, AND HAS RECEIVED AND REVIEWED ALL ADDITIONAL DOCUMENTATION REGARDING THE BUSINESS AND OPERATIONS OF THE COMPANY THAT HE OR SHE HAS REASONABLY REQUESTED.**

b. The Investor (i) has no need for liquidity in the investment in the Shares, (ii) is able to bear the substantial economic risks of an investment in the Shares for an indefinite period, and (iii) at the present time, could afford the complete loss of such investment in the Shares.

c. The address set forth at the end of this Agreement is the Investor's true and correct residence, and the Investor has no present intention of changing such residence to any other state or jurisdiction.

d. The Investor confirms that all documents, records and books pertaining to the investment in the Company reasonably requested by the Investor have been made available to the Investor. The undersigned has relied only on such documents and that no written or oral representation or information inconsistent with such information has been made or furnished to the Investor in connection with the Shares and if so made, has not been relied upon.

e. The Investor understands that the Shares have not been registered under the Securities Act, nor pursuant to the provisions of the securities laws or other laws of any other applicable jurisdictions, in reliance on exemptions for private offerings contained in the Securities Act and in the laws of such jurisdictions. The Investor represents to the Company that he is an “accredited investor”; as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended. The Investor is fully aware that the Shares to which he or she is subscribing are to be sold in reliance upon such exemptions based upon his or her representations, warranties and agreements set forth in this Agreement. The Investor is fully aware that he or she must bear the economic risk of his or her investment in the Company for an indefinite period of time because the Shares have not been registered under the Securities Act, and, therefore, cannot be offered or sold unless they are subsequently registered under the Securities Act or an exemption from such registration is available. The Investor further understands that the Company has no intention and is under no obligation to register its Shares under the Securities Act or to comply with the requirements for any exemption that might otherwise be available, or to supply the Investor with any information necessary to enable the Investor to make routine sales of the Shares under Rule 144 under the Securities Act (which it understands is not now, and will not likely be, available) or any rule of the Securities and Exchange Commission or any successor thereto.

f. The Investor understands that the certificate(s) representing the Shares will bear the following legend restricting its transfer and that a notation restricting such transfer will be made on the stock transfer books of the Company:

> “THE SHARES OF STOCK REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THESE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO THEIR DISTRIBUTION OR RESALE. SUCH SHARES MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SHARES UNDER THE ACT, OR AN OPINION OF COUNSEL SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED.”

g. The Shares are being acquired solely for the Investor's own account, for investment and are not being purchased with a view to or for the resale or other distribution of the Shares; and the Investor has no present plans to enter into any contract, undertaking, agreement or arrangement relating to any resale or other distribution of the Shares.

h. The Investor understands that this Subscription may be accepted or rejected in whole or in part in the sole and absolute discretion of the Company, and this Agreement, unless properly revoked before the completion of the sale of the Shares to the Investor, shall survive the Investor’s death, disability or insolvency, except that the Investor shall have no obligations in the event that this Subscription is rejected by the Company.

i. The Investor understands that even if the Company becomes a "reporting company" under the Securities Exchange Act of 1934, as amended, the provisions of Rule 144 promulgated under the Securities Act permitting resales of the Shares will not be available for at least one (1) year, and there can be no assurance that the conditions necessary to permit routine sales of the Shares under Rule 144 will ever be satisfied, and, if Rule 144 should become available, routine sales made in reliance on its provisions could be made only in limited amounts and in accordance with the terms and conditions of the Rule. The Investor further understands that in connection with sales of securities for which Rule 144 is not available, compliance with some other exemption from registration will be required. The Investor understands that the Company is under no obligation to the undersigned to register the Shares or to comply with the conditions of Rule 144 or take any other action necessary in order to make available any exemption for the sale of the Shares without registration.

j. The Investor has been advised to consult with the Investor's own attorney regarding legal, tax, and other matters concerning an investment in the Company and has done so, to the extent the undersigned considers necessary.

k. The Investor acknowledges and is aware of the following:

(i) that the Shares are a speculative investment and involve a high degree of risk of loss by the Investor of the Investor's entire investment in the Company;

(ii) that there is no guarantee that the Investor will realize any gain from his or her investment in the Company and that the Investor may lose his or her entire investment;

(iii) that the Company has no current plan or intention to issue dividends with respect to the Shares;

(iv) that there has never been any representation, guarantee or warranty made to the Investor by any broker, the Company, its agents or employees or any other person, expressly or by implication, as to:

(A) the approximate or exact length of time that the Investor will be required to remain as owner of the Shares; or

(B) the past performance or experience on the part of the officers or directors of the Company, or of any other person, that will in any way indicate the predictable results of the ownership of the Shares or any such other securities, or of the overall business of the Company;

(v) that the Company may in the future issue additional shares of capital stock in the Company, and that the Investor's interest in the Company may thereby become diluted.

The Investor acknowledges that he or she understands the meaning and legal consequences of the representations, warranties and acknowledgments contained in this Agreement. The Investor confirms that such representations, warranties and acknowledgments are true and accurate as of the date of this Agreement and shall be true and accurate as of the date of delivery of the Funds to the Company and shall survive such delivery. If in any respect such representations and warranties shall not be true and accurate prior to acceptance of this Agreement pursuant to Section 2 of this Agreement, the Investor shall give written notice of such fact to the Company, specifying which representations and warranties are not true and accurate and the reasons therefor.

4. **Indemnification.** The Investor acknowledges that he or she understands the meaning and legal consequences of the representations and warranties contained in Section 3 of this Agreement, and the Investor agrees to indemnify, defend and hold harmless the Company and each officer, director, representative and agent of the Company and any person or entity controlling the Company from and against any and all loss, cost, damage or liability (including reasonable attorneys' fees) due to or arising out of a breach of any representation or warranty of the Investor contained in this Agreement.

5. **No Waiver.** Notwithstanding any of the representations, warranties, acknowledgments or agreements made in this Agreement by the Investor, the Investor does not thereby or in any other manner waive any rights granted to the Investor under federal and state securities law.

6. **Transferability.** The Investor agrees not to transfer or assign this Agreement, or any of the Investor's interest in this Agreement, and further agrees that any assignment or transfer of the Shares shall be made only in accordance with applicable securities laws and that an appropriate legend with respect thereto may be placed by the Company on any certificate evidencing such Shares.

7. **Revocation.** The Investor agrees that he or she shall not cancel, terminate or revoke this Agreement.

8. **Termination of Agreement.** If any representation or warranty of the Investor contained in Section 3 of this Agreement shall not be true prior to acceptance of this Agreement, and written notice of such fact has been given by the Investor to the Company, then and in any such event this Agreement shall be null and void and of no further force and effect, and no party shall have any rights against any other party under this Agreement or otherwise, and the Company shall promptly return to the Investor the Funds together with all agreements executed by the Investor.

9. **Dispute Resolution**

a. All disputes, claims, or controversies arising out of or relating to this Agreement or any other agreement executed and delivered pursuant to this Agreement or the negotiation, validity or performance hereof and thereof or the transactions contemplated hereby and thereby that are not resolved by mutual agreement shall be resolved solely and exclusively by binding arbitration to be conducted before the American Arbitration Association ("AAA"). If AAA ceases operation, then the parties shall select a comparable organization that provides qualified arbitration services. The arbitration shall be held in Boston, Massachusetts before a single arbitrator and shall be conducted in accordance with the rules and regulations promulgated by AAA unless specifically modified herein.

b. The parties covenant and agree that the arbitration hearing shall commence within ninety (90) days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party shall provide to the other, no later than seven (7) business days before the date of the arbitration hearing, the identity of all persons that may testify at the arbitration and a copy of all documents that may be introduced at the arbitration hearing or considered or used by a party's witness or expert. The arbitrator's decision and award shall be made and delivered within three (3) months of the selection of the arbitrator. The arbitrator's decision shall set forth a reasoned basis for any finding of liability or award of damages. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages or any other damages that are specifically excluded under this Agreement, and each party hereby irrevocably waives any claim to such damages.

c. The parties covenant and agree that they will participate in the arbitration in good faith and that they will share equally its costs, except as otherwise provided herein. The arbitrator may in his or her discretion assess costs and expenses (including the reasonable legal fees and expenses of the prevailing party whether claimant or respondent) against any party to a proceeding. Any party failing or refusing to comply with an order of the arbitrators shall be liable for costs and expenses, including attorneys' fees, incurred by the other party in enforcing the award. Nothing in this Section 9 shall prohibit any party from proceeding in court without prior arbitration for the limited purpose of seeking a temporary or permanent injunction to avoid immediate and irreparable harm. The provisions of this Section 9 shall be enforceable in any court of competent jurisdiction.

d. Unless otherwise ordered, the parties shall bear their own attorneys' fees, costs and expenses in connection with the arbitration. The parties will share equally in the fees and expenses charged by AAA.

e. Each of the parties hereto irrevocably and unconditionally consents to the exclusive use of AAA to resolve all disputes, claims or controversies arising out of or relating to this Agreement or any other agreement executed and delivered pursuant to this Agreement or the negotiation, validity or performance hereof and thereof or the transactions contemplated hereby and thereby and further consents to the jurisdiction of the federal or state courts of the Commonwealth of Massachusetts for the purposes of enforcing the arbitration provisions of Section 9a of this Agreement. Each party further irrevocably waives any objection to proceeding before AAA based upon lack of personal jurisdiction or to the laying of venue and further irrevocably and unconditionally waives and agrees not to make a claim in any court that arbitration before AAA has been brought in an inconvenient forum. Each of the parties hereto hereby consents to service of process by registered mail at the address to which notices are to be given. Each of the parties hereto agrees that its or his submission to jurisdiction and its or his consent to service of process by mail is made for the express benefit of the other parties hereto.

10. **Miscellaneous**

a. All notices or other communications given or made under this Agreement shall be in writing and shall be delivered or mailed by (a) registered or certified mail, return receipt requested, postage prepaid, or (b) overnight air courier, fees prepaid, to the Investor at his or her address set forth below and to the Company at its address set forth at the outset of this Agreement.

b. Failure of the Company to exercise any right or remedy under this Agreement or any other agreement between the Company and the Investor, or delay by the Company in exercising the same, will not operate as a waiver of such right or remedy. No waiver by the Company will be effective unless and until it is in writing and signed on behalf of the Company.

c. Notwithstanding the place where this Agreement may be executed by any of the parties hereto, all the terms and provisions hereof shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts, without giving effect to its conflict of law principles.

d. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective heirs, successors and permitted assigns. This Agreement cannot be assigned, amended or modified by the parties hereto, except by written agreement executed by the parties hereto.

e. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

f. If any provision of this Agreement shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

g. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and may be amended only by a writing executed by all parties.

[The balance of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Agreement on this _____ day of _____ 2011.

Manner in which Title is to be held (Please Check One):

1. ☐ Individual
2. ☐ Joint Tenants With Right of Survivorship
3. ☐ Community Property
4. ☐ Tenants in Common
5. ☐ Married with Separate Property

_____

Exact Name(s) in Which Title is to be Held
(If Joint Tenant or Tenants in Common, both persons must sign and this page must contain all information for both persons).

_____	_____
Signature	Signature
_____	_____
Name (Please Print)	Name (Please Print)
_____	_____
Residence: Number and Street	Residence: Number and Street
_____	_____
City, State, Zip Code	City, State, Zip Code
_____	_____
Social Security Number	Social Security Number

_____

Telephone Number:

Accepted this _____ day of _____ 2011, on behalf of the Company

TECOGEN INC.

By: _____

Name: Bonnie Brown
Title: Chief Financial Officer

EXECUTION BY SUBSCRIBER THAT IS AN ENTITY

(Corporation, Limited Liability Company, Partnership, Trust, Etc.)

_____
Name of Entity (Please Print)

Date of Incorporation or Organization: _____

State of Principal Offices: _____

Federal Taxpayer Identification Number: _____

By: _____

Title: _____

Attest: _____ Address: _____
(If Entity is a Corporation)

_____

_____

_____
Taxpayer Identification Number

Accepted this _____ day of _____ 2011, on behalf of the Company

TECOGEN INC.

By: _____

Name: Bonnie Brown
Title: Chief Financial Officer

ACCREDITED INVESTOR QUESTIONNAIRE

Please check the box below that best characterizes the person or entity subscribing for the Shares under the terms of the foregoing Subscription Agreement.

☐ Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds US $1,000,000 exclusive of the value of his or her primary residence;

☐ Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ Any organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust or a partnership, in each case, not formed for the purpose of this investment, with total assets in excess of US $5,000,000;

☐ Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐ Any trust with total assets in excess of US $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of the Securities Act of 1933;

☐ Any entity in which all of the equity owners are accredited investors;

☐ Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

☐ Any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

☐ Any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act;

☐ Any bank as defined in Section 3(a)(2) or a savings and loan association or other institution defined in Section 3(a)(5)(A) of the Securities Act of 1933 acting in either an individual or fiduciary capacity;

☐ Any insurance company as defined in Section 2(13) of the Securities Act of 1933;

☐ Any employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974 whose investment decision is made by a fiduciary which is either a bank, savings and loan association, insurance company, or registered investment advisor, or whose total assets exceed US $5,000,000, or, if a self-directed plan, a plan whose investment decisions are made solely by persons who are accredited investors;

☐ Any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; or

☐ Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of $5,000,000.

☐ None of the above.

Name of Subscriber: _____

Social Security Number: _____

Signature: _____

Exhibit 14.1

TECOGEN INC.
CODE OF BUSINESS CONDUCT AND ETHICS

This Code of Business Conduct and Ethics (the "Code") sets forth legal and ethical standards of conduct for directors, officers and employees of Tecogen Inc. (the "Company"). This Code is intended to deter wrongdoing and to promote the conduct of all Company business in accordance with high standards of integrity and in compliance with all applicable laws and regulations. This Code applies to the Company and all of its subsidiaries and other business entities controlled by it worldwide.

If you have any questions regarding this Code or its application to you in any situation, you should contact your supervisor or our corporate Treasurer.

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

The Company requires that all employees, officers and directors comply with all laws, rules and regulations applicable to the Company wherever it does business. You are expected to use good judgment and common sense in seeking to comply with all applicable laws, rules and regulations and to ask for advice when you are uncertain about them.

If you become aware of the violation of any law, rule or regulation by the Company, whether by its officers, employees, directors, or any third party doing business on behalf of the Company, it is your responsibility to promptly report the matter to your supervisor or to corporate Treasurer. While it is the Company's desire to address matters internally, nothing in this Code should discourage you from reporting any illegal activity, including any violation of the securities laws, antitrust laws, environmental laws or any other federal, state or foreign law, rule or regulation, to the appropriate regulatory authority. Employees, officers and directors shall not discharge, demote, suspend, threaten, harass or in any other manner discriminate or retaliate against an employee because he or she reports any such violation, unless it is determined that the report was made with knowledge that it was false. This Code should not be construed to prohibit you from testifying, participating or otherwise assisting in any state or federal administrative, judicial or legislative proceeding or investigation.

CONFLICTS OF INTEREST

Employees, officers and directors must act in the best interests of the Company. You must refrain from engaging in any activity or having a personal interest that presents a "conflict of interest." A conflict of interest occurs when your personal interest interferes, or appears to interfere, with the interests of the Company. A conflict of interest can arise whenever you, as an officer, director or employee, take action or have an interest that prevents you from performing your Company duties and responsibilities honestly, objectively and effectively.

EMPLOYEES AND OFFICERS

Employees and officers must not:

- Perform services as a consultant, employee, officer, director, advisor or in any other capacity, or, where feasible, permit any close relative to perform services as an officer or director, for a significant customer, significant supplier or direct competitor of the Company, other than at the request of the Company.
- Have, or, where feasible, permit any close relative to have, a financial interest in a significant supplier or significant customer of the Company, other than an investment representing less than one percent of the outstanding shares of a publicly-held Company or less than five percent of the outstanding shares of a privately-held Company.
- Have, or, where feasible, permit any close relative to have, a financial interest in a direct competitor of the Company, other than an investment representing less than one percent of the outstanding shares of a publicly-held Company.

- Supervise, review or influence the job evaluation or compensation of a member of his or her immediate family.
- Engage in any other activity or have any other interest that the Board of Directors of the Company determines to constitute a conflict of interest.

DIRECTORS

Directors must not:

- Perform services as a consultant, employee, officer, director, advisor or in any other capacity, or, where feasible, permit any close relative to perform services as an officer or director, for a direct competitor of the Company.
- Have, or, where feasible, permit any close relative to have, a financial interest in a direct competitor of the Company, other than an investment representing less than one percent of the outstanding shares of a publicly-held Company.
- Use his or her position with the Company to influence any decision of the Company relating to a contract or transaction with a supplier or customer of the Company if the director or a close relative of the director.
- Perform services as a consultant, employee, officer, director, advisor or in any other capacity for such supplier or customer.
- Have a financial interest in such supplier or customer, other than an investment representing less than one percent of the outstanding shares of a publicly-held Company.
- Supervise, review or influence the job evaluation or compensation of a member of his or her immediate family.
- Engage in any other activity or have any other interest that the Board of Directors of the Company determines to constitute a conflict of interest.

A “close relative” means a spouse, dependent child or any other person living in the same home with the employee, officer or director. “Immediate family” means a close relative and a parent, sibling, child, mother- or father-in-law, son- or daughter-in-law or brother- or sister-in-law. A “significant customer” is a customer that has made during the Company's last full fiscal year, or proposes to make during the Company's current fiscal year, payments to the Company for property or services in excess of five percent of (a) the Company's consolidated gross revenues for its last full fiscal year or (b) the customer's consolidated gross revenues for its last full fiscal year. A “significant supplier” is a supplier to which the Company has made during the Company's last full fiscal year, or proposes to make during the Company's current fiscal year, payments for property or services in excess of five percent of (a) the Company's consolidated gross revenues for its last full fiscal year or (b) the customer's consolidated gross revenues for its last full fiscal year.

It is your responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest to our Chief Financial Officer or, if you are an executive officer or director, to the Board of Directors, who shall be responsible for determining whether such transaction or relationship constitutes a conflict of interest.

INSIDER TRADING

Employees, officers and directors who have material non-public information about the Company or other companies, including our suppliers and customers, as a result of their relationship with the Company are prohibited by law and Company policy from trading in securities of the Company or such other companies, as well as from communicating such information to others who might trade on the basis of that information. To help ensure that you do not engage in prohibited insider trading and avoid even the appearance of an improper transaction, the Company has adopted an Insider Trading Policy, which is available on the Company's intranet.

If you are uncertain about the constraints on your purchase or sale of any Company securities or the securities of any other Company that you are familiar with by virtue of your relationship with the Company, you should consult with our Chief Financial Officer before making any such purchase or sale.

CONFIDENTIALITY

Employees, officers and directors must maintain the confidentiality of confidential information entrusted to them by the Company or other companies, including our suppliers and customers, except when disclosure is authorized by a supervisor or legally mandated. Unauthorized disclosure of any confidential information is prohibited. Additionally, employees should take appropriate precautions to ensure that confidential or sensitive business information, whether it is proprietary to the Company or another Company, is not communicated within the Company except to employees who have a need to know such information to perform their responsibilities for the Company.

Third parties may ask you for information concerning the Company. Subject to the exceptions noted in the preceding paragraph, employees, officers and directors (other than the Company's authorized spokespersons) must not discuss internal Company matters with, or disseminate internal Company information to, anyone outside the Company, except as required in the performance of their Company duties and after an appropriate confidentiality agreement is in place. This prohibition applies particularly to inquiries concerning the Company from the media, market professionals (such as securities analysts, institutional investors, investment advisers, brokers and dealers) and security holders. All responses to inquiries on behalf of the Company must be made only by the Company's authorized spokespersons. If you receive any inquiries of this nature, you must decline to comment and refer the inquirer to your supervisor or one of the Company's authorized spokespersons. The Company's policies with respect to public disclosure of internal matters are described more fully in the Company's Disclosure Policy, which is available on the Company's intranet.

You also must abide by any lawful obligations that you have to your former employer. These obligations may include restrictions on the use and disclosure of confidential information, restrictions on the solicitation of former colleagues to work at the Company and non-competition obligations.

HONEST AND ETHICAL CONDUCT AND FAIR DEALING

Employees, officers and directors should endeavor to deal honestly, ethically and fairly with the Company's suppliers, customers, competitors and employees. Statements regarding the Company's products and services must not be untrue, misleading, deceptive or fraudulent. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

PROTECTION AND PROPER USE OF CORPORATE ASSETS

Employees, officers and directors should seek to protect the Company's assets. Theft, carelessness and waste have a direct impact on the Company's financial performance. Employees, officers and directors must use the Company's assets and services solely for legitimate business purposes of the Company and not for any personal benefit or the personal benefit of anyone else.

Employees, officers and directors must advance the Company's legitimate interests when the opportunity to do so arises. You must not take for yourself personal opportunities that are discovered through your position with the Company or the use of property or information of the Company.

GIFTS AND GRATUITIES

The use of Company funds or assets for gifts, gratuities or other favors to employees or government officials is prohibited, except to the extent such gifts are in compliance with applicable law, insignificant in amount and not given in consideration or expectation of any action by the recipient.

Employees, officers and directors must not accept, or permit any member of his or her immediate family to accept, any gifts, gratuities or other favors from any customer, supplier or other person doing or seeking to do business with the Company, other than items of insignificant value. Any gifts that are not of insignificant value should be returned immediately and reported to your supervisor. If immediate return is not practical, they should be given to the Company for charitable disposition or such other disposition as the Company, in its sole discretion, believes appropriate.

Common sense and moderation should prevail in business entertainment engaged in on behalf of the Company. Employees, officers and directors should provide, or accept, business entertainment to or from anyone doing business with the Company only if the entertainment is infrequent, modest and intended to serve legitimate business goals.

Bribes and kickbacks are criminal acts, strictly prohibited by law. You must not offer, give, solicit or receive any form of bribe or kickback anywhere in the world.

ACCURACY OF BOOKS AND RECORDS AND PUBLIC REPORTS

Employees, officers and directors must honestly and accurately report all business transactions. You are responsible for the accuracy of your records and reports. Accurate information is essential to the Company's ability to meet legal and regulatory obligations.

All Company books, records and accounts shall be maintained in accordance with all applicable regulations and standards and accurately reflect the true nature of the transactions they record. The financial statements of the Company shall conform to generally accepted accounting rules and the Company's accounting policies. No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in the Company's books or records for any reason, and no disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation.

It is the policy of the Company to provide full, fair, accurate, timely and understandable disclosure in reports and documents filed with, or submitted to, the Securities and Exchange Commission and in other public communications.

CONCERNS REGARDING ACCOUNTING OR AUDITING MATTERS

Employees with concerns regarding questionable accounting or auditing matters or complaints regarding accounting, internal accounting controls or auditing matters may confidentially, and anonymously if they wish, submit such concerns or complaints in writing to the Company's Chief Financial Officer at 45 First Avenue, Waltham, Massachusetts 02451. See “Reporting and Compliance Procedures.” All such concerns and complaints will be forwarded to the Audit Committee of the Board of Directors, unless they are determined to be without merit by our Chief Financial Officer and Chief Executive Officer of the Company. In any event, a record of all complaints and concerns received will be provided to the Audit Committee each fiscal quarter.

The Audit Committee will evaluate the merits of any concerns or complaints received by it and authorize such follow-up actions, if any, as it deems necessary or appropriate to address the substance of the concern or complaint.

The Company will not discipline, discriminate against or retaliate against any employee who reports a complaint or concern, unless it is determined that the report was made with knowledge that it was false.

DEALINGS WITH INDEPENDENT AUDITORS

No employee, officer or director shall, directly or indirectly, make or cause to be made a materially false or misleading statement to an accountant in connection with (or omit to state, or cause another person to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading to, an accountant in connection with) any audit, review or examination of the Company's financial statements or the preparation or filing of any document or report with the SEC. No employee, officer or director shall, directly or indirectly, take any action to coerce, manipulate, mislead or fraudulently influence any independent public or certified public accountant engaged in the performance of an audit or review of the Company's financial statement.

WAIVERS OF THIS CODE OF BUSINESS CONDUCT AND ETHICS

While some of the policies contained in this Code must be strictly adhered to and no exceptions can be allowed, in other cases exceptions may be appropriate. Any employee or officer who believes that an exception to any of these policies is appropriate in his or her case should first contact his or her immediate supervisor. If the supervisor agrees that an exception is appropriate, the approval of our Chief Financial Officer must be obtained. Our Chief Financial Officer shall be responsible for maintaining a record of all requests for exceptions to any of these policies and the disposition of such requests.

Any executive officer or director who seeks an exception to any of these policies should contact our Chief Financial Officer. Any waiver of this Code for executive officers or directors or any change to this Code that applies to executive officers or directors may be made only by the Board of Directors of the Company and will be disclosed as required by law or stock market regulation.

REPORTING AND COMPLIANCE PROCEDURES

Every employee, officer and director has the responsibility to ask questions, seek guidance, report suspected violations and express concerns regarding compliance with this Code. Any employee, officer or director who knows or believes that any other employee or representative of the Company has engaged or is engaging in Company-related conduct that violates applicable law or this Code should report such information to his or her supervisor or to our Chief Financial Officer, as described below. You may report such conduct openly or anonymously without fear of retaliation. The Company will not discipline, discriminate against or retaliate against any employee who reports such conduct, unless it is determined that the report was made with knowledge that it was false, or who cooperates in any investigation or inquiry regarding such conduct. Any supervisor who receives a report of a violation of this Code must immediately inform our Chief Financial Officer.

You may report violations of this Code, on a confidential or anonymous basis, by contacting our Chief Financial Officer, Bonnie J. Brown, by mail at 45 First Avenue, Waltham, Massachusetts 02451. While we prefer that you identify yourself when reporting violations so that we may follow up with you, as necessary, for additional information, you act anonymously if you wish.

If our Chief Financial Officer receives information regarding an alleged violation of this Code, he or she shall, as appropriate, (a) evaluate such information, (b) if the alleged violation involves an executive officer or a director, inform the Chief Executive Officer and Board of Directors of the alleged violation, (c) determine whether it is necessary to conduct an informal inquiry or a formal investigation and, if so, initiate such inquiry or investigation and (d) report the results of any such inquiry or investigation, together with a recommendation as to disposition of the matter, to the Board of Directors for action, or if the alleged violation involves an executive officer or a director, report the results of any such inquiry or investigation to the Board of Directors or a committee thereof. Employees, officers and directors are expected to cooperate fully with any inquiry or investigation by the Company regarding an alleged violation of this Code. Failure to cooperate with any such inquiry or investigation may result in disciplinary action, up to and including discharge.

The Company shall determine whether violations of this Code have occurred and, if so, shall determine the disciplinary measures to be taken against any employee who has violated this Code. In the event that the alleged violation involves an executive officer or a director, the Chief Executive Officer and the Board of Directors, respectively, shall determine whether a violation of this Code has occurred and, if so, shall determine the disciplinary measures to be taken against such executive officer or director.

Failure to comply with the standards outlined in this Code will result in disciplinary action including, but not limited to, reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, discharge and restitution. Certain violations of this Code may require the Company to refer the matter to the appropriate governmental or regulatory authorities for investigation or prosecution. Moreover, any supervisor who directs or approves of any conduct in violation of this Code, or who has knowledge of such conduct and does not immediately report it, also will be subject to disciplinary action, up to and including discharge.

DISSEMINATION AND AMENDMENT

This Code shall be distributed to each new employee, officer and director of the Company upon commencement of his or her employment or other relationship with the Company and shall also be distributed annually to each employee, officer and director of the Company, and each employee, officer and director shall certify that he or she has received, read and understood the Code and has complied with its terms.

The Company reserves the right to amend, alter or terminate this Code at any time for any reason. The most current version of this Code can be found on the Company's intranet.

This document is not an employment contract between the Company and any of its employees, officers or directors.

CERTIFICATION

The undersigned

Print name: _____

do hereby certify that:

1. I have received and carefully read the Code of Business Conduct and Ethics of Tecogen Inc.
2. I understand the Code of Business Conduct and Ethics.
3. I have complied and will continue to comply with the terms of the Code of Business Conduct and Ethics.

Date: _____ _____

(Signature)

EACH EMPLOYEE, OFFICER AND DIRECTOR IS REQUIRED TO SIGN, DATE AND RETURN THIS CERTIFICATION TO OUR CHIEF FINANCIAL OFFICER. FAILURE TO DO SO MAY RESULT IN DISCIPLINARY ACTION.

Exhibit 21.1

LIST OF SUBSIDIARIES

TECOGEN INC.

a Delaware Corporation

Subsidiaries	**Jurisdiction**
Ilios Inc.	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form S-1 of Tecogen Inc. and Subsidiary of our report dated December 22, 2011, relating to our audit of the consolidated financial statements, appearing in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our firm under the caption "Experts" in such Prospectus.

/s/ McGladrey & Pullen, LLP
McGladrey & Pullen, LLP

Boston, Massachusetts
December 22, 2011

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form S-1 of Tecogen Inc. and Subsidiary of our report dated September 22, 2010, relating to our audit of the consolidated financial statements, appearing in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our firm under the caption "Experts" in such Prospectus.

/s/ Caturano and Company, Inc.
Caturano and Company, Inc.

Boston, Massachusetts
December 22, 2011